DUNKIRK CITY
SCHOOL DISTRICT, NEW YORK

Basic Financial Statements, Required Supplementary Information, Supplementary Information and Federal Awards Information for the Year Ended June 30, 2022 and Independent Auditors' Reports

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Table of Contents
Year Ended June 30, 2022

Page

Independent Auditors' Report 1

Management's Discussion and Analysis 4

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 12

Statement of Activities 13

Fund Financial Statements:

Balance Sheet—Governmental Funds 14

Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position 15

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)—Governmental Funds 16

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities 17

Notes to the Financial Statements 18

Required Supplementary Information:

Schedule of the District's Proportionate Share of Net Pension Liability/(Asset)—Teachers' Retirement System 45

Schedule of District's Contributions—Teachers' Retirement System 46

Schedule of the District's Proportionate Share of Net Pension Liability/(Asset)—Employees' Retirement System 47

Schedule of District's Contributions—Employees' Retirement System 48

Schedule of Changes in the District's Total OPEB Liability and Related Ratios 49

Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget (Non-GAAP Basis) and Actual—General Fund 50

Notes to the Required Supplementary Information 52

(continued)

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Table of Contents
Year Ended June 30, 2022

(concluded)

Page

Supplementary Information:

Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit—General Fund 53

Schedule of Capital Project Expenditures 54

Net Investment in Capital Assets 55

Federal Awards Information:

Schedule of Expenditures of Federal Awards 56

Notes to the Schedule of Expenditures of Federal Awards 57

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* 58

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance 60

Schedule of Findings and Questioned Costs 63

Summary Schedule of Prior Audit Findings 64

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Education
Dunkirk City School District, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Dunkirk City School District, New York (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, 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* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Drescher & Malecki LLP

October 11, 2022

As management of the Dunkirk City School District, New York (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2022 by $60,182,211 (*net position*). This consists of $30,589,473 net investment in capital assets, $18,260,089 restricted for specific purposes and unrestricted net position of $11,332,649.

- The District's net position increased by $5,232,945 during the year ended June 30, 2022.

- At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $23,435,299, a decrease of $2,270,075 in comparison with the prior year's fund balance of $25,705,374.

- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was $2,000,071, or approximately 4.4 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the District's discretion and constitutes approximately 8.3 percent of the General Fund's total fund balance of $24,088,858 at June 30, 2022.

- The District's long-term bonded indebtedness decreased by $3,345,000 as a result of scheduled principal payments.

Overview of the Financial Statements

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

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving

rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general support, instruction, pupil transportation, community services, school food service, student activities, and interest and other fiscal charges. The District does not engage in any business-type activities.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are considered governmental funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Aid Fund, School Lunch Fund, Student Activities Fund, and Capital Projects Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-44 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's net pension liabilities/(assets), the changes in the District's total other postemployment benefits ("OPEB") obligation, and the District's budgetary comparison for the General Fund. Required supplementary information and related notes to the required supplementary information can be found on pages 45-52 of this report.

Supplementary information is presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 53-55.

Finally, the Federal Awards Information section presents the District's Schedule of Expenditures of Federal Awards. This section can be found immediately following the Supplementary Information on pages 56-64 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $60,182,211 at June 30, 2022, as compared to $54,949,266 at the close of the fiscal year ended June 30, 2021.

Table 1, shown below, presents the condensed statements of net position of the District at June 30, 2022 and June 30, 2021.

Table 1—Condensed Statements of Net Position

	June 30,	
	2022	2021
Current assets	$ 35,757,465	$ 29,385,120
Noncurrent assets	74,969,702	54,720,898
Total assets	110,727,167	84,106,018
Deferred outflows of resources	15,540,528	16,250,099
Current liabilities	10,318,740	2,940,392
Noncurrent liabilities	29,561,657	36,600,896
Total liabilities	39,880,397	39,541,288
Deferred inflows of resources	26,205,087	5,865,563
Net position:		
Net investment in capital assets	30,589,473	28,104,489
Restricted	18,260,089	15,361,786
Unrestricted	11,332,649	11,482,991
Total net position	$ 60,182,211	$ 54,949,266

The largest portion of the District's net position, $30,589,473, reflects its investment in capital assets (e.g. land, buildings, improvements and equipment), net of accumulated depreciation, and less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide a variety of services to students. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, $18,260,089, represents resources that are subject to external restrictions imposed by laws and regulations of other governments, through constitutional provisions or enabling legislation.

The remaining portion of the District's net position represents resources that are unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors. Unrestricted net position of $11,332,649 represents resources that may be used to meet the District's ongoing operations.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2022 and June 30, 2021.

Table 2—Condensed Statements of Changes in Net Position

	Year Ended June 30,	
	2022	2021
Program revenues:		
Charges for services	$ 287,272	$ 194,822
Operating grants and contributions	12,284,948	10,348,596
General revenues	42,955,284	39,989,965
Total revenues	55,527,504	50,533,383
Program expenses	50,294,559	51,272,564
Change in net position	5,232,945	(739,181)
Net position—beginning	54,949,266	55,688,447
Net position—ending	$ 60,182,211	$ 54,949,266

Overall revenues increased by 9.9 percent due primarily to an increase in unrestricted state aid and COVID-19 pandemic-related federal aid. Total expenses decreased 1.9 percent from the year ended June 30, 2021, primarily due to decreases in allocable employee benefits.

A summary of sources of revenues for the years ended June 30, 2022 and June 30, 2021 is presented below in Table 3:

Table 3—Summary of Sources of Revenues

	Year Ended June 30,		Increase/(Decrease)	
	2022	2021	Dollars	Percent (%)
Charges for services	$ 287,272	$ 194,822	$ 92,450	47.5
Operating grants and contributions	12,284,948	10,348,596	1,936,352	18.7
Real property taxes	8,352,227	8,144,666	207,561	2.5
Real property tax items	2,071,371	2,153,112	(81,741)	(3.8)
Use of money and property	197,523	243,320	(45,797)	(18.8)
Sale of property and compensation for loss	18,403	39,778	(21,375)	(53.7)
Miscellaneous	274,442	280,549	(6,107)	(2.2)
State sources—unrestricted	32,041,318	29,128,540	2,912,778	10.0
Total revenues	$ 55,527,504	$ 50,533,383	$ 4,994,121	9.9

The most significant source of revenue for the year ended June 30, 2022 were State sources—unrestricted of $32,041,318, or 57.7 percent of total revenues, and operating grants and contributions of $12,284,948, or 22.1 percent of total revenues. Similarly, for the year ended June 30, 2021 the largest sources of revenue were State sources—unrestricted of $29,128,540, or 57.6 percent of total revenues, and operating grants and contributions of $10,348,596, or 20.5 percent of total revenues.

A summary of program expenses for the years ended June 30, 2022 and June 30, 2021 is presented below in Table 4:

Table 4—Summary of Program Expenses

	Year Ended June 30,		Increase/(Decrease)	
	2022	2021	Dollars	Percent (%)
General support	$ 5,585,880	$ 6,032,051	$ (446,171)	(7.4)
Instruction	41,296,880	42,502,275	(1,205,395)	(2.8)
Pupil transportation	1,424,781	1,313,463	111,318	8.5
Community services	-	561	(561)	(100.0)
School food service	1,199,044	462,475	736,569	159.3
Student activities	115,198	40,067	75,131	187.5
Interest and other fiscal charges	672,776	921,672	(248,896)	(27.0)
Total program expenses	$ 50,294,559	$ 51,272,564	$ (978,005)	(1.9)

The District's significant expense items for the year ended June 30, 2022 were instruction of $41,296,880, or 82.1 percent of total expenses and general support of $5,585,880, or 11.1 percent of total expenses. Similarly, for the year ended June 30, 2021 significant expense items were instruction of $42,502,275, or 82.9 percent of total expenses and general support of $6,032,051, or 11.8 percent of total expenses.

Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* and *fund balance assigned for specific use* in special revenue funds may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the District itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the Board of Education.

As of June 30, 2022, the District's governmental funds reported combined ending fund balances of $23,435,299, a decrease of $2,270,075 from the prior year. Excluding the effects of a $1,731,188 fund balance deficit in the Capital Projects Fund, fund balance was $25,166,487 and approximately 7.9 percent of this amount, $2,000,071, constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *nonspendable*, *restricted*, or *assigned* to indicate that it is 1) not in spendable form, $20,985, 2) restricted for particular purposes, $18,283,767, or 3) assigned for particular purposes, $4,861,664.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was $2,000,071, while total General Fund fund balance increased slightly to $24,088,858. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 4.4 percent of total General Fund expenditures and transfers out, while total fund balance represents 52.5 percent of that same amount.

The total fund balance of the District's General Fund increased by $6,436 during the current fiscal year. During the annual budget process, the District anticipated utilizing $6,093,509 of fund balance, which included funds appropriated from unassigned fund balance ($5,663,788) and the re-appropriation of prior year's encumbrances ($429,721). Largely as a result of spending less than anticipated within employee benefits and instruction, the District's fund balance ended $6,099,945 higher than anticipated.

Similar to the prior year, at June 30, 2022, the District's Special Aid Fund reported no fund balance. Special Aid Fund expenditures for the year ended June 30, 2022 amounted to $7,889,676, as compared to prior year expenditures of $5,804,921. The increase in expenditures is primarily due to increases in COVID-19 pandemic-related Federal funding for various programs. These expenditures were supported by intergovernmental aid of $7,850,315 and a transfer of $39,361 from the General Fund.

At June 30, 2022, the District's School Lunch Fund reported a fund balance of $976,853, an increase of $359,648 from the prior year. Nonspendable fund balance of $20,985 is reported to reflect the amounts of inventory not in spendable form, and the remaining $955,868 is reported as fund balance assigned for specific school food service use.

The Student Activities Fund is used to account for extraclassroom transactions, which represents funds of the students of the District. The Student Activities Fund total fund balance is $100,776 as of June 30, 2022, which is classified as restricted for student activities.

Due to capital outlay supported primarily by short-term debt, the Capital Projects Fund reported a fund balance deficit of $1,731,188 at June 30, 2022, as compared to fund balance of $898,488 at the close of the previous year. The change in fund balance from the prior year was primarily due to the increased use of short-term financing to fund capital projects. The remaining deficit is anticipated to be remedied with the conversion of the outstanding short-term debt to long-term debt.

General Fund Budgetary Highlights

The District's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the District has appropriately assigned an equal amount of fund balance at year-end for the purpose. A summary of revisions from the adopted budget to final budget is presented in Table 5 below:

Table 5—General Fund Budget

Adopted budget, 2021-2022	$ 51,413,792
Add: Prior year's encumbrances	429,721
Original budget, 2021-2022	51,843,513
Final budget, 2021-2022	$ 51,843,513

More detailed information about the District's General Fund is presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget (Non-GAAP Basis) and Actual—General Fund within the Required Supplementary Information section of this report.

Capital Asset and Debt Administration

Capital Assets—The District's investment in capital assets for its governmental activities as of June 30, 2022, amounted to $55,296,171 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, site improvements, and furniture and equipment. All depreciable capital assets were depreciated from the year of acquisition to the end of the current year as outlined in the District's capital asset policy.

Capital assets, net of depreciation for the governmental activities at June 30, 2022 and June 30, 2021 are presented below in Table 6:

Table 6—Summary of Capital Assets (Net of Accumulated Depreciation)

	June 30,	
	2022	2021
Land	$ 81,502	$ 81,502
Construction in progress	3,330,400	509,812
Buildings	50,916,705	53,176,445
Site improvements	294,080	329,646
Furniture and equipment	673,484	623,493
Total	$ 55,296,171	$ 54,720,898

Additional information on the District's capital assets can be found in Note 4 to the financial statements.

Long-term liabilities—At June 30, 2022, the District had total long-term liabilities of $29,561,657, as compared to $36,600,896 in the prior year. The District made scheduled principal payments of $3,345,000.

A summary of the District's long-term liabilities at June 30, 2022 and June 30, 2021 is presented below in Table 7.

Table 7—Summary of Long-Term Liabilities

	June 30,	
	2022	2021
Serial bonds	$ 21,830,000	$ 25,175,000
Premium on serial bonds	1,414,213	1,750,945
Bonds payable, net	23,244,213	26,925,945
Compensated absences	412,775	416,120
Retirement incentive payable	183,000	531,500
Other postemployment benefits obligation	5,721,669	5,747,901
Net pension liability	-	2,979,430
Total	$ 29,561,657	$ 36,600,896

Additional information on the District's long-term liabilities can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate, which is not seasonally adjusted, for Chautauqua County at June 30, 2022 was 3.7 percent. This compares to New York State's unemployment rate of 4.4 percent. These factors, as well as others, are considered in preparing the District's budget.

During the current fiscal year, the District appropriated $3,698,161 of the General Fund's unassigned fund balance for spending in the District's 2022-2023 fiscal year budget. The 2022-2023 adopted budget appropriations total of $52,396,017 is an approximate increase of 1.9 percent as compared to adopted budget appropriations of $51,413,792 in 2021-2022. The District's total tax levy in 2022-2023 is $10,755,496, which is an approximate increase of 2.7 percent as compared to $10,477,553 levied during the 2021-2022 year.

Requests for Information

This financial report is designed to provide our taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information in this report, or requests for additional financial information should be addressed to Michael Mansfield, Superintendent of Schools, 620 Marauder Drive, Dunkirk, NY 14048.

BASIC FINANCIAL STATEMENTS

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DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Statement of Net Position
June 30, 2022

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 3,078,787
Restricted cash and cash equivalents	24,001,460
Receivables	296,242
Taxes receivable	1,197,831
Lease receivable	1,325,045
Intergovernmental receivables	5,837,115
Inventories	20,985
Noncurrent net pension asset	19,673,531
Capital assets not being depreciated	3,411,902
Capital assets, net of accumulated depreciation	51,884,269
Total assets	110,727,167
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pension plans	12,878,070
Deferred outflows—relating to OPEB	2,417,433
Deferred charge on refunding	245,025
Total deferred outflows of resources	15,540,528
LIABILITIES	
Accounts payable	569,286
Accrued liabilities	239,096
Due to retirement systems	2,130,422
Unearned revenue	179,936
Bond anticipation notes payable	7,200,000
Noncurrent liabilities:	
Due within one year	4,014,081
Due in more than one year	25,547,576
Total liabilities	39,880,397
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pension plans	24,339,806
Deferred inflows—relating to OPEB	563,168
Deferred inflows—relating to leases receivable	1,302,113
Total deferred inflows of resources	26,205,087
NET POSITION	
Net investment in capital assets	30,589,473
Restricted for:	
Unemployment insurance	3,769,931
Employee benefits	328,860
Retirement contribution	8,757,803
Repairs	302,404
Capital projects	5,000,315
Student activities	100,776
Unrestricted	11,332,649
Total net position	$ 60,182,211

The notes to the financial statements are an integral part of this statement.

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
Governmental activities:				
General support	$ 5,585,880	$ 161,924	$ -	$ (5,423,956)
Instruction	41,296,880	-	9,623,803	(31,673,077)
Pupil transportation	1,424,781	-	1,080,440	(344,341)
School food service	1,199,044	16,633.00	1,580,705	398,294
Student activities	115,198	108,715	-	(6,483)
Interest and other fiscal charges	672,776	-	-	(672,776)
Total primary government	$ 50,294,559	$ 287,272	$ 12,284,948	(37,722,339)
General revenues:				
Real property taxes				8,352,227
Real property tax items				2,071,371
Use of money and property				197,523
Sale of property and compensation for loss				18,403
Miscellaneous				274,442
State sources—unrestricted				32,041,318
Total general revenues				42,955,284
Change in net position				5,232,945
Net position—beginning				54,949,266
Net position—ending				$ 60,182,211

The notes to the financial statements are an integral part of this statement.

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Balance Sheet—Governmental Funds
June 30, 2022

	General	Special Revenue: Special Aid	Special Revenue: School Lunch	Special Revenue: Student Activities	Capital Projects	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 2,067,810	$ 387,122	$ 623,855	$ -	$ -	$ 3,078,787
Restricted cash and cash equivalents	18,318,790	9,344	-	100,776	5,572,550	24,001,460
Receivables	296,242	-	-	-	-	296,242
Taxes receivable	1,197,831	-	-	-	-	1,197,831
Lease receivable	1,325,045	-	-	-	-	1,325,045
Intergovernmental receivables	3,989,632	1,435,564	411,919	-	-	5,837,115
Due from other funds	1,726,017	-	-	-	-	1,726,017
Inventories	-	-	20,985	-	-	20,985
Total assets	$ 28,921,367	$ 1,832,030	$ 1,056,759	$ 100,776	$ 5,572,550	$ 37,483,482
LIABILITIES						
Accounts payable	$ 289,386	$ 96,256	$ 79,906	$ -	103,738	$ 569,286
Accrued liabilities	202,503	413	-	-	-	202,916
Due to retirement systems	2,130,422	-	-	-	-	2,130,422
Due to other funds	-	1,726,017	-	-	-	1,726,017
Unearned revenue	170,592	9,344	-	-	-	179,936
Bond anticipation notes payable	-	-	-	-	7,200,000	7,200,000
Total liabilities	2,792,903	1,832,030	79,906	-	7,303,738	12,008,577
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue—taxes receivable	737,493	-	-	-	-	737,493
Deferred inflow—relating to leases receivable	1,302,113	-	-	-	-	1,302,113
Total deferred inflows of resources	2,039,606	-	-	-	-	2,039,606
FUND BALANCES (DEFICIT)						
Nonspendable	-	-	20,985	-	-	20,985
Restricted	18,182,991	-	-	100,776	-	18,283,767
Assigned	3,905,796	-	955,868	-	-	4,861,664
Unassigned	2,000,071	-	-	-	(1,731,188)	268,883
Total fund balances (deficit)	24,088,858	-	976,853	100,776	(1,731,188)	23,435,299
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 28,921,367	$ 1,832,030	$ 1,056,759	$ 100,776	$ 5,572,550	$ 37,483,482

The notes to the financial statements are an integral part of this statement.

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position
June 30, 2022

Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances (deficit)—governmental funds (page 14)		$ 23,435,299
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $91,366,569 and the accumulated depreciation is $36,070,398.		55,296,171
Deferred charges associated with the refunding of bonds are not reported in the governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt.		245,025
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	$ 2,130,422	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	10,747,648	
Deferred inflows of resources related to pension plans	(24,339,806)	(11,461,736)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows related to employer contributions	$ 94,004	
Deferred outflows related to experience and changes of assumptions	2,323,429	
Deferred inflows related to experience and changes of assumptions	(563,168)	1,854,265
Amounts relating to taxes receivable have not met the revenue recognition criteria for fund financial purposes and, therefore, have been deferred. However, these revenues are recorded in the government-wide financial statements which report on the full accrual basis of accounting. This is the amount of revenues deferred in the funds, but recognized in the government-wide presentation.		737,493
Net accrued interest expense for serial bonds is not recognized in the fund statements.		(36,180)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	$ (21,830,000)	
Premium on serial bonds	(1,414,213)	
Compensated absences	(412,775)	
Retirement incentive payable	(183,000)	
Other postemployment benefits obligation	(5,721,669)	(29,561,657)
Net position of governmental activities		$ 60,182,211

The notes to the financial statements are an integral part of this statement.

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)—Governmental Funds
Year Ended June 30, 2022

		Special Revenue				Total
REVENUES	**General**	**Special Aid**	**School Lunch**	**Student Activities**	**Capital Projects**	**Governmental Funds**
Real property taxes	$ 8,393,674	$ -	$ -	$ -	$ -	$ 8,393,674
Real property tax items	2,071,371	-	-	-	-	2,071,371
Charges for services	161,924	-	-	-	-	161,924
Use of money and property	197,244	-	70	-	209	197,523
Sale of property and compensation for loss	18,403	-	-	-	-	18,403
Miscellaneous	183,739	-	-	-	90,703	274,442
State sources	34,409,445	2,468,153	29,175	-	-	36,906,773
Federal sources	485,801	5,382,162	1,551,530	-	-	7,419,493
Sales - food service	-	-	16,633	-	-	16,633
Student activity collections	-	-	-	108,715	-	108,715
Total revenues	45,921,601	7,850,315	1,597,408	108,715	90,912	55,568,951
EXPENDITURES						
Current:						
General support	4,621,969	-	-	-	-	4,621,969
Instruction	26,608,984	7,860,244	-	-	-	34,469,228
Pupil transportation	1,219,402	29,432	-	-	-	1,248,834
Employee benefits	9,008,373	-	-	-	-	9,008,373
Debt service:						
Principal	3,345,000	-	-	-	-	3,345,000
Interest and other fiscal charges	972,076	-	-	-	-	972,076
Cost of sales (school lunch)	-	-	1,237,760	-	-	1,237,760
Student activities	-	-	-	115,198	-	115,198
Capital outlay	-	-	-	-	2,820,588	2,820,588
Total expenditures	45,775,804	7,889,676	1,237,760	115,198	2,820,588	57,839,026
Excess (deficiency) of revenues over expenditures	145,797	(39,361)	359,648	(6,483)	(2,729,676)	(2,270,075)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	39,361	-	-	100,000	139,361
Transfers out	(139,361)	-	-	-	-	(139,361)
Total other financing sources (uses)	(139,361)	39,361	-	-	100,000	-
Net change in fund balances (deficit)	6,436	-	359,648	(6,483)	(2,629,676)	(2,270,075)
Fund balances—beginning	24,082,422	-	617,205	107,259	898,488	25,705,374
Fund balances (deficit)—ending	$ 24,088,858	$ -	$ 976,853	$ 100,776	$ (1,731,188)	$ 23,435,299

The notes to the financial statements are an integral part of this statement.

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities
Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances (deficit)—total governmental funds (page 16)		$ (2,270,075)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded loss on disposal of assets and depreciation expense in the current period.		
Capital asset additions	$ 2,968,127	
Loss on disposal of assets	(2,098)	
Depreciation expense	(2,390,756)	575,273
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:		
District pension contributions	$ 2,516,063	
Employee contributions net of benefits earned	891,762	3,407,825
Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization.		(461,008)
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge on the government-wide statements and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, which ever is shorter.		(40,838)
Governmental funds recognize revenues only if they are both measurable and available after the end of the fiscal year; however, the government-wide statements recognize revenue on an accrual basis. This is the effect of the change in deferred revenue during the		(41,447)
In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.		3,406
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:		
Repayment of serial bonds	$ 3,345,000	
Amortization of premiums on serial bonds	336,732	
Change in compensated absences	3,345	
Change in retirement incentive payable	348,500	
Change in other postemployment benefits obligation	26,232	4,059,809
Change in net position of governmental activities		$ 5,232,945

The notes to the financial statements are an integral part of this statement.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Dunkirk City School District, New York (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable. The District reports no business-type activities, fiduciary activities, or component units.

Reporting Entity

The District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the District is to provide education for pupils. Support services such as transportation of pupils, food services, administration, finance, and plant maintenance are also included.

The financial reporting entity includes all funds, functions and organizations over which the District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

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; however, since the District has administrative involvement with these funds they are reported within the District's Student Activitites Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office.

Joint Venture—The District is one of 27 participating school districts in the Erie No. 2—Chautauqua—Cattaraugus Board of Cooperative Education Services ("BOCES"). Formed under Section 1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in

a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES. All BOCES property is held by the BOCES Board as a corporation under section 190(6) of Education Law.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of General Municipal Law.

The BOCES budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES. As of June 30, 2022, there was no debt issued by the District on behalf of BOCES.

During the fiscal year ended June 30, 2022, the District was billed $6,951,219 for BOCES administrative and program costs and recognized $91,896 in revenue as a refund from prior years' expenditures paid to BOCES. Audited financial statements are available from the BOCES administrative offices.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the District's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All of the District's funds are considered to be major governmental funds.

The District reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the District and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is state sources.

- *Special Aid Fund*—The Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with federal and state grants.

- *School Lunch Fund*—The School Lunch Fund is used to account for transactions of the District's food service operations.

- *Student Activities Fund*—The Student Activities Fund is used to account for extraclassroom transactions, which represents funds of the students of the District. The District exercises administrative involvement over these funds.

- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The 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.

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for real property taxes which are considered available if they are received within a year of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, long-term retirement incentives, claims and judgments and pension costs, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period except for property taxes received after one year of the end of the current fiscal

year which are recognized as deferred inflows of resources. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The District's cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. New York State law governs the District's investment policies. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. The District had no investments at June 30, 2022; however, when the District does have investments they are recorded at fair value in accordance with GASB.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent unspent proceeds of debt, amounts to support restricted fund balances, and unearned revenues.

Receivables—Receivables are shown net of an allowance for uncollectible accounts, when applicable. No allowance or uncollectible accounts has been provided since it is believed that such allowance would not be material.

Inventories—Inventories of food and/or supplies 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 which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Capital Assets—Capital assets, which include land, construction in progress, buildings, site improvements and furniture and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than an established threshold for the type of asset and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its estimated useful life. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are completed.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the useful lives presented below:

	Capitalization Threshold	Estimated Useful Life (Years)
Buildings	$ 5,000	20-40
Site improvements	5,000	15-20
Furniture and equipment	5,000	5-20

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new school bus included as part of *expenditures—pupil transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2022, the District has three items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability, and the difference during the measurement period between the District's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension system made subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the District's proportion of the collective OPEB liability and difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The final item is a deferred charge on refunding which the District reports within the government-wide financial statements. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position 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 that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At June 30, 2022, the District has four items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide statements. The second item, which is also reported on the government-wide statements, represents the effects of the change in the District's proportion of the collective OPEB liability. The third item is related to leases receivable and reported on the government-wide statements and on the balance sheet of governmental funds, is recognized at the commencement of the District's lease receivable and amortized over the life of the lease. The final item, reported on the balance sheet of governmental funds, represents taxes receivable that the District does not expect to receive within the governmental accrual period, which in accordance with the modified accrual basis of accounting are considered deferred inflows of resources.

Net Position Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the Superintendent to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Leases—The District recognized lease liabilities with an initial, individual value of $5,000 or more. At the commencement of a lease, the District initially measures the lease liability at the present value of any remaining payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made, as applicable. As of June 30, 2022, all lease payments were made before commencement of the respective leases. Accordingly, there are no remaining payments expected and District reports no lease liability at June 30, 2022.

The District is a lessor for a noncancellable leases of buildings. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a measurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes—Real property taxes are levied annually as of July 1st by the Board of Education and attached as an enforceable lien. The city and county in which the District is located enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City of Dunkirk, New York to the District within two years from the return of unpaid taxes to the city. Real property taxes receivable expected to be collected within one year of year-end are recognized as revenue. Otherwise, deferred inflows of resources offset real property taxes receivable.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At June 30, 2022, the District reported $170,592 and $9,344 of unearned revenue in the General Fund and Special Aid Fund, respectively. The District billed and received a portion of payments for retiree insurance premiums in advance but has not performed the services and therefore recognizes a liability in the General Fund. Additionally, the Special Aid Fund recognizes a liability for grant awards received in advance.

Compensated Absences—The District labor agreements provide for sick leave, vacations, and other miscellaneous paid absences. Upon retirement, certain eligible employees qualify for paid health insurance premiums based upon accumulated sick leave. CSEA employees who have a minimum of 50 days of unused sick days at the time of retirement can use a maximum of 125 days to purchase medical insurance at a dollar for dollar contribution, which is recorded as compensated absences liability. Teachers and Administrators sick time may be converted to a District contribution and is included within the other postemployment benefit obligation liability.

Pension Plans—The District is mandated by New York State law to participate in the New York State Teachers' Retirement System ("TRS") and the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits—In addition to providing pension benefits, the District provides health insurance coverage for certain retired employees as discussed in Note 7.

Other

Estimates—The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosure of contingent liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases;* No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; No. 91, *Conduit Debt Obligations*; and No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. GASB Statement No. 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR, which replaces the acronym for comprehensive annual financial report. The implementation of GASB Statements No. 87, 89, 91, and 98 did not have a material impact on the District's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The District has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022,* effective for the year ending June 30, 2023, and the remainder of No. 99, *Omnibus 2022;* and No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62,* effective for the year ending June 30, 2024, and No. 101, *Compensated Absences,* effective for the year ending June 30, 2025. The District is, therefore, unable to disclose the impact that adopting GASB Statements No. 94, 96, 99, 100, and 101 will have on its financial position and results of operations when such statements are adopted.

Deficit Fund Balance—The Capital Projects Fund has a deficit fund balance at June 30, 2022 totaling $1,731,188. The primary reason for the deficit in this case is that the District issued bond anticipation notes, which do not qualify for treatment as a long-term liability. Accordingly, the notes payable are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an other financing source on the statement of revenues, expenditures, and changes in fund balances). When cash from the notes payable is spent, expenditures are reported and fund balance is reduced. Because the notes payable are the main source of resources for the fund, the result is an overall fund deficit. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the notes payable.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The District's investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The District's Business Administrator is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash and cash equivalents at June 30, 2022 are shown below:

	Governmental Funds
Petty cash (uncollateralized)	$ 496
Deposits	27,079,751
Total	$ 27,080,247

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2022 as shown below:

	Bank Balance	Carrying Amount
FDIC insured	$ 250,000	$ 250,000
Uninsured:		
Collateral held by pledging bank's agent in the District's name	27,743,439	26,829,751
Total	$ 27,993,439	$ 27,079,751

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At June 30, 2022, the District's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the District's name.

Restricted Cash and Cash Equivalents—The District reports unspent proceeds of debt, amounts to support restricted fund balances, and unearned revenues as restricted cash and cash equivalents. At June 30, 2022, the District reported $24,001,460 of restricted cash within its governmental funds.
Investments—The District had no investments at June 30, 2022.

Interest Rate Risk—In accordance with its investment policy, the District manages exposures by limiting investments to low risk type investments governed by New York State statutes.

3. RECEIVABLES

Revenues accrued by the District at June 30, 2022 consisted of the following:

Receivables—Represents interest receivable from a checking account, amounts due for student tuition, and retiree's portion of health insurance premiums. The District reported $296,242 in the General Fund.

Taxes Receivable—Represents taxes due in the amount of $1,197,831. These amounts are recognized as revenue when the amounts are both measurable and available. At June 30, 2022, the District reported a deferred inflow of resources on the governmental fund financial statements in the amount of $737,493, which represents taxes receivable that the District does not expect to receive within 60 days of year-end, in accordance with the modified accrual basis of accounting.

Lease Receivable—During the year ended June 30, 2022, the District began recognizing the lease of a building to a third party. The lease has twelve remaining years and the District will receive quarterly payments of $153,781. The District recognized $124,660 in lease revenue and $51,851 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the District's receivable for lease payments was $1,325,045. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was $1,302,113.

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State and other local governments. Intergovernmental receivables at June 30, 2022 are:

General Fund:		
BOCES	$ 1,549,326	
Federal aid	545,198	
State aid—transition	1,139,982	
State aid—other	755,126	$ 3,989,632
Special Aid Fund:		
State aid	653,039	
Federal aid	782,525	1,435,564
School Lunch Fund:		
State aid	7,664	
Federal aid	404,255	411,919
Total governmental funds		$ 5,837,115

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2022 was as follows:

	Balance 7/1/2021	Increases	Decreases	Balance 6/30/2022
Capital assets, not being depreciated:				
Land	$ 81,502	$ -	$ -	$ 81,502
Construction in progress	509,812	2,820,588	-	3,330,400
Total capital assets, not being depreciated	591,314	2,820,588	-	3,411,902
Capital assets, being depreciated:				
Buildings	82,191,261	-	-	82,191,261
Site improvements	2,342,183	-	-	2,342,183
Furniture and equipment	3,413,860	147,539	140,176	3,421,223
Total capital assets, being depreciated	87,947,304	147,539	140,176	87,954,667
Less accumulated depreciation for:				
Buildings	29,014,816	2,259,740	-	31,274,556
Site improvements	2,012,537	35,566	-	2,048,103
Furniture and equipment	2,790,367	95,450	138,078	2,747,739
Total accumulated depreciation	33,817,720	2,390,756	138,078	36,070,398
Total capital assets being depreciated, net	54,129,584	(2,243,217)	2,098	51,884,269
Governmental activities capital assets, net	$ 54,720,898	$ 577,371	$ 2,098	$ 55,296,171

Depreciation expense was charged to the functions and programs of governmental activities as follows:

General support	$ 376,817
Instruction	1,998,811
School food service	15,128
Total	$ 2,390,756

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2022, were as follows:

	General Fund	Special Aid Fund	Total Governmental Funds
Salaries and employee benefits	$ 202,503	$ 413	$ 202,916

6. PENSION PLANS

The District participates in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS") (the "Systems"). These cost-sharing multiple-employer public employee retirement systems compute contribution requirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

Plan Descriptions and Benefits Provided

Teachers' Retirement System—TRS 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. TRS is governed by a 10 member Board of Trustees. TRS 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 TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Annual Comprehensive Financial report which can be found on the TRS's website at www.nystrs.org.

Employees' Retirement System—ERS provides retirement benefits as well as death and disability benefits. The net position of ERS 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 ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in ERS, 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. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3.0%) to three and one half percent (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 TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. 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.

Pension Liabilities/(Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—The net pension liability/(asset) was measured as of June 30, 2021 for TRS and March 31, 2022 for ERS. The total pension liability/(asset) used to calculate the

net pension liability/(asset) was determined by actuarial valuations as of June 30, 2020 and April 1, 2021, respectively, with update procedures used to roll forward the total pension liability/(asset) to the measurement dates. The District's proportion of the net pension liability/(asset) 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 TRS and ERS Systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
Net pension liability/(asset)	$ (18,707,577)	$ (965,954)
District's portion of the Plan's total net pension liability/(asset)	0.107955%	0.0118166%

For the year ended June 30, 2022, the District recognized pension expenses/(income) of $(1,079,058) and $80,974 for TRS and ERS, respectively. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experiences	$ 2,578,641	$ 73,153	$ 97,194	$ 94,884
Changes in assumptions	6,153,313	1,612,069	1,089,661	27,202
Net difference between projected and actual earnings on pension plan investments	-	-	19,579,415	3,163,095
Changes in proportion and differences between the District's contributions and proportionate share of contributions	221,812	108,660	217,618	70,737
District contributions subsequent to the measurement date	2,025,599	104,823	-	-
Total	$ 10,979,365	$ 1,898,705	$ 20,983,888	$ 3,355,918

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2023	$ (2,421,481)	$ (217,649)
2024	(2,832,005)	(344,575)
2025	(3,607,457)	(826,186)
2026	(4,701,041)	(173,626)
2027	908,615	-
Thereafter	623,247	-

Actuarial Assumptions—The total pension liability/(asset) as of the measurement dates was determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liability/(asset) to the respective measurement dates. The actuarial valuations used the following actuarial assumptions:

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
Actuarial valuation date	June 30, 2020	April 1, 2021
Interest rate	6.95%	5.90%
Salary scale	1.95% - 5.18%	4.40%
Decrement tables	July 1, 2015 - June 30, 2020	April 1, 2015 - March 31, 2020
Inflation rates	2.40%	2.70%
Cost-of-living adjustments	1.30%	1.40%

For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020.

For TRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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 weighing the expected future real rates of return by each the 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 on the following page.

	Target Allocation		Long-Term Expected Real Rate of Return	
	TRS	ERS	TRS	ERS
Measurement date			June 30, 2021	March 31, 2022
Asset class:				%
Domestic equities	33.0 %	32.0 %	6.8 %	3.3
International equities	16.0	15.0	7.6	5.9
Global equities	4.0	0.0	7.1	0.0
Private equity	8.0	10.0	10.0	6.5
Real estate	11.0	9.0	6.5	5.0
Opportunistics/Absolute return strategies	0.0	3.0	0.0	4.1
Credit	0.0	4.0	0.0	3.8
Domestic fixed income securities	16.0	0.0	1.3	0.0
Global bonds	2.0	0.0	0.8	0.0
High-yield bonds	1.0	0.0	3.8	0.0
Private debt	1.0	0.0	5.9	0.0
Real assets	0.0	3.0	0.0	5.6
Real estate debt	7.0	0.0	3.3	0.0
Fixed income	0.0	23.0	0.0	0.0
Cash	1.0	1.0	(0.2)	(1.0)
Total	100.0 %	100.0 %		

Discount Rate—The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.90% for ERS. 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 liability.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart below presents the District's proportionate share of the net pension liability/(asset) calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.95% for TRS and 4.90% for ERS) or one percentage-point higher (7.95% for TRS and 6.90% for ERS) than the current assumption.

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension (asset)	$ (1,963,087)	$ (18,707,577)	$ (32,780,106)

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension liability/(asset)	$ 2,486,355	$ (965,954)	$ (3,853,644)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)	
	TRS	ERS
Valuation date	June 30, 2020	April 1, 2021
Employers' total pension liability	$ 130,819,415	$ 223,874,888
Plan fiduciary net position	148,148,457	232,049,473
Employers' net pension liability/(asset)	$ (17,329,042)	$ (8,174,585)
System fiduciary net position as a percentage of total pension liability/(asset)	113.2%	103.7%

Payables to the Pension Plan—For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS 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, 2022 amounted to $2,025,599.

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to $104,823.

7. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

Plan Description and Benefits Provided—The District may pay for a portion of eligible retirees' health insurance dependent upon such factors as age, years of service, accumulated sick leave and associated group or union. While benefits change over time as union contracts are renegotiated, current benefits are as follows:

(1) *Dunkirk Teachers' Association*—To be eligible, an employee must be eligible to retire with full benefits from NYSTRS. Unused sick leave days at the time of retirement can be used to purchase single or family medical coverage. For employees who retire with greater than 125 but less than 195 days, the District will pay 90% of medical coverage (the same percentage as active employees) for 2 years. For employees who retire with greater than 195 days, the District will pay 90% of medical coverage for 3 years. Once sick leave conversion days are exhausted, retirees and their spouses may remain in the plan, but will pay 100% of the premiums.

(2) *Dunkirk Administrators' Association*—To be eligible, an employee must be eligible to retire with full benefits from NYSTRS. For employees hired before July 1, 2008, unused sick leave days at the time of retirement can be used to purchase single or family medical coverage. For employees who retire with greater than 125 but less than 195 days, the District will pay 96% of medical coverage (the same percentage as active employees) for 2 years. For employees who retire with greater than 195 days, the District will pay 96% of medical coverage for 3 years. Once sick leave conversion days are exhausted, retirees

and their spouses may remain in the plan, but will pay 100% of the premiums. For employees hired on or after July 1, 2008, unused sick leave days at the time of retirement can be used to purchase single or family medical coverage. For employees who retire with greater than 125 but less than 195 days, the District will pay 90% of medical coverage (the same percentage as active employees) for 2 years. For employees who retire with greater than 195 days, the District will pay 90% of medical coverage for 3 years. Once sick leave conversion days are exhausted, retirees and their spouses may remain in the plan, but will pay 100% of the premiums.

(3) *Dunkirk CSEA*—An employee must be eligible to retire under NYSERS and have at least 10 years of service with the District. For grandfathered retiree, the District pays 100% of medical premiums for single coverage. For employees hired before July 1, 1976 and retire after October 15, 1976, the District pays 50% of medical premiums for single coverage. For employees hired on or after July 1, 1976, retirees and their spouses are eligible to continue coverage under the plan, but are responsible for the full cost of coverage. Unused sick leave days (must have at least 50 days but no more than 125 days) at the time of retirement can be used to purchase medical insurance. This benefit is not accounted for under GASB 75.

Employees Covered by Benefit Terms—At June 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	122
Active employees	284
Total	406

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments, which may be attributed to past service (or "earned"), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability ("AAL") under GASB Statement No. 45.

Total OPEB Liability

The District's total OPEB liability of $5,721,669 was measured three months prior to fiscal year end, and was determined by an actuarial valuation dated June 1, 2022, utilizing participant data measured on March 29, 2021.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the June 1, 2022 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.27% to 2.83% effective June 30, 2022. The salary scale changed from 3.11% to 3.44% effective June 30, 2022. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 6.10%, while the ultimate healthcare cost trend rate is 4.37%.

Mortality rates were updated to Pub-2010 Public Retirement Plans Mortality Tables, headcount-weighted, distinct for teachers, general, and safety, without separate contingent survivor mortality, fully generational using scale MP-2021.

No formal experience study is prepared for the June 1, 2022 actuarial valuation.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at June 30, 2021	$ 5,747,901
Changes for the year:	
Service cost	215,237
Interest	126,828
Changes of benefit terms	239
Changes of assumptions or other inputs	(298,961)
Differences between expected and actual experience	306,441
Benefit payments	(376,016)
Net changes	(26,232)
Balance at June 30, 2022	$ 5,721,669

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The table below presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability.

	1% Decrease (1.83%)	Current Discount Rate (2.83%)	1% Increase (3.83%)
Total OPEB liability	$ 6,153,552	$ 5,721,669	$ 5,316,462

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the total OPEB liability a 1% change in the initial (6.10%)/ultimate (4.37%) healthcare cost trend rates.

	1% Decrease (5.10%/3.37%)	Healthcare Cost Trend Rates (6.10%/4.37%)	1% Increase (7.10%/5.37%)
Total OPEB liability	$ 5,091,447	$ 5,721,669	$ 6,459,386

Funding Policy—Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the District's Board of Education. The District recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. District governmental activities contributed $376,016 for the fiscal year ended June 30, 2022. The District's contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 13. Any amendments to the employer's contributions are subject to the various contracts.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The District reports deferred outflows of resources and deferred inflows of resources due to difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability are required to be determined. The following table presents the District's deferred outflows of resources and deferred inflows of resources at June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ 1,963,299	$ 232,525
Changes of assumptions or other inputs	360,130	330,643
Contributions subsequent to the measurement date	94,004	-
Total	$ 2,417,433	$ 563,168

District contributions subsequent to the measurement date will be recognized as a reduction of the tota OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2023	$ 527,873
2024	485,685
2025	526,466
2026	131,664
2027	31,818
Thereafter	56,755

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to damage and destruction of assets, vehicle liability, injuries to employees, health insurance, and unemployment insurance. These risks are covered by commercial insurance purchased from independent third parties. The District purchases insurance for: property, business income, equipment, public liability, employee benefit – wrongful act, crime vehicle and an umbrella liability. Property insurance has a $5,000 deductible. The public liability insurance is limited ranging from $10,000 to $3,000,000 with a $3,000,000 aggregate per location. The umbrella liability provides coverage of $10,000,000.

There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any material settlements which have exceeded insurance coverage in the past three fiscal years.

The District participates in Chautauqua County School Districts Medical Health Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 27 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members up to $200,000 per insured event. The pool maintains independent coverage for insured events in excess of the $200,000 limit, and the District has essentially transferred all related risk to the pool.

The District participates in Erie No. 2 Area Schools Self-Funded Workers' Compensation Plan (the "Plan"), a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The Erie No. 2 Area Schools Self-Funded Workers' Compensation Plan is considered a self-sustaining risk pool that will provide coverage for its members up to $650,000 per event. The Plan maintains independent coverage for events in excess of $650,000. The District has essentially transferred all related risk to the Plan.

9. SHORT-TERM DEBT

Liabilities for bond anticipation notes ("BANs") are generally accounted in the Capital Projects Fund as note payable. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date.

A summary of the District's short-term debt for the fiscal year ended June 30, 2022 is presented below:

Description	Maturity Date	Interest Rate	Balance 7/1/2021	Issued	Redeemed	Balance 6/30/2022
Capital Projects Fund:						
Various Projects	6/28/2023	4.00%	$ -	$ 7,200,000	$ -	$ 7,200,000
Various Projects	6/29/2022	1.00%	-	2,400,000	2,400,000	-
			$ -	$ 9,600,000	$ 2,400,000	$ 7,200,000

10. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The District's outstanding long-term liabilities include serial bonds, premium on serial bonds, compensated absences, retirement incentive payable, other postemployment benefits obligation, and net pension liability. The serial bonds of the District are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the District's long term debt at June 30, 2022 follows:

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Serial bonds	$ 25,175,000	$ -	$ 3,345,000	$ 21,830,000	$ 3,445,000
Premium on serial bonds	1,750,945	-	336,732	1,414,213	336,736
Bonds payable, net	26,925,945	-	3,681,732	23,244,213	3,781,736
Compensated absences	416,120	-	3,345	412,775	49,345
Retirement incentive payable	531,500	-	348,500	183,000	183,000
OPEB obligation	5,747,901	648,745	674,977	5,721,669	-
Net pension liability*	2,979,430	-	2,979,430	-	-
Total	$ 36,600,896	$ 648,745	$ 7,687,984	$ 29,561,657	$ 4,014,081

(*Reductions to compensated absences and the net pension liability are shown net of additions.)

Serial Bonds—The District issues general obligation bonds to provide funds for construction renovations and improvements of major capital facilities. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with original maturities that range from 6 to 15 years.

In the event of a default in the payment of the principal of or interest on the serial bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

The District does not hold any lines of credit.

The activity on the District's outstanding bond issues, for the year ended June 30, 2022, follows:

Description	Original Issue	Interest Rate	Year of Issue/ Maturity	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022
2012 Serial Bonds	$ 5,000,000	1.4-4.1%	2012/2027	$ 2,325,000	$ -	$ 350,000	$ 1,975,000
2016 Serial Bonds	6,390,327	2.1-5.0%	2016/2030	4,235,000	-	460,000	3,775,000
2017 Refunding Bonds	10,025,000	2.0-5.0%	2017/2026	7,690,000	-	565,000	7,125,000
2018 Serial Bonds	9,810,000	3.3-5.0%	2018/2033	7,640,000	-	1,385,000	6,255,000
2020 Refunding Bonds	3,300,000	1.1-4.0%	2021/2027	3,285,000	-	585,000	2,700,000
Total				$ 25,175,000	$ -	$ 3,345,000	$ 21,830,000

Premium on Serial Bonds—Premium on bond issuances are being amortized on a straight-line basis over the life of their related bonds. The unamortized premium as of June 30, 2022 was $1,414,213.

Compensated Absences—As explained in Note 1, the District provides for either cash or post-employment health benefits after retirement. The payment in cash or health care benefits depends on individual options selected upon retirement in accordance with the union contract. The liability for compensated absences at June 30, 2022 amounts to $412,775 of which $49,345 has been included within the current portion of long-term debt.

Retirement Incentive Payable—During the year ended June 30, 2020, the District offered an early retirement incentive to employees of the Dunkirk Teachers Association and the Civil Service Employees Association. The value recorded in the government-wide financial statements at June 30, 2022 for governmental activities is $183,000, all of which is considered payable within one year and has been included within the current portion of long-term debt.

OPEB Obligation—As explained in Note 7, the District provides health insurance coverage for certain retirees. The District's annual other postemployment benefits ("OPEB") cost is calculated based in the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The estimated long-term OPEB liability is $5,721,669 at June 30, 2022.

The following is a maturity schedule of the District's indebtedness:

Year Ending June 30,	Serial Bonds	Premium on Serial Bonds	Compensated Absences	Retirement Incentive Payable	OPEB Obligation	Total
2023	$ 3,445,000	$ 336,736	$ 49,345	$ 183,000	$ -	$ 4,014,081
2024	3,570,000	283,164	-	-	-	3,853,164
2025	2,395,000	122,445	-	-	-	2,517,445
2026	3,500,000	122,445	-	-	-	3,622,445
2027	2,400,000	120,192	-	-	-	2,520,192
2028-2032	6,155,000	429,231	-	-	-	6,584,231
2033	365,000	-	-	-	-	365,000
Thereafter	-	-	363,430	-	5,721,669	6,085,099
Total	$ 21,830,000	$ 1,414,213	$ 412,775	$ 183,000	$ 5,721,669	$ 29,561,657

Interest requirements on serial bonds are as follows:

Year Ending June 30,	Interest
2023	$ 830,449
2024	706,545
2025	469,956
2026	496,126
2027	331,032
2028-2032	697,010
2033	5,931
Total	$ 3,537,049

11. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- ***Net Investment in Capital Assets***—This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construct or improvement of these assets reduce the balance in this category.

- ***Restricted Net Position***—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- ***Unrestricted Net Position***—This category represents net position of the District not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the District at June 30, 2022 includes:

- ***Inventory***—Representing the portion of fund balance, $20,985 composed of inventory. This balance is nonspendable as the inventory does not represent an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grants, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balances maintained by the District at June 30, 2022 are as follows:

	General Fund	Student Activities Fund	Total
Unemployment	$ 3,769,931	$ -	$ 3,769,931
Employee benefits	328,860	-	328,860
Retirement contribution	8,757,803	-	8,757,803
Repairs	302,404	-	302,404
Debt service	23,678	-	23,678
Capital projects	5,000,315	-	5,000,315
Student activities	-	100,776	100,776
Total	$ 18,182,991	$ 100,776	$ 18,283,767

- ***Restricted for Unemployment***—According to General Municipal Law Section 6-m, this restriction 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 restriction 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.

- ***Restricted for Employee Benefits***—According to General Municipal Law Section 6-p, this restriction must be used for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

- ***Restricted for Retirement Contribution***—According to General Municipal Law Section 6-r, this restriction must be used to pay "retirement contributions", which are defined as all or any portion of the amount payable to the ERS ($7,994,703), pursuant to Sections 17 or 317 of the NYSSRL, and to the TRS ($763,100), pursuant to the newly amended Section 6-r. The restriction may be established by Board resolution; there are no referendum requirements to create the funds or expend money from the funds. The Board may authorize the transfer of moneys to a reserve fund established pursuant to Sections 6c-g of the GML or Section 3651 of Education Law.

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

- ***Restricted for Debt Service***—Represents amounts within the General Fund resulting from unspent debt proceeds that are required to be used for capital project expenses or the debt service thereof.

- ***Restricted for Capital Projects***— According to Education Law Section 3651, this restriction 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 restriction 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 Section 3651 of the Education Law.

- ***Restricted for Student Activities***—Amounts generated by the Extraclassroom Activities at the District which are restricted for use only within the Student Activities Fund for specified student activities.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority. As of June 30, 2022, the District had no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the District at June 30, 2022 and include:

	General Fund	School Lunch Fund	Total
Subsequent year's expenditures	$ 3,698,161	$ -	$ 3,698,161
Encumbrances	207,635	-	207,635
Specific use:			
School lunch	-	955,868	955,868
Total	$ 3,905,796	$ 955,868	$ 4,861,664

- ***Assigned to Subsequent Year's Expenditures***—Representing available fund balance being appropriated to meet expenditures requirements in the 2022-2023 fiscal year.

- ***Assigned to Encumbrances***—Representing amounts related to unperformed (executory) contracts for goods and services.

- ***Assigned to Specific Use***—Representing fund balance within the special revenue funds that is assigned for a specific purpose. The assignments purpose relates to each funds operations and represents remaining amounts within funds that are not restricted or committed.

If the District must use funds for emergency expenditures the Board of Education shall authorize the Business Administrator to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the District will use unassigned fund balance.

12. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of June 30, 2022 is as follows:

	Interfund	
	Receivables	Payables
Governmental Funds:		
General Fund	$ 1,726,017	$ -
Special Aid Fund	-	1,726,017
Total governmental funds	$ 1,726,017	$ 1,726,017

The outstanding balances between these funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

The District made the following transfers during the year ended June 30, 2022:

	Transfers in:		
Fund	Special Aid Fund	Capital Projects Fund	Total
Transfers out:			
General Fund	$ 39,361	$ 100,000	$ 139,361
Total	$ 39,361	$ 100,000	$ 139,361

Transfers are used primarily to finance capital projects within the Capital Projects Fund and pay for the District's portion of certain state and federal grants in the Special Aid Fund.

13. LABOR RELATIONS

District employees are represented by three bargaining units, with the balance governed by Board of Education rules and regulations. Negotiated contracts are in place through June 30, 2022 for the Dunkirk Teachers' Association and Civil Service Employees Association, and June 30, 2023 for the Dunkirk Administrators' Association.

14. COMMITMENTS

***Encumbrances*—**Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. The District considers encumbrances significant if they are in excess of $200,000. As of June 30, 2022, there were no significant encumbrances.

15. CONTINGENCIES

Litigation—Various legal actions are pending against the District. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the District.

***Grants*—**In the normal course of business, the District receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Other—The District is involved in litigation in the ordinary course of its operations. The District believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the District's financial condition or results of operation.

16. TAX ABATEMENTS

The District is subject to tax abatements granted by the Chautauqua County Industrial Development Agency ("CCIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the CCIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the District, the abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by CCIDA, the District collected $279,685 during the 2021-2022 fiscal year in payments in lieu of taxes ("PILOT"), these collections were made in lieu of $5,180,566 in property taxes.

During the year ended June 30, 2022, the District's largest PILOT payment, received from a local electric power generating facility, remained unchanged at $205,597. However, the original agreement PILOT amount was $4,469,739. To compensate for the decrease in revenue, New York State legislation established the Electric Generation Cessation Mitigation Fund, administered by Empire State Development ("ESD"). The State's enacted 2022-2023 appropriated State aid to assist municipalities who will see a reduction in their collection of real property taxes or PILOT payments of at least 20% of the taxes owed by the electric generating facility, payable over a period of up to five years with aid declining to 0% over the five years. The District received $1,139,982 from such fund in the 2021-2022 fiscal year and will receive its final aid payment of $759,988 during the 2022-2023 fiscal year.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 11, 2022, which is the date the financial statements are available for issuance, and determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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DUNKIRK CITY SCHOOL DISTRICT, NEW YORK

Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)— Teachers' Retirement System

Last Nine Fiscal Years*

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
District's proportion of the net pension liability/(asset)	0.107955%	0.107382%	0.110420%	0.110338%	0.104648%	0.109091%	0.107348%	0.107100%	0.109114%
District's proportionate share of the net pension liability/(asset)	$ (18,707,577)	$ 2,967,253	$ (2,868,717)	$ (1,995,198)	$ (795,427)	$ 1,168,408	$ (11,150,081)	$ (11,930,263)	$ (718,247)
District's covered payroll	$ 18,390,084	$ 18,226,112	$ 18,430,883	$ 17,972,786	$ 16,583,007	$ 16,290,017	$ 16,161,067	$ 16,265,671	$ 16,103,014
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(101.7%)	16.3%	(15.6%)	(11.1%)	(4.8%)	7.2%	(69.0%)	(73.3%)	(4.5%)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%	100.7%

*Information prior to the year ended June 30, 2014 is not available.

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK

Schedule of District's Contributions—
Teachers' Retirement System
Last Nine Fiscal Years*

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,937,118	$ 1,746,223	$ 1,614,834	$ 1,957,360	$ 1,761,333	$ 1,942,262	$ 2,826,746	$ 2,570,812	$ 1,892,371
Contributions in relation to the contractually required contribution	(1,937,118)	(1,746,223)	(1,614,834)	(1,957,360)	(1,761,333)	(1,942,262)	(2,826,746)	(2,570,812)	(1,892,371)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 19,776,510	$ 18,390,084	$ 18,226,112	$ 18,430,883	$ 17,972,786	$ 16,583,007	$ 16,290,017	$ 16,161,067	$ 16,265,671
Contributions as a percentage of covered payroll	9.8%	9.5%	8.9%	10.6%	9.8%	11.7%	17.4%	15.9%	11.6%

*Information prior to the year ended June 30, 2014 is not available.

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK

Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)— Employees' Retirement System

Last Nine Fiscal Years*

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2021	March 31, 2020	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
District's proportion of the net pension liability	0.0118166%	0.0122290%	0.0128102%	0.0123570%	0.012026%	0.012082%	0.012371%	0.012034%	0.012034%
District's proportionate share of the net pension liability	$ (965,954)	$ 12,177	$ 3,392,205	$ 875,510	$ 388,129	$ 1,135,290	$ 1,985,616	$ 406,534	$ 543,794
District's covered payroll	$ 4,228,309	$ 3,755,377	$ 4,063,341	$ 3,976,571	$ 3,833,327	$ 3,615,786	$ 3,599,201	$ 3,683,088	$ 3,709,413
District's proportionate share of the net pension liability as a percentage of its covered payroll	(22.8%)	0.3%	83.5%	22.0%	10.1%	31.4%	55.2%	11.0%	14.7%
Plan fiduciary net position as a percentage of the total pension liability	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2

*Information prior to the year ended June 30, 2014 is not available.

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Employees' Retirement System
Last Nine Fiscal Years*

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 578,945	$ 584,148	$ 549,453	$ 538,984	$ 536,238	$ 531,434	$ 598,498	$ 630,024	$ 782,128
Contributions in relation to the contractually required contribution	(578,945)	(584,148)	(549,453)	(538,984)	(536,238)	(531,434)	(598,498)	(630,024)	(782,128)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,810,971	$ 3,592,229	$ 4,249,549	$ 3,998,427	$ 3,615,786	$ 3,598,716	$ 3,621,337	$ 3,668,892	$ 3,596,844
Contributions as a percentage of covered payroll	15.2%	16.3%	12.9%	13.5%	14.8%	14.8%	16.5%	17.2%	21.7%

*Information prior to the year ended June 30, 2014 is not available.

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Six Fiscal Years*

	Year Ended June 30,					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	$ 215,237	$ 206,538	$ 203,639	$ 107,505	$ 108,461	$ 95,673
Interest	126,828	76,997	107,930	101,371	106,174	79,282
Changes in benefit terms	239	-	-	-	-	-
Changes in assumptions and other inputs	(298,961)	340,740	369,624	(280,840)	45,810	465,694
Differences between expected and actual experience	306,441	2,225,458	(573,525)	494,383	(55,065)	(62,131)
Benefit payments	(376,016)	(143,374)	(189,100)	(190,426)	(163,857)	(143,120)
Net changes in total OPEB liability	(26,232)	2,706,359	(81,432)	231,993	41,523	435,398
Total OPEB liability—beginning	5,747,901	3,041,542	3,122,974	2,890,981	2,849,458	2,414,060
Total OPEB liability—ending	$ 5,721,669	$ 5,747,901	$ 3,041,542	$ 3,122,974	$ 2,890,981	$ 2,849,458
Plan fiduciary net position						
Contributions—employer	$ 376,016	$ 143,374	$ 189,100	$ 190,426	$ 163,857	$ 143,120
Benefit payments	(376,016)	(143,374)	(189,100)	(190,426)	(163,857)	(143,120)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-
Plan fiduciary net position—ending	$ -	$ -	$ -	$ -	$ -	$ -
District's net OPEB liability—ending	$ 5,721,669	$ 5,747,901	$ 3,041,542	$ 3,122,974	$ 2,890,981	$ 2,849,458
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	$ 17,520,942	$ 16,938,266	$ 15,960,708	$ 15,960,708	$ 15,449,335	$ 15,449,335
District's net OPEB liability as a percentage of covered-employee payroll	32.7%	33.9%	19.1%	19.6%	18.7%	18.4%

*Information prior to the year ended June 30, 2017 is not available.

The notes to the Required Supplementary Information are an integral part of this schedule.

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DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance—
Budget (Non-GAAP Basis) and Actual—General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
REVENUES				
Local sources:				
Real property taxes	$ 10,165,975	8,416,858	$ 8,393,674	$ (23,184)
Real property tax items	342,578	2,091,695	2,071,371	(20,324)
Charges for services	83,000	83,000	161,924	78,924
Use of money and property	164,600	164,600	197,244	32,644
Sale of property and compensation for loss	26,900	26,900	18,403	(8,497)
Miscellaneous	174,000	174,000	183,739	9,739
State sources:				
Basic formula	31,005,834	27,003,258	26,494,393	(508,865)
Lottery aid	-	3,912,409	3,912,409	-
BOCES aid	2,202,610	2,202,610	2,714,956	512,346
State aid - other	1,349,802	1,439,969	1,287,687	(152,282)
Federal sources:				
Medicaid reimbursement	100,000	100,000	354,363	254,363
Federal interest subsidy	130,000	130,000	-	(130,000)
CARES Act	-	-	131,438	131,438
Total revenues	45,745,299	45,745,299	45,921,601	176,302
OTHER FINANCING SOURCES				
Transfers in	4,705	4,705	-	(4,705)
Total other financing sources	4,705	4,705	-	(4,705)
Total revenues and other financing sources	$ 45,750,004	$ 45,750,004	$ 45,921,601	$ 171,597

(continued)

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance—
Budget (Non-GAAP Basis) and Actual—General Fund
Year Ended June 30, 2022

(concluded)

	Budgeted Amounts		Actual	Encum-	Variance with Final
	Original	Final	Amounts	brances	Budget
EXPENDITURES					
General support:					
Board of education	$ 15,710	$ 13,710	$ 9,254	$ -	$ 4,456
Central administration	277,760	280,458	270,129	202	10,127
Finance	441,141	525,291	475,220	3,500	46,571
Staff	280,479	240,435	232,098	-	8,337
Central services	3,148,948	3,361,400	3,099,839	114,078	147,483
Special items	560,574	560,580	535,429	-	25,151
Instruction:					
Instruction, administration and improvements	1,812,582	1,884,970	1,659,530	-	225,440
Teaching - regular school	13,397,661	13,134,514	12,793,281	37,177	304,056
Programs for pupils with handicapping conditions	8,511,362	8,146,861	6,657,958	4,055	1,484,848
Occupational education	1,136,735	1,136,754	1,084,559	-	52,195
Teaching - special school	414,690	367,690	181,261	-	186,429
Instructional media	1,719,217	1,799,653	1,684,869	17,428	97,356
Pupil services	2,450,266	2,699,661	2,547,526	31,195	120,940
Pupil transportation	1,464,006	1,480,628	1,219,402	-	261,226
Community services	78,213	78,213	-	-	78,213
Employee benefits	11,571,755	11,570,281	9,008,373	-	2,561,908
Debt service:					
Principal	3,340,000	3,354,500	3,345,000	-	9,500
Interest and fiscal charges	1,022,414	1,007,914	972,076	-	35,838
Total expenditures/encumbrances	51,643,513	51,643,513	45,775,804	207,635	5,660,074
OTHER FINANCING USES					
Transfers out	200,000	200,000	139,361	-	60,639
Total expenditures/encumbrances and other financing uses	51,843,513	51,843,513	45,915,165	207,635	5,720,713
Net change in fund balance*	(6,093,509)	(6,093,509)	6,436		
Fund balance—beginning	24,082,422	24,082,422	24,082,422		
Fund balance—ending	$ 17,988,913	$ 17,988,913	$ 24,088,858		

*The net change in fund balances was included as an appropriation (i.e., spendown) of fund balance and re-appropriation of prior year encumbrances.

The notes to the Required Supplementary Information are an integral part of this schedule.

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1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the discount rate and salary scale. The discount rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date, which changed from 2.27% to 2.83% at June 30, 2022. The salary scale reflects the rate at which payroll amounts are expected to change over time and changed from 3.11% to 3.44% at June 30, 2022. The ultimate healthcare cost trend rate was updated from 6.10% to 4.37% at June 30, 2022.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—An annual budget is adopted on a basis consistent with generally accepted accounting principles in the United States of America for the General Fund. The Capital Projects Fund is appropriated on a project-length basis. No formal annual budget is adopted for the Special Aid Fund, School Lunch Fund or Student Activities Fund. Appropriation limits, where applicable, for the Special Aid Fund are maintained based on individual grants accepted by the Board of Education. The periods of such grants may vary from the District's fiscal year. A budget is maintained for the School Lunch Fund as a management tool for internal control purposes. No budget is adopted for the Student Activities Fund as the extraclassroom activities of the District are maintained by the individual clubs.

The appropriated budget is prepared by fund, function, and department. The District's department heads may make transfers of appropriations within a department. Transfers of appropriations exceeding $20,000 between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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SUPPLEMENTARY INFORMATION

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit—General Fund
Year Ended June 30, 2022

Change from Adopted Budget to Final Budget

Adopted budget, 2021-2022	$ 51,413,792
Add: Prior year's encumbrances	429,721
Original budget, 2021-2022	51,843,513
Final budget, 2021-2022	$ 51,843,513

Section 1318 of Real Property Tax Law Limit Calculation

2022-2023 voter approved expenditure budget	$ 52,396,017	
Maximum allowed (4% of 2022-2023 budget)		$ 2,095,841
General Fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	$ 3,905,796	
Unassigned fund balance	2,000,071	
Total unrestricted fund balance		$ 5,905,867
Less:		
Appropriated fund balance	$ 3,698,161	
Encumbrances included in assigned fund balance	207,635	
Total adjustments		3,905,796
General Fund fund balance subject to Section 1318 of Real Property Tax Law		$ 2,000,071
Actual percentage		3.82%

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

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Schedule of Capital Project Expenditures
Year Ended June 30, 2022

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
2021-2022 Capital Outlay Project	$ 100,000	$ 100,000	$ -	$ 96,113	$ 96,113	$ 3,887
2020 Planned Facilities Upgrade Phase One	3,797,484	9,586,899	509,812	2,724,475	3,234,287	6,352,612
	$ 3,897,484	$ 9,686,899	509,812	$ 2,820,588	$ 3,330,400	$ 6,356,499

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
June 30, 2022

Capital assets, net of accumulated depreciation		$ 55,296,171
Add:		
Unspent debt proceeds	$ 5,492,490	
Deferred charge on refunding	245,025	5,737,515
Deduct:		
Serial bonds	(21,830,000)	
Premium on serial bonds	(1,414,213)	
Bond anticipation notes payable	(7,200,000)	(30,444,213)
Net investment in capital assets		$ 30,589,473

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FEDERAL AWARDS INFORMATION

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title (1a)	Federal Assistance Listing Number (1b)	Pass-through Entity's Identifying Number (1c)	Passed-Through to Subrecipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF AGRICULTURE:				
Passed through New York State Department of Agriculture:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	$ -	$ 356,220
National School Lunch Program	10.555	N/A	-	1,195,310
Total Child Nutrition Cluster			-	1,551,530
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	1,551,530
U.S. DEPARTMENT OF EDUCATION:				
Passed through New York State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021-21-0350	-	80,630
Title I Grants to Local Educational Agencies	84.010	0021-22-0350	-	935,988
Title I Grants to Local Educational Agencies	84.010	0011-21-2136	-	30,431
Title I Grants to Local Educational Agencies	84.010	0011-22-2136	-	86,021
Total Title I Grants to Local Educational Agencies			-	1,133,070
Special Education Cluster:				
Special Education - Grants to States	84.027	0032-22-0103	-	496,527
Special Education - Preschool Grants	84.173	0033-22-0103	-	23,553
Total Special Education Cluster			-	520,080
Education for Homeless Children and Youth	84.196A	0212-22-3116	-	47,154
21st Century Community Learning Centers	84.287C	0187-22-7080	-	417,496
21st Century Community Learning Centers	84.287C	0187-22-7081	-	343,325
Total 21st Century Community Learning Centers			-	760,821
Rural Education	84.358B	0006-21-0350	-	17,662
Rural Education	84.358B	0006-22-0350	-	43,752
Total Rural Education			-	61,414
English Language Acquisition State Grants	84.365	0293-21-0350	-	22,305
English Language Acquisition State Grants	84.365	0293-22-0350	-	45,537
Total English Language Acquisition State Grants			-	67,842
Supporting Effective Instruction State Grants	84.367	0147-21-0350	-	32,399
Supporting Effective Instruction State Grants	84.367	0147-22-0350	-	27,783
Total Supporting Effective Instruction State Grants			-	60,182
Student Support and Academic Enrichment Program	84.424	0204-21-0350	-	82,237
Student Support and Academic Enrichment Program	84.424	0204-22-0350	-	42,349
Total Student Support and Academic Enrichment Program			-	124,586
Education Stabilization Fund				
Governor's Emergency Education Relief Fund	84.425C	5895-21-0350	-	131,438
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-0350	-	1,282,140
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5218-21-0350	-	1,324,189
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-0350	-	684
Total Education Stabilization Fund			-	2,738,451
TOTAL U.S. DEPARTMENT OF EDUCATION			-	5,513,600
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			$ -	$ 7,065,130

The notes to the schedule of federal awards are an integral part of this schedule.

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DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Dunkirk City School District, New York (the "District") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a select portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. The following notes were identified on the Schedule:

a) Includes all federal award programs of the Dunkirk City School District, New York.

b) Source: Federal Assistance Listing Numbers, previously known as Catalog of Federal Domestic Assistance.

c) Pass-through identifying numbers are presented where available.

d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.

e) Total federal expenditures for the District's 2021-2022 fiscal year are reconciled to Federal sources as reported in the basic financial statements as follows:

Balance per schedule of expenditures of federal awards	$ 7,065,130
Medicaid reimbursement	354,363
Total Federal sources per financial statements	$ 7,419,493

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis or accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2022, the District used $41,318 worth of commodities.

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Certified Public Accountants

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*

The Board of Education
Dunkirk City School District, New York:

We have audited, 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, the financial statements of the governmental activities and each major fund of Dunkirk City School District, New York (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 11, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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.

Drescher & Malecki LLP

October 11, 2022

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Board of Education
Dunkirk City School District, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Dunkirk City School District, New York's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*"Government Auditing Standards"*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Drescher & Malecki LLP

October 11, 2022

DUNKIRK CITY SCHOOL DISTRICT, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	____ Yes	✓ No	
Significant deficiency(ies) identified?	____ Yes	✓ None reported	
Noncompliance material to financial statements noted?	____ Yes	✓ No	

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	____ Yes	✓ No	
Significant deficiency(ies) identified?	____ Yes	✓ None reported	

Type of report the auditor issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	✓ No

Identification of major federal programs

Name of Federal Program or Cluster	Federal Assistance Lising Number
Education Stabilization Fund	84.425

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

Auditee qualified as low-risk auditee? ✓ Yes ____ No

Section II. FINANCIAL STATEMENT FINDINGS

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

We consider the following deficiency to be a significant deficiency in compliance.

Finding 2021-001—Excess Fund Balance

Criteria: New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4 percent of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4 percent limitation. Under GASB fund balance classifications, the 4 percent limitation is interpreted to be applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

Condition and Context: At June 30, 2021, available fund balance in the District's General Fund exceeded 4 percent of the subsequent year's budgeted appropriations.

Cause: The District's unrestricted General Fund fund balance minus amounts assigned for the subsequent years' budget is in excess of the 4 percent limitation.

Effect or Potential Effect: The District is not in compliance with New York State Real Property Tax Law §1318.

Recommendation: We suggest that the District consider the establishment of certain restricted fund balance or increasing current restrictions which would set aside these "one-time" revenues in a reserve to be utilized for future needs of the District. We recommend that the District consult with its legal advisor to ascertain its reserve options, including creating further reserves.

Management's Response: Management acknowledges that the District has available fund balance in excess of the 4 percent allowed by Real Property Tax Lax §1318. The decision was made to hold back on spending down of particular funds in anticipation of a very unprecedented upcoming 2021-2022 fiscal year due to the COVID-19 pandemic.

Status: Addressed. The District does not have available fund balances in excess of the 4 percent allowed by Real Property Tax Law § 1318 as of June 30, 2022.