

SOUTHWESTERN CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

***WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS***

SOUTHWESTERN CENTRAL SCHOOL DISTRICT

2025 FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
Southwestern Central School District
Jamestown, New York**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of **Southwestern Central School District** as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise **Southwestern Central School District's** basic financial statements as listed in the table of contents. We have also audited the fiduciary fund types of the **Southwestern Central School District** as of June 30, 2025, as displayed in the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the **Southwestern Central School District**, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 10 to the financial statements, during the current year the District adopted new accounting standard, GASB Statement No. 101, Compensated Absences, which resulted in a prior period adjustment. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the **Southwestern Central School District's** June 30, 2024 financial statements, and our report dated October 15, 2024, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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 **Southwestern Central School District's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **Southwestern Central School 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 **Southwestern Central School 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 (pages 3-9) and budgetary comparison information (pages 38-39) schedule of changes in District's net OPEB liability and related ratios (page 45), schedule of District contributions – OPEB (page 46), schedule of the District contributions for defined benefit pension plans (page 47) and the schedule of the District's proportionate share of the net pension asset/liability (page 48) 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 **Southwestern Central School District's** basic financial statements. The accompanying combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, 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 14, 2025, on our consideration of the **Southwestern Central School 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 **Southwestern Central School 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 **Southwestern Central School District's** internal control over financial reporting and compliance.

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 14, 2025**

SOUTHWESTERN CENTRAL SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

I. Discussion and Analysis

The following is a discussion and analysis of the **Southwestern Central School District's** financial performance for the year ended June 30, 2025. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the **Southwestern Central School District** during the fiscal year ended June 30, 2025:

- Overall net position from operations of the District increased during the current year in the amount of \$2,470,000 as compared to an increase of \$3,951,000 during the prior fiscal year.
- The District's total revenue increased 2% from \$36,576,000 during the year ended June 30, 2024 to \$37,482,000 during the year ended June 30, 2025. This increase was primarily the result of an increase state aid and tax revenues offset by a decrease in pandemic related grants.
- The District's total expenses increased approximately 7% from \$32,625,000 during the year ended June 30, 2024 to \$35,012,000 during the year ended June 30, 2025. This increase was primarily the result of an increase in expenses related to salaries, BOCES expenses, depreciation expense and other post-employment benefits related to actuarial updates. These increases were offset by a decrease in pension expense as a result of actuarial updates.
- The District had capital outlays totaling \$7,700,000 during the current year related to the capital renovation project, smart school bond project, transportation vehicles and equipment related to right-to-use assets.

III. Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of **Southwestern Central School District**.

III. Overview of the Financial Statements (continued)

A. Reporting the School District as a Whole (District-wide Financial Statements):

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 10) shows the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and the net position. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources and the District's liabilities and deferred inflows of resources – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements):

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

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

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements) (continued):

1. Governmental Funds (continued)

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

2. Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, such as the Chautauqua Consortium and the property taxes collected for other governments. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

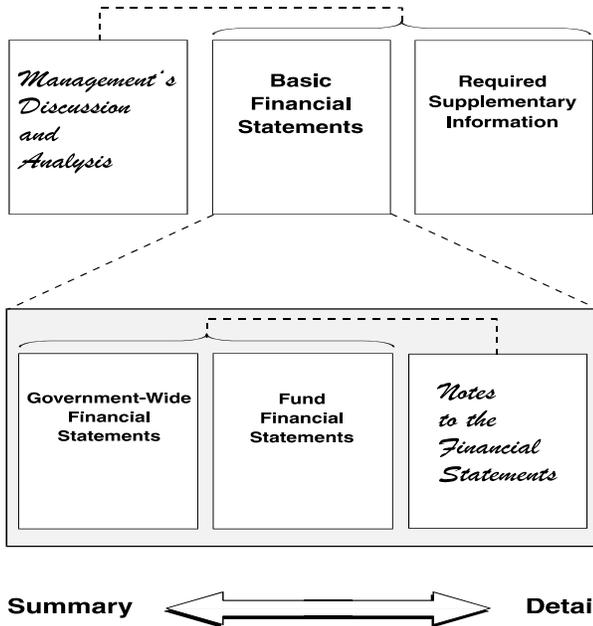
	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources /liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets and right-to-use assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets and right-to-use assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements) (continued):

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole (continued)

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 7% to \$35,012,000. The District's expenses cover a range of services, with 74% related to instruction and 15% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased approximately 2%, while total expenses increased 7%. The District's total net position from operations increased approximately \$2,470,000 during the fiscal year ended June 30, 2025.

Revenue

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$37,482,000 for the fiscal year ended June 30, 2025. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 39% of the District's total revenue for governmental activities increased approximately 2% during the year ended June 30, 2025 as a result of an increase in the tax levy.
- One of the District's most significant revenue is from state sources which represent \$19,036,000 or 51% of total governmental revenue. State sources increased by approximately 7% resulting from an increase in basic formula aid and Boces aid.
- During the year ended June 30, 2025, the District saw a decrease in program revenue, which mostly resulted from a decrease in operating grants of \$620,000 related to pandemic related grants.

IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$30,159,000. The components of net position include: net investment in capital assets and right-to-use assets of \$37,103,000; restricted net position of \$3,736,000; and unrestricted net deficit of \$10,680,000.

Changes in Net Position

The District's total government-wide revenue increased by approximately 2% to \$37,482,000. Approximately 39%, 5% and 51% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 5% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**IV. Financial Analysis of the School District as a Whole
(continued)**

Expenses

Figure A-8 presents the cost of each of the District's six largest expenditure-type, which include; general support, instruction, transportation, debt service, community services and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$35,012,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$426,000 or 9% which was primarily the result of an increase in depreciation expense and in contractual and materials/supplies expenses offset by a decrease in pension expenses related to actuarial updates.
- The District's instruction costs increased by approximately \$1,751,000 or 7%. This was primarily the result of an increase in salaries, BOCES expense, depreciation expense and other post-employment benefit expenses related to an actuarial update. These increases were offset by a decrease in pension expense related to actuarial updates.
- Debt service of the District increased approximately \$94,000 during the year ended June 30, 2025. This increase was primarily the result of an increase in interest costs.
- Transportation costs of the District increased 0% or \$1,000 during the year ended June 30, 2025 due to decrease in pension expense related to actuarial updates offset by an increase in depreciation expense.
- The District's cost of sales (food service fund) totaled \$677,000 during the current year as compared to \$558,000 during the fiscal year ended June 30, 2024. This increase is primarily caused by an increase in food and supply costs.
- The District received approximately \$2,495,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$33 million) were financed by real property taxes and state aid.

IV. Financial Analysis of the School District as a Whole (continued)

Figure A-3 – Condensed Statement of Net Position

<i>Southwestern Central School District</i>			
<i>Condensed Statement of Net Position (in thousands of dollars)</i>			
	Governmental Activities and Total District-wide		
	2025	2024	% Change
Assets			
Current and other assets	\$ 13,105	\$ 14,315	-8%
Capital assets and right-to-use assets	72,169	68,325	6%
Total assets	85,274	82,640	3%
Deferred Outflows of Resources			
Total	\$ 5,807	6,753	-14%
Liabilities			
Other liabilities	\$ 4,058	\$ 17,657	-77%
Long-term liabilities	53,201	40,179	32%
Total liabilities	57,259	57,836	-1%
Deferred Inflows of Resources			
Total	3,663	2,588	42%
Net position			
Invested in capital assets and right-to-use assets, net of related debt	37,103	38,464	-4%
Restricted	3,736	3,876	-4%
Unrestricted (deficit)	(10,680)	(13,371)	-20%
Total net position	30,159	28,969	4%
Total	\$ 91,081	\$ 89,393	2%

Figure A-4 – Changes in Net Position

<i>Southwestern Central School District</i>			
<i>Changes in Net Position from Operating Results (in thousands of Dollars)</i>			
	Governmental Activities and Total District-wide		
	2025	2024	% Change
Revenue			
Program revenue			
Charges for services	\$ 473	\$ 397	19%
Operating grants and contributions	2,022	2,642	-23%
General revenue			
Real property taxes	14,623	14,276	2%
Use of money & property	634	667	-5%
Sale of property & comp for loss	(114)	(104)	10%
State sources	19,036	17,845	7%
Federal sources	171	214	-20%
Miscellaneous	637	639	0%
Total revenue	37,482	36,576	2%
Expenses			
General support	5,227	4,801	9%
Instruction	25,770	24,019	7%
Transportation	2,248	2,247	0%
Community services	35	39	-10%
Debt service - interest	1,055	961	10%
Cost of sales	677	558	21%
Total expenses	35,012	32,625	7%
Change in net position	\$ 2,470	\$ 3,951	-37%

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**IV. Financial Analysis of the School District as a Whole
(continued)**

Figure A-5 – Sources of Revenue

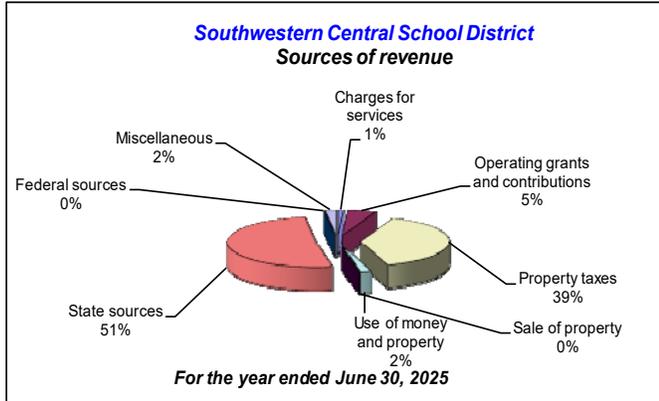


Figure A-6 – Expenses

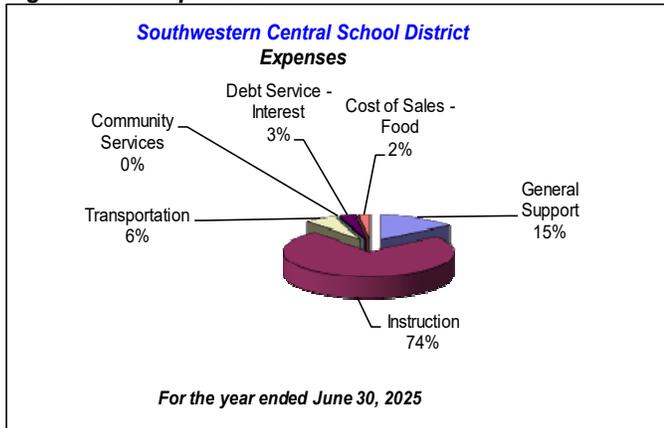


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District	
	2025	2024
Expenditures supported with general revenue (from taxes & other sources)	\$ 32,518 93%	\$ 29,587 91%
Expenditures supported with program revenue	2,494 7%	3,038 9%
Total expenditures related to governmental activities	\$ 35,012 100%	\$ 32,625 100%

IV. Financial Analysis of the School District as a Whole (continued)

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2025	2024	Change	2025	2024	Change
General support	\$ 5,227	\$ 4,801	\$ 426	\$ 5,183	\$ 4,798	\$ 385
Instruction	25,770	24,019	1,751	24,015	21,636	2,379
Transportation	2,248	2,247	1	2,221	2,233	(12)
Community services	35	39	(4)	35	39	(4)
Debt service - interest	1,055	961	94	1,055	961	94
Cost of sales - food	677	558	119	9	(80)	89
Total	\$ 35,012	\$ 32,625	\$ 2,387	\$ 32,518	\$ 29,587	\$ 2,931

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets and right-to-use assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and right-to-use assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from those reported in the previous year.

General Fund

- The District's general fund revenues and other sources exceeded its expenditures and other uses by approximately \$938,000 .
- The District's general fund unassigned fund balance equated to approximately \$3,419,000 as of June 30, 2025.
- The District had many fund balance reserves which totaled approximately \$2,844,000 as of June 30, 2025.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

V. Financial Analysis of the School District's Funds (continued)

General Fund (continued)

- The District's total assets increased approximately \$1,905,000 as of June 30, 2025 primarily due to an increase in cash and receivables. The District's liabilities increased approximately \$967,000 primarily due to an increase in accounts payable and due to other funds.
- Total revenue in the District's general fund increased \$1,984,000 due to an increase in state aid, Boces aid and tax revenue.
- Total expenditures in the District's general fund increased by approximately \$1,109,000 due to increases in salaries, benefits and Boces expenses.

Food Service Fund

- The District's food service fund experienced a \$9,000 decrease in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$668,000 during 2025 as compared with \$637,000 in 2024. Expenditures increased approximately \$119,000 as compared with the prior year. The increase in revenue was the result of an increase in participation while that contributed to the increase in food costs as well as increases in supplies and furniture purchases.

Special Aid Fund

- The District's special aid fund revenue and expenditures decreased approximately \$699,000 or 29% primarily due to a decrease in Pandemic related grants.

Capital Projects Fund

- Total expenditures incurred during the current year were related to Phase VII construction project, smart bond expenditures and the purchase of transportation vehicles.

Miscellaneous Special Revenue

- During the year ended June 30, 2025, the District had minimal activity in the miscellaneous special revenue fund.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$1,592,000 below the revised budget. The most significant positive variance was in the area of instruction which totaled \$948,000 below that budgeted. Resources available for appropriations were approximately \$533,000 above the final budgeted amount.

VI. General Fund Budgetary Highlight (continued)

Figure A-9 – Budget vs. Actual Comparison

<i>Southwestern Central School District</i>				
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>				
	Revised Budget	Actual	Difference	%
Revenue				
Local sources	\$ 15,570	\$ 16,080	\$ 510	3%
State sources	19,142	19,036	(106)	-1%
Federal sources	180	171	(9)	-5%
Other sources	339	477	138	41%
Total revenue	\$ 35,231	\$ 35,764	\$ 533	2%
Expenditures				
General support	\$ 4,236	\$ 4,057	\$ 179	4%
Instruction	18,424	17,476	948	5%
Transportation	1,429	1,304	125	9%
Community services	48	35	13	27%
Employee benefits	7,144	6,768	376	5%
Debt service	5,037	5,086	(49)	-1%
Operating transfers	100	100	-	0%
Total expenditures	\$ 36,418	\$ 34,826	\$ 1,592	4%

VII. Capital Assets and Right-to-use Assets and Debt Administration

Capital Assets and Right-to-use Assets

As depicted in Figure A-10, as of June 30, 2025, the District had invested approximately \$72,169,000 in a broad range of capital assets and right-to-use assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2025, totaled approximately \$7,700,000 and primarily related to the District's ongoing capital project, transportation vehicles, and smart bond expenditures. More detailed information about the District's capital assets and right-to-use assets is presented in the notes of the financial statements.

Long-term Liabilities

As depicted in Figure A-11, as of June 30, 2025, the District had approximately \$53,200,000 in bonds payable, lease liabilities, net pension liability and other post-employment benefits, an increase of approximately 32% as compared with the previous year. The increase in bonds payable was the result of the District issuing a new serial bond offset by the District making regular principal payments during the year. The net pension liability related to TRS and ERS decreased as of June 30, 2025 as a result of actuarial updates. The NYS TRS system was reported as a net pension asset in the current year. Also, the District had a decrease in the other post employment benefits as a result of an actuarial update. Finally the District implemented GASB 101 which resulted in an increase in the compensated absences liability.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

VII. Capital Assets and Right-to-use Assets and Debt Administration (continued)

Figure A-10 – Capital Assets and Right-to-use Assets

<i>Southwestern Central School District</i>			
<i>Capital assets and right-to-use assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2025	2024	Change
Land	\$ 2,265,450	\$ 2,265,450	0%
Cost basis	89,200,172	89,189,245	0%
Construction in progress	18,589,959	11,686,818	59%
Accumulated depreciation & amortization	(37,886,313)	(34,816,517)	9%
Total Capital assets and right-to-use assets, net	\$ 72,169,268	\$ 68,324,996	6%

Figure A-11 – Outstanding Long-term Debt

<i>Southwestern Central School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2025	2024	Change
Bonds payable	\$ 33,843,431	\$ 20,773,243	63%
Net pension liabilities	1,462,606	1,809,243	-19%
Compensated absences	1,280,500	-	n/a
Other post-employment benefits	16,613,553	17,596,746	-6%
Total Long-Term Debt	\$ 53,200,090	\$ 40,179,232	32%

VII. Capital Assets and Right-to-use Assets and Debt Administration (continued)

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District is uncertain as to the level of state aid in the upcoming years as it moves out of the Pandemic.
- The Rockefeller Institute conducted a study to assess the State's Foundation Aid educational funding formula which was published in December 2024. Although, minimal adjustments to the foundation aid formula were made to 2025-26 aid, any modifications to the formula in the future could have an impact on future state aid that is distributed to the District.

VIII. Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Southwestern Central School District
District Administrative Offices
600 Hunt Road
Jamestown, New York 14701

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

Schedule 1

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	<u>2025</u>	<u>2024</u>
Assets		
Cash		
Unrestricted	\$ 3,826,807	\$ 2,790,920
Restricted	3,735,416	3,875,389
Receivables		
State and federal aid	3,118,023	2,254,264
Accounts receivable	219,589	670,688
Inventories	15,017	7,416
Cash to be used for capital assets	519,963	4,716,313
Net pension assets	1,669,190	-
Capital assets and right-to-use assets, net	72,169,268	68,324,996
Total assets	<u>85,273,273</u>	<u>82,639,986</u>
Deferred Outflows of Resources		
Deferred outflows related to long-term debt	-	4,876
Deferred outflows related to OPEB	1,038,007	1,390,789
Deferred outflows related to pensions	4,769,306	5,357,113
Total deferred outflows of resources	<u>5,807,313</u>	<u>6,752,778</u>
Total assets and deferred outflows of resources	<u>\$ 91,080,586</u>	<u>\$ 89,392,764</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 883,436	\$ 2,269,934
Accrued liabilities	402,921	349,391
Accrued interest	103,000	623,000
Due to retirement systems	1,264,762	1,233,775
Bond anticipation notes payable	1,403,882	13,181,000
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	2,800,000	2,280,000
Portion due or payable after one year		
Bonds payable	31,043,431	18,493,243
Net pension liabilities	1,462,606	1,809,243
Compensated absences	1,280,500	-
Other post-employment benefits	16,613,553	17,596,746
Total liabilities	<u>57,258,091</u>	<u>57,836,332</u>
Deferred Inflows of Resources		
Deferred inflows related to OPEB	1,527,988	1,679,400
Deferred inflows related to pensions	2,135,431	908,463
Total deferred inflows of resources	<u>3,663,419</u>	<u>2,587,863</u>
Net Position		
Invested in capital assets and right-to-use assets, net of related debt	37,103,168	38,464,066
Restricted	3,735,416	3,875,389
Unrestricted (deficit)	(10,679,508)	(13,370,886)
Total net position	<u>30,159,076</u>	<u>28,968,569</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 91,080,586</u>	<u>\$ 89,392,764</u>

See accompanying independent auditor's report and notes to financial statements.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 2

Page 11

	Expenses	Indirect Expenses Allocation	Program Revenues		2025 Net (Expense) Revenue and Changes in Net Position	2024 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
Functions/Programs						
General support	\$ 4,695,200	\$ 532,090	\$ -	\$ 44,587	\$ (5,182,703)	\$ (4,797,652)
Instruction	23,027,208	2,742,333	423,365	1,331,470	(24,014,706)	(21,636,151)
Pupil transportation	1,786,758	461,433	-	27,236	(2,220,955)	(2,233,155)
Community services	35,455	-	-	-	(35,455)	(38,853)
Debt service	1,055,044	-	-	-	(1,055,044)	(960,614)
Food service program	676,711	-	49,756	618,303	(8,652)	79,648
Depreciation and amortization	3,735,856	(3,735,856)	-	-	-	-
Total functions and programs	\$ 35,012,232	\$ -	\$ 473,121	\$ 2,021,596	(32,517,515)	(29,586,777)
General Revenues						
Real property taxes					14,623,457	14,275,738
Use of money and property					633,819	667,242
Sale of property and compensation for gain (loss)					(113,735)	(104,031)
Miscellaneous and donations					637,356	639,502
State sources					19,036,154	17,844,728
Federal sources					171,471	214,646
Total general revenues					34,988,522	33,537,825
Change in net position					2,471,007	3,951,048
Net position - beginning of year					28,968,569	25,017,521
Prior period adjustment					(1,280,500)	-
Net position - end of year					\$ 30,159,076	\$ 28,968,569

See accompanying independent auditor's report and notes to financial statements.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2025

Schedule 3

Page 12

	Governmental Funds							2025	2024
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total	
Assets									
Unrestricted cash	\$ 3,968,712	\$ 37,727	\$ 26,508	\$ -	\$ -	\$ -	\$ 4,032,947	\$ 2,886,985	
Restricted cash	2,843,864	-	-	1,087,547	2,622	115,206	4,049,239	8,495,637	
Accounts receivable	167,145	52,444	-	-	-	-	219,589	670,688	
Due from other funds	797,300	105,478	262,289	239,190	517,341	-	1,921,598	5,690,786	
State and federal aid receivable	2,559,280	255,406	45,291	-	258,046	-	3,118,023	2,254,264	
Inventories	-	-	15,017	-	-	-	15,017	7,416	
Total assets	<u>\$ 10,336,301</u>	<u>\$ 451,055</u>	<u>\$ 349,105</u>	<u>\$ 1,326,737</u>	<u>\$ 778,009</u>	<u>\$ 115,206</u>	<u>\$ 13,356,413</u>	<u>\$ 20,005,776</u>	
Liabilities and Fund Equity									
Liabilities									
Accounts payable	\$ 552,637	\$ 41,760	\$ 43,508	\$ -	\$ 245,531	\$ -	\$ 883,436	\$ 2,269,934	
Accrued liabilities	387,179	5,566	10,176	-	-	-	402,921	349,391	
Bond anticipation notes payable	-	-	-	-	1,403,882	-	1,403,882	13,181,000	
Due to other funds	719,213	403,729	-	550,391	248,265	-	1,921,598	5,690,786	
Due to Teachers' Retirement System	1,135,530	-	-	-	-	-	1,135,530	1,119,566	
Due to Employees' Retirement System	129,232	-	-	-	-	-	129,232	114,209	
Total liabilities	<u>2,923,791</u>	<u>451,055</u>	<u>53,684</u>	<u>550,391</u>	<u>1,897,678</u>	<u>-</u>	<u>5,876,599</u>	<u>22,724,886</u>	
Fund Equity									
Nonspendable	-	-	15,017	-	-	-	15,017	7,416	
Restricted	2,843,864	-	-	776,346	-	115,206	3,735,416	3,875,389	
Committed	81,219	-	-	-	-	-	81,219	68,392	
Assigned	1,068,585	-	280,404	-	-	-	1,348,989	1,252,384	
Unassigned (deficit)	3,418,842	-	-	-	(1,119,669)	-	2,299,173	(7,922,691)	
Total fund equity (deficit)	<u>7,412,510</u>	<u>-</u>	<u>295,421</u>	<u>776,346</u>	<u>(1,119,669)</u>	<u>115,206</u>	<u>7,479,814</u>	<u>(2,719,110)</u>	
Total liabilities and fund equity	<u>\$ 10,336,301</u>	<u>\$ 451,055</u>	<u>\$ 349,105</u>	<u>\$ 1,326,737</u>	<u>\$ 778,009</u>	<u>\$ 115,206</u>	<u>\$ 13,356,413</u>	<u>\$ 20,005,776</u>	

See accompanying independent auditor's report and notes to financial statements.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 4

Page 13

	Governmental Funds						2025	2024
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Revenue								
Real property taxes	\$ 14,623,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,623,457	\$ 14,275,738
Charges for services	423,365	-	-	-	-	-	423,365	314,478
Use of money and property	458,799	-	-	170,019	-	5,001	633,819	667,242
Sale of property compensation for loss	6,515	-	-	-	-	-	6,515	5,713
Miscellaneous	568,031	-	-	-	-	-	568,031	526,535
State sources	19,036,154	740,484	201,490	-	-	-	19,978,128	18,530,081
Federal sources	171,471	996,876	377,913	-	-	-	1,546,260	2,487,999
Surplus food	-	-	38,900	-	-	-	38,900	32,021
Sales (school food service)	-	-	49,756	-	-	-	49,756	82,442
Total revenue	35,287,792	1,737,360	668,059	170,019	-	5,001	37,868,231	36,922,249
Expenditures								
General support	4,056,723	44,587	-	-	-	-	4,101,310	3,649,458
Instruction	17,476,326	1,193,033	-	-	-	-	18,669,359	17,721,430
Pupil transportation	1,304,375	27,236	-	-	291,303	-	1,622,914	1,592,314
Community services	35,455	-	-	-	-	-	35,455	38,853
Employee benefits	6,768,497	334,067	-	-	-	-	7,102,564	6,865,564
Debt service								
Principal	3,397,000	-	-	-	-	-	3,397,000	3,234,723
Interest	1,688,936	-	-	-	-	-	1,688,936	632,641
Capital outlay	-	-	-	-	7,030,339	-	7,030,339	10,141,660
Cost of sales	-	-	536,211	-	-	-	536,211	503,256
Other expenses	-	-	140,500	-	-	-	140,500	54,518
Total expenditures	34,727,312	1,598,923	676,711	-	7,321,642	-	44,324,588	44,434,417
Excess (deficiency) of revenue over expenditures	560,480	138,437	(8,652)	170,019	(7,321,642)	5,001	(6,456,357)	(7,512,168)
Other sources and uses								
Proceeds from bond issuance	-	-	-	-	15,230,000	-	15,230,000	-
Premiums earned from financing	-	-	-	308,281	-	-	308,281	112,967
BANs redeemed from appropriations	-	-	-	-	1,117,000	-	1,117,000	614,723
Operating transfers in	477,072	-	-	-	320,000	-	797,072	2,781,156
Operating transfers out	(100,000)	(138,437)	-	(558,635)	-	-	(797,072)	(2,781,156)
Total other sources (uses)	377,072	(138,437)	-	(250,354)	16,667,000	-	16,655,281	727,690
Excess (deficiency) of revenue and other sources over expenditures and other uses	937,552	-	(8,652)	(80,335)	9,345,358	5,001	10,198,924	(6,784,478)
Fund equity (deficit), beginning of year	6,474,958	-	304,073	856,681	(10,465,027)	110,205	(2,719,110)	4,065,368
Fund equity (deficit), end of year	\$ 7,412,510	\$ -	\$ 295,421	\$ 776,346	\$ (1,119,669)	\$ 115,206	\$ 7,479,814	\$ (2,719,110)

See accompanying independent auditor's report and notes to financial statements.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2025

Schedule 5

Page 14

	2025 Custodial Funds	2024 Custodial Funds
Assets		
Cash	\$ 573	\$ 1,278
Due from other governments	82,238	196,355
	<hr/>	
Total assets	\$ 82,811	\$ 197,633
	<hr/>	
Liabilities		
Accounts payable	\$ 81,603	\$ 196,355
	<hr/>	
Net position		
Restricted for Chautauqua Consortium	1,208	1,278
	<hr/>	
Total net position	1,208	1,278
	<hr/>	
Total liabilities and net position	\$ 82,811	\$ 197,633
	<hr/>	

See accompanying independent auditor's report and notes to financial statements.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 6

Page 15

	2025 Custodial Funds	2024 Custodial Funds
Additions		
Taxes collected for other governments (library levy)	\$ 256,000	\$ 204,000
Revenues from Chautauqua Consortium	477,647	440,449
	<hr/>	<hr/>
Total additions	733,647	644,449
	<hr/>	<hr/>
Deductions		
Payment of tax to other governments (library levy)	256,000	204,000
Expenses for Chautauqua Consortium	477,717	441,073
	<hr/>	<hr/>
Total deductions	733,717	645,073
	<hr/>	<hr/>
Change in net position	(70)	(624)
Net position - beginning of year	1,278	1,902
	<hr/>	<hr/>
Net position - end of year	<u>\$ 1,208</u>	<u>\$ 1,278</u>

See accompanying independent auditor's report and notes to financial statements.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

Total fund balances - governmental funds		\$ 7,479,814
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets and right-to-use assets consist of the following at year-end:		
Cost of the assets	\$ 107,898,177	
Accumulated depreciation/amortization	<u>(37,044,305)</u>	70,853,872
Right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		1,315,396
District's proportionate share of the net pension assets are reported on the statement of net position, whereas in the governmental funds, pension costs are based on required contributions.		1,669,190
Net deferred outflows (inflows) of resources related to actuarial pension/OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, pension and OPEB expense is based on required contributions.		2,143,894
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(103,000)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Bonds payable, net	(33,843,431)	
Net pension liabilities	(1,462,606)	
Compensated absences	(1,280,500)	
Other post-employment benefits	<u>(16,613,553)</u>	<u>(53,200,090)</u>
Total net position - governmental activities		<u>\$ 30,159,076</u>

See accompanying independent auditor's report and notes to financial statements.

	Total Governmental Funds	Long-term Asset & Outflow Transactions	Long-term Liability & Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 8,082,186	\$ -	\$ -	\$ (519,963)	\$ 7,562,223
Due from other funds	1,921,598	-	-	(1,921,598)	-
State and federal aid receivable	3,118,023	-	-	-	3,118,023
Accounts receivable	219,589	-	-	-	219,589
Inventories	15,017	-	-	-	15,017
Cash to be used for capital assets	-	-	-	519,963	519,963
Net pension asset	-	1,669,190	-	-	1,669,190
Capital assets and right-to-use assets, net	-	72,169,268	-	-	72,169,268
Total assets	13,356,413	73,838,458	-	(1,921,598)	85,273,273
Deferred Outflows of Resources					
Deferred outflows related to OPEB	-	1,038,007	-	-	1,038,007
Deferred outflows related to pensions	-	4,769,306	-	-	4,769,306
Total deferred outflows of resources	-	5,807,313	-	-	5,807,313
Total assets and deferred outflows of resources	\$ 13,356,413	\$ 79,645,771	\$ -	\$ (1,921,598)	\$ 91,080,586
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 883,436	\$ -	\$ -	\$ -	\$ 883,436
Accrued liabilities	402,921	-	-	-	402,921
Accrued interest	-	-	103,000	-	103,000
Due to other funds	1,921,598	-	-	(1,921,598)	-
Due to retirement systems	1,264,762	-	-	-	1,264,762
Bond anticipation notes payable	1,403,882	-	-	-	1,403,882
Bonds payable, net	-	-	33,843,431	-	33,843,431
Net pension liabilities	-	-	1,462,606	-	1,462,606
Compensated absences	-	-	1,280,500	-	1,280,500
Other post-employment benefits	-	-	16,613,553	-	16,613,553
Total liabilities	5,876,599	-	53,303,090	(1,921,598)	57,258,091
Deferred Inflows of Resources					
Deferred inflows related to OPEB	-	-	1,527,988	-	1,527,988
Deferred inflows related to pensions	-	-	2,135,431	-	2,135,431
Total deferred inflows of resources	-	-	3,663,419	-	3,663,419
Fund equity and net position	7,479,814	79,645,771	(56,966,509)	-	30,159,076
Total liabilities, deferred inflows of resources and fund equity/net position	\$ 13,356,413	\$ 79,645,771	\$ -	\$ (1,921,598)	\$ 91,080,586

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Total net change in fund balances - governmental funds \$ 10,198,924

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. Activity for the current fiscal year ended was as follows:

Capital outlays	\$ 7,700,378	
Depreciation and amortization expense	<u>(3,735,856)</u>	3,964,522

Proceeds from the sale of assets are recorded as revenue in the governmental funds, whereas in the statement of activities a gain or loss is reported. (120,250)

Repayment of bonds, bond anticipation notes and energy performance contract principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, debt issuance costs are expensed when incurred. 4,030,892

Bond anticipation notes redeemed from appropriations is recorded as revenue and other sources in the governmental funds, whereas the repayment reduces short-term liabilities in the statement of net position. (1,117,000)

Proceeds from the issuance of long-term debt are recorded as revenue in governmental funds. However, in the statement of activities, proceeds from the issuance of long-term debt is not recorded as revenue but rather the amount is recorded as a liability in the statement of net position. (15,230,000)

Premiums earned from the issuance of long-term debt are recorded as revenue in governmental funds. However, in the statement of activities, premiums earned the issuance of long-term debt is not recorded as revenue but rather the amount is recorded as a liability in the statement of net position. This liability is amortized over the life of the debt instrument. (238,956)

District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds, pension expense is based on the District's contribution to pension plans. 201,052

District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows are recorded in the statement of activities, whereas in the governmental funds, OPEB expense is based on the District's contributions to the OPEB plan. 781,823

Change in net position of governmental activities \$ 2,471,007

See accompanying independent auditor's report and notes to financial statements.

	Total Governmental Funds	Long-term Asset & Outflow Transactions	Long-term Liability & Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 14,623,457	\$ -	\$ -	\$ -	\$ 14,623,457
Charges for services	423,365	-	-	(423,365)	-
Use of money and property	633,819	-	-	-	633,819
Sale of property compensation for loss	6,515	(120,250)	-	-	(113,735)
Miscellaneous	568,031	-	-	69,325	637,356
State sources	19,978,128	-	-	(941,974)	19,036,154
Federal sources	1,546,260	-	-	(1,374,789)	171,471
Surplus food	38,900	-	-	(38,900)	-
Sales (school food service)	49,756	-	-	(49,756)	-
Total revenue	37,868,231	(120,250)	-	(2,759,459)	34,988,522
Expenditures					
General support	4,101,310	452,817	-	628,576	5,182,703
Instruction	18,669,359	2,433,653	(781,823)	3,693,517	24,014,706
Pupil transportation	1,622,914	152,323	-	445,718	2,220,955
Community services	35,455	-	-	-	35,455
Employee benefits	7,102,564	-	(201,052)	(6,901,512)	-
Debt service	5,085,936	(4,030,892)	-	-	1,055,044
Capital outlay	7,030,339	(7,003,315)	-	(27,024)	-
Cost of sales	536,211	-	-	(527,559)	8,652
Other expenses	140,500	-	-	(140,500)	-
Total expenditures	44,324,588	(7,995,414)	(982,875)	(2,828,784)	32,517,515
Excess (deficiency) of revenue over expenditures	(6,456,357)	7,875,164	982,875	69,325	2,471,007
Other sources and uses					
Proceeds from bond issuance	15,230,000	-	(15,230,000)	-	-
Premiums earned from financing	308,281	-	(238,956)	(69,325)	-
BANs redeemed from appropriations	1,117,000	-	(1,117,000)	-	-
Operating transfers in	797,072	-	-	(797,072)	-
Operating transfers out	(797,072)	-	-	797,072	-
Total other sources (uses)	16,655,281	-	(16,585,956)	(69,325)	-
Net change for year	\$ 10,198,924	\$ 7,875,164	\$ (15,603,081)	\$ -	\$ 2,471,007

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

The accompanying financial statements of the **Southwestern Central School District** have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the **Southwestern Central School District** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds and has adopted the guidance prescribed by the New York State Education Department for safeguarding, accounting and auditing of extraclassroom activity funds. As a result, these funds do not meet the criteria required to be reported as fiduciary funds and are reported in a governmental fund. The cash and investment balances are reported in the General Fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available in the District's offices.

B. Joint Venture

The **Southwestern Central School District** is one of 27 component school districts in the Erie 2 – Chautauqua-Cattaraugus Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law. A BOCES budget is comprised of separate budgets for administrative, program, and capital costs.

Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year, the District was billed approximately \$5,283,000 for BOCES administration, capital, and program costs. The District's share of BOCES aid and refunds amounted to approximately \$2,445,000 for the year ended June 30, 2025. Financial statements for the Erie 2 – Chautauqua-Cattaraugus BOCES are available at the BOCES administrative offices in Angola, New York

C. Basis of Presentation

1. District-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants that are legally restricted to expenditures for specified purposes, whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service - is used to account for all revenue and expenditures pertaining to the cafeteria operations.

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

Debt Service - is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

Miscellaneous Special Revenue - is used to account for and report those revenues that are restricted and committed to expenditures for specified purposes.

Fiduciary Fund Types - Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. Custodial funds are held by the District as an agent for in nature and generally accrual basis of accounting. This includes activities reported for taxes collected on behalf of other governments as well as receipts and disbursements for the Chautauqua Consortium.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Investments

Investments are stated at the lower of cost or current market value.

G. Accounts Receivable

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

H. Inventory

Inventories of food in the School Food Service 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 inventoriable items in other funds are recorded as expenditures at the time of purchase.

I. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represents amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

J. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

K. Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received. During the prior year, the District had a full independent appraisal of its fixed assets and as a result restated its fixed assets to reflect estimated historical cost and accumulated depreciation as determined by the appraisal group.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements as follows:

	Capitalization Threshold	Method	Estimated Useful Life
Buildings	\$ 5,000	Straight-line	40 years
Site improvements	5,000	Straight-line	20 years
Furniture and equipment	5,000	Straight-line	10-15 years
Transportation Vehicles	5,000	Straight-line	5-8 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government typically has several items that qualify for reporting in this category and is related to pensions and long-term debt reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also, the District contributions to the pension (TRS and ERS Systems) and OPEB systems subsequent to the measurement date qualifies as a deferred outflows or resources. Additionally, the District reports actuarial differences related to OPEB which are deferred and amortized as a deferred outflow. Finally, the net difference in an advanced bond refunding between the acquisition price of the refunding bonds and the remaining principal of the refunded bonds is reported as a deferred outflow on the statement of net position and is amortized.

In addition to liabilities, the statement of net 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. The District has two items that qualify for reporting in this category and is related to pensions in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS and TRS Systems) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents actuarial differences which are deferred and amortized.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Compensated Absences

Sick leave – the District’s employee groups received a negotiated number of sick days which are earned on an annual basis. These sick days may be accumulated to a maximum of 200 days under the professionals and support staff contracts and 225 days for the administrators. Administrators and teachers hired after October 1, 2014 can convert unused sick leave towards the purchase of health insurance. Teachers hired after October 1, 2014 must meet a minimum of 10 years of service requirement and give notification by January 1st of the active school year prior to retirement.

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick, personal and vacation time. Eligibility and the accumulation of time is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. In the district-wide financial statements, the District recognizes a liability for compensated absences, including sick and vacation leave, when employees have earned the right to leave and it is more than likely than not that the leave will be used for time off or otherwise paid at retirement. The liability is measured at the employee’s rate of pay or amount specified in the contract, at the reporting date, including salary related payments such as social security and Medicare taxes. The District has recorded an estimated liability in the District-wide financial statement amounting to \$1,280,500 to recognize the cost of compensated absences.

N. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

O. Unearned Revenue

Unearned revenue is reported on the District’s combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Post-Employment Benefits

In addition to the retirement benefits described elsewhere in the notes to the financial statements, the District provides post-employment health insurance coverage to certain retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups.

Professional staff may become eligible for these benefits if they are eligible to retire pursuant to the New York State Teacher’s Retirement System. Support staff, hired before July 1, 2006, may become eligible for these benefits if they are employed with the District for 8 years prior to retirement. The agreements give such employee groups the following options:

1. Option A: For professional staff hired before October 1, 2014, the District will pay 50% of the premium for single plans and 40% for family plans for a maximum of 20-25 years (based on retirement date). For support staff, the District will pay 55% of the premium for both single and family plans for life.
2. Option B: Provided the District receives notice of the intent to retire and if the professional retires during the initial year he or she is eligible to retire, the District will pay (based on retirement date) between 85%-100% of the premium for single and 2 person PPO or POS, or 85%-95% of family traditional, PPO or POS health insurance plans, until the retiree reaches the age of 65 years old.
3. Option C: Provided 10 years of service with the District the employee can convert accumulated unused sick leave up to a maximum of 225 days at a rate of \$200 per day.

Employees hired after October 1, 2014 are only eligible for option C above. Also, certain administrators have also negotiated provisions of post-employment benefits into their contract.

Q. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Fund Equity (continued)

1. Governmental Funds (continued)

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Food Service Fund.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

1. Capital Reserve

This reserve is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserves and payments from the reserves. This reserve is accounted for in the General Fund.

2. Reserve for Retirement Contributions and TRS subfund

These reserves are used to accumulate funds for employee retirement system and the TRS system contributions. These reserves may be established by a majority vote of the Board of Education and are accounted for in the General Fund.

3. Unemployment Reserve

Unemployment Insurance Reserve is used to pay the cost of reimbursement to the State Unemployment Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may be either 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 basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

4. Tax Certiorari Reserve

Tax Certiorari Reserve is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amounts which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeding in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

5. Reserve for Debt Service

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated. Their reserve is accounted for in the Debt Service Fund.

6. Reserve for Employee Benefit Accrued Liability

The purpose of this reserve is for the payment of any accrued employee benefit due an employee upon termination of the employee's service. This reserve fund may be established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

7. Scholarships and Foundation Endowment Reserve

This reserve is used to account for endowments, scholarships and other funds held by the School District. These monies and earnings must be used for the specific purpose of the original contribution. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Fund Equity (continued)

1. Governmental Funds (continued)

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the fund balance of the extraclassroom activities as committed fund balance.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer has been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances totaled \$440,138 as of June 30, 2025.

2. Appropriated Fund Equity

General Fund - The amount of \$628,447 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2026 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Fund Equity (continued)

2. Government-wide financial statements

A. Net Investment in Capital Assets and Right-to use Assets

This designation of net position is used to accumulate the capital and right-to-use asset balance in the statement of net position less accumulated depreciation/amortization and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had supplemental appropriations related to a transfer from the debt service fund (\$145,670) and use of reserve funds (\$121,859) during the fiscal year ended June 30, 2025.

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for Special Revenue Funds, reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue (other than School Food Service Fund) and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

S. Property Taxes

1. Calendar

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

2. Enforcement

Uncollected real property taxes are subsequently enforced by Chautauqua County, in which the School District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Recently Adopted Accounting Standard

Effective July 1, 2024, the District implemented the provisions of GASB Statement No. 101, Compensated Absences which provided clarity surrounding the recognition and measurement of compensated absences. Implementing the new standard resulted in a prior period adjustment as described in Note 10.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

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

Total fund equity of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The amounts shown below represent:

1. Long-term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets and right-to-use assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation and amortization expense on those items as recorded in the Statement of Activities.

3. Long-term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension Differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. OPEB Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

The *Southwestern Central School District's* investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits. 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 and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and School Districts.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(continued)**

I. Cash (continued)

Deposits are valued at cost or cost plus interest and are categorized as either:

- (1) Insured through the Federal Deposit Insurance Corporation, collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2025 per the bank were approximately \$8,167,000. Deposits are categorized as follows:

Category 1	Category 2	Category 3	Value
\$ 334,000	\$ 7,833,000	\$ -	\$8,167,000

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2025, the District's bank deposits were fully collateralized.

II. Interfund Transactions

Interfund balances as of June 30, 2025 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 797,300	\$ 719,213
Food Service Fund	262,289	-
Special Aid Fund	105,478	403,729
Debt Service Fund	239,190	550,391
Capital Fund	517,341	248,265
Total	\$ 1,921,598	\$ 1,921,598

Interfund transactions for the year ended June 30, 2025 are as follows:

	Interfund Revenue	Interfund Expenditures
General Fund	\$ 477,072	\$ 100,000
Food Service Fund	-	-
Special Aid Fund	-	138,437
Debt Service Fund	-	558,635
Capital Projects Fund	320,000	-
Miscellaneous Special Revenue Fund	-	-
Total	\$ 797,072	\$ 797,072

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

II. Interfund Transactions (continued)

The District transferred \$100,000 from the general fund to the capital project fund for a capital outlay project. The District transferred \$338,635 from the debt service fund to the general fund to offset current year principal and interest payments. Also, the District transferred \$220,000 from the debt service fund to the capital project fund to reduce the borrowing needed on the serial bond issuance. Finally, the District transferred \$138,437 from the special aid fund to the general fund for prior year expenditures.

III. Receivables

Receivables at June 30, 2025 consisted of the following, which are stated at gross value. District management has deemed the amounts to be fully collectible.

Fund	Description	Amount
Food Service	Accounts receivable	\$ -
Food Service	State and Federal Aid	45,291
Special Aid	State and Federal Aid	255,406
Special Aid	Accounts receivable	52,444
General	Accounts receivable	167,145
General	State and Federal Aid	2,559,280
Capital	State and Federal Aid	258,046
		<u>\$ 3,337,612</u>

IV. Capital Assets and Right-to-use Assets

A. Right-to-Use Asset

The District reported right-to-use assets net of amortization as of June 30, 2025 and 2024 in the amount of \$1,315,396 and \$1,523,509, respectively. More information related to the right-to-use assets is disclosed in Note 9.

B. Capital and Right-to-Use Asset Additions

Additions totaling approximately \$7,700,000 during the current year related to Phase VII, smart bond, transportation vehicles, technology purchases, and other miscellaneous equipment.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

IV. Capital Assets and Right-to-use Assets (continued)

C. Capital Assets

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

	Beginning Balance 06/30/24	Change	Ending Balance 06/30/25
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 2,265,450	\$ -	\$ 2,265,450
Construction-in-Progress	11,686,818	6,903,141	18,589,959
Subtotal	13,952,268	6,903,141	20,855,409
Capital assets that are depreciated:			
Buildings and improvements	81,523,010	100,174	81,623,184
Furniture and equipment	5,308,330	111,254	5,419,584
Total historical cost	100,783,608	\$ 7,114,569	107,898,177
Less accumulated depreciation:			
Buildings and improvements	31,855,299	\$ 2,807,033	34,662,332
Furniture and equipment	2,126,822	255,151	2,381,973
Total accumulated depreciation	33,982,121	\$ 3,062,184	37,044,305
Total net book value	<u>\$ 66,801,487</u>		<u>\$ 70,853,872</u>

Depreciation/amortization expense was charged to governmental functions as follows:

General support	\$ 532,090
Instruction	2,742,333
Pupil transportation	461,433
	<u>\$ 3,735,856</u>

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

b. Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS) (continued)

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.

2. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions (payments) for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS	TRS
2025	\$ 457,000	\$ 1,056,000
2024	\$ 349,000	\$ 1,043,000
2023	\$ 271,000	\$ 1,011,000

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

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2025 for ERS and June 30, 2024 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

Measurement date	ERS 3/31/2025	TRS 6/30/2024
Net pension asset (liability)	\$ (1,462,606)	\$ 1,669,190
District's portion of the Plan's total net pension liability	.0085304%	.055945%

For the year ended June 30, 2025, the District's recognized pension expense of \$403,046 for ERS and \$930,268 for TRS. At June 30, 2025 the District's 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	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 363,029	\$ 1,797,411	\$ 17,124	\$ -
Changes of assumptions	61,339	998,514	-	167,959
Net difference between projected and actual earnings on pension plan investments	114,752	-	-	1,854,612
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	179,400	69,238	-	95,736
District's contributions subsequent to the measurement date	129,232	1,056,391	-	-
Total	\$ 847,752	\$ 3,921,554	\$ 17,124	\$ 2,118,307

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ending June 30, 2026. 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:	ERS	TRS
2026	\$ 318,880	\$ (853,109)
2027	431,304	2,046,817
2028	(82,734)	(335,935)
2029	33,946	(384,945)
2030	-	201,867
Thereafter	-	72,161

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/25	6/30/24
Actuarial valuation date	4/1/24	6/30/23
Interest rate	5.9%	6.95%
Salary scale	4.3% average	1.95% - 5.18%
	4/1/15 - 3/31/20	7/1/15 - 6/30/20
	System's	System's
Decrement tables	Experience	Experience
Inflation rate	2.9%	2.4%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

For ERS, the actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2021. For TRS, the actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 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 weighting 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 below:

Measurement date	ERS 3/31/25	Expected Rate of Return	TRS 6/30/24	Expected Rate of Return
Asset Type:				
Domestic equity	25%	3.54%	33%	6.6%
International equity	14%	6.57%	15%	7.4%
Global equity	-%	-%	4%	6.9%
Private equity	15%	7.25%	9%	10.0%
Real Estate	12%	4.95%	11%	6.3%
Opportunistic/ARS portfolio	3%	5.25%	-%	-%
Credit	4%	5.40%	-%	-%
Real assets	4%	5.55%	-%	-%
Domestic fixed income	-%	-%	16%	2.6%
Global Bonds	-%	-%	2%	2.5%
Real estate debt	-%	-%	6%	3.9%
Private debt	-%	-%	2%	5.9%
High-yield fixed income	-%	-%	1%	4.8%
Fixed Income	22%	2.0%	-%	-%
Cash	1%	.25%	1%	.5%
Total:	100%		100%	

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

5. Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1- percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (4,232,966)	\$ (1,462,606)	\$ 850,646

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (7,710,084)	\$ 1,669,190	\$ 9,557,411

7. Pension Plan Fiduciary Net Position

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

Measurement date	(Dollars in Thousands)	
	ERS 3/31/25	TRS 6/30/24
Employers' total pension liability	\$ 247,600,239	\$ 142,837,827
Plan net position	\$ 230,454,512	\$ 145,821,435
Employers' net pension asset (liability)	\$ (17,145,727)	\$ 2,983,608
Ratio of plan net position to be Employers' total pension asset (liability)	93.08%	102.1%

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

8. Payables to the Pension Plan

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, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$129,232.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 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, 2025 amounted to \$1,135,530 (employer contribution of \$1,056,391 and employee contribution of \$79,139).

B. Other Post-Employment Benefits

Plan Description

The District maintains a single employer defined benefit healthcare plan (the Plan). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2025 the plan had total active employees of 236 and retirees of 229.

Total OPEB Liability

The District's total OPEB liability of \$16,613,553, was measured as of March 31, 2025 and was determined by an actuarial valuation dated July 1, 2023.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Methods and Other Inputs

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified and actuarially rolled forward to the March 31, 2025 measurement date:

Inflation	2.30% per year
Salary increases	3.30% per year
	3.98% for 2024 and 4.39% for 2025
Discount rate	2025 – 5.30% reduced to an ultimate rate of 3.71% after 2070.
Healthcare cost trend rates	2070.
Retirees' share of benefit-related costs	Varies based on year employed by District

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds.

Mortality rates were based on the MP-2021 Combined Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the valuation were chosen to be consistent with the requirements of GASB 75 and Actuarial Standards of Practice.

Changes in the Total OPEB Liability

Service cost	\$ 263,391
Interest	652,486
Changes of benefit terms	-
Differences between expected and actual experience	10,676
Changes in assumptions	(443,728)
Benefit payments	(1,466,018)
Net changes	(983,193)
Net OPEB liability – beginning of year	17,596,746
Net OPEB liability – end of year	<u>\$ 16,613,553</u>

Changes in assumptions reflect a change in the discount rate from 3.98% in 2024 to 4.39% in 2025. Salary scale changes from 3.42% in 2024 to 3.30% in 2025 as well as updated mortality tables and health care cost trend rates were also included in the changes in assumptions above.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.39%) or 1 percentage point higher (5.39%) that the current discount rate:

	1% Decrease (3.39%)	Current Assumption (4.39%)	1% Increase (5.39%)
Total OPEB liability	\$ 17,795,559	\$ 16,613,553	\$ 15,548,496

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

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

	1% Decrease (4.30% - 2.71%)	Current Assumption (5.30% - 3.71%)	1% Increase (6.30% - 4.71%)
Total OPEB liability	\$ 15,230,761	\$ 16,613,553	\$ 18,186,809

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$712,920. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 671,502	\$ 329,696
Benefit payments subsequent to the measurement date	366,505	-
Changes in assumptions	-	1,198,292
Total	\$ 1,038,007	\$ 1,527,988

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:	
2026	\$ (202,957)
2027	(291,696)
2028	(169,177)
2029	(160,377)
2030	(32,319)
Thereafter	0

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. The liability for all bond anticipation notes issued by the District is included in the capital project fund.

On July 19, 2023, the District issued bond anticipation notes in the amount of \$13,181,000 with a maturity date of July 18, 2024 and had an interest rate at 4.75%. On July 18, 2024 the District issued a bond anticipation note in the amount of \$15,972,000 with a maturity date of June 25, 2025 and interest rate of 4.25%. The BAN had new money additions of \$3,386,000 and BAN's redeemed from appropriations in the amount of \$595,000. Upon maturity (June 25, 2025) of the bond anticipation note the District issued a serial bond in the amount of \$15,230,000 along with BAN's redeemed from appropriations of \$522,000. The District also transferred \$220,000 from the debt service fund to paydown a portion of the BAN.

On July 18, 2024 the District issued a bond anticipation note in the amount of \$1,403,882 with a maturity date of July 17, 2025 and interest rate of 4.5%. Below is a schedule of outstanding bond anticipation notes as of June 30, 2025.

Description of Issue	Outstanding June 30, 2025
Bond anticipation notes, issued on July 18, 2024 with maturity date of July 17, 2025, bonds carry interest rate of 4.5%	\$ 1,403,882

b. Revenue Anticipation Note

Notes issued in the anticipation of revenue is recorded as a current liability of the fund that will actually receive proceeds from the issuance of the notes. The revenue anticipation note represents a liability that will be extinguished through the use of expendable available resources of the fund. There were no revenue anticipation notes issued or redeemed during the fiscal year ended June 30, 2025.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

1. Short-Term Debt (continued)

c. Short-term interest

During the fiscal year ended June 30, 2025, the District had interest on short-term debt in the amount of \$1,261,686, which is included in the General Fund.

2. Long-Term Debt

a. Debt Limit

At June 30, 2025, the total indebtedness represents approximately 43% of its debt limit.

b. Changes

The changes in the School District's indebtedness during the year ended June 30, 2025 are summarized as follows:

	Balance June 30, 2025	Balance June 30, 2024	Amounts Due Within One Year
General obligation bonds, net	\$ 33,843,431	\$ 20,773,243	\$ 2,800,000
Net pension liabilities	1,462,606	1,809,243	-
Compensated Absences	1,280,500	-	-
Other post-employment benefit liability	16,613,553	17,596,746	-
	<u>\$ 53,200,090</u>	<u>\$ 40,179,232</u>	<u>\$ 2,800,000</u>

During the year, the District made principal payments in the amount of \$2,280,000 and recorded amortization of bond premiums in the amount of \$118,768. The District also issued a new serial bond totaling \$15,230,000 that included new bond premiums of \$238,956. There was a decrease in the other post-employment benefit liability of \$983,193. The decrease in the net pension liability of \$346,637 was the result of updated actuarial assumptions. The NYS TRS system reported a net pension asset in the current year. Finally, the District implemented GASB 101 which resulted in a compensated absences balance of \$1,280,500 at year-end.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Summary

The following is a summary of maturity of indebtedness:

Description of Issue	Outstanding June 30, 2025
General Obligation Bonds, issued in 2012 (which refunded 2003 bond) with a maturity date of June 2028, bonds carry interest of 5%.	\$ 610,000
General Obligation Bonds, issued in 2024-25 with a maturity date of June 2039, bonds carry interest of 4%.	15,230,000
General Obligation Bonds, issued in 2021 with a maturity date of January 2035, bonds carry interest of 2%.	17,280,000
	33,120,000
Plus: premiums earned net of amortization	723,430
	<u>\$ 33,843,430</u>

d. Maturity

1. The following is a summary of maturity of serial bonds indebtedness on June 30, 2025.

Year	General Obligation Bond-2012	
	Principal	Interest
2026	\$ 195,000	\$ 30,500
2027	200,000	20,750
2028	215,000	10,750
Total	<u>\$ 610,000</u>	<u>\$ 62,000</u>

Year	General Obligation Bond-2024	
	Principal	Interest
2026	\$ 865,000	\$ 592,278
2027	870,000	574,600
2028	905,000	539,800
2029	1,005,000	503,600
2030	955,000	463,400
2031-2035	5,360,000	1,715,200
2036-2039	5,270,000	537,400
Total	<u>\$ 15,230,000</u>	<u>\$ 4,926,278</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

Year	General Obligation Bond-2021	
	Principal	Interest
2026	\$ 1,740,000	\$ 345,600
2027	1,775,000	310,800
2028	1,810,000	275,300
2029	1,850,000	239,100
2030	1,885,000	202,100
2031-2035	8,220,000	443,000
Total	<u>\$ 17,280,000</u>	<u>\$ 1,815,900</u>

e. Long-Term Debt Interest

Interest on long-term debt for the year ended June 30, 2025 amounted to \$427,250 and is included in the General Fund.

3. Bond Premiums and amortization

Premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the effective interest rate method.

4. Refunding of Long-Term Debt

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity

A. Classification

The District's fund equity is comprised of various components.

Category / Fund	Description	Balance June 30, 2025
Nonspendable:	Reserve for inventory	\$ 15,017
Restricted:		
General	Reserve for retirement contributions	\$ 1,024,248
	TRS reserve	442,589
	Tax Certiorari reserve	259,286
	EBLAR reserve	969,115
	Capital reserve	71,312
	Unemployment reserve	77,314
		<u>\$ 2,843,864</u>
Debt Service	Reserve for debt service	\$ 776,346
Miscellaneous Special Revenue	Reserve for foundation endowment and scholarships	\$ 115,206
Committed:		
General	Extraclassroom fund balance	\$ 81,219
Assigned:		
General	Appropriated Fund Balance	\$ 628,447
	Encumbrances	440,138
		<u>\$ 1,068,585</u>
Food Service	Fund equity	\$ 280,404

B. District-wide Net Position

Net position of the District include restricted net position of \$ 3,735,416 which represent restricted amounts in the general, debt service and miscellaneous special revenue funds as presented above.

C. Deficit Fund Balance

The District's capital project fund had an accumulated deficit in the amount of \$ 1,119,669 as of June 30, 2025. It is not uncommon for school districts to have deficit fund balances in the capital projects fund as a result of short-term debt being recorded as liabilities until they are converted to long-term debt (serial bonds) or are redeemed at which time such proceeds are recorded as other financing sources revenue.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

1. General Information

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

2. Risk Sharing Pools

For its employee health and accident coverage, the *Southwestern Central School District* is a participant in the Chautauqua County School Districts' Medical Health Plan, a public entity risk pool operated for the benefit of various governmental units located within Chautauqua County. The School District pays monthly premiums to the Plan for this health coverage. The Plan is authorized to assess supplemental premiums to the participating districts. The Chautauqua County School Districts' Medical Health Plan obtains independent coverage for insured events in excess of this amount.

The *Southwestern Central School District* also participates in a risk sharing pool, Erie 2 – Chautauqua-Cattaraugus BOCES, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE 4 - COMMITMENTS AND CONTINGENCIES
(continued)**

C. Litigation

The District, in the normal course of its operations, is involved in litigation. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the District's financial position.

NOTE 5 – MISCELLANEOUS SPECIAL REVENUE FUND

Funds raised during the year ended June 30, 2007 from local foundations and donors amounted to \$595,149 of which \$490,000 represented the District's best estimate of the local share of the cost of the athletic facilities complex project. Funds in excess of the determined local share represent the amount to be set aside for turf replacement. The total funds held, which also includes accumulated interest earned, amounted to \$115,206 as of June 30, 2025.

Also included in this fund is \$5,001 of interest earned during the year.

NOTE 6 – TAX ABATEMENTS

The County of Chautauqua, New York, enters into various property tax abatement programs for the purpose of economic development. The total amount of taxes abated from these abatement programs during the year ended June 30, 2025 was approximately \$50,000. The District received payment in lieu of tax (PILOT) payments totaling approximately \$249,000 for the year ended June 30, 2025.

NOTE 7 – CAPITAL PROJECT

In 2021, the voters of *Southwestern Central School District* approved a resolution authorizing a capital project with a maximum amount of \$18,237,000 (Phase VII) to be financed with serial bonds, state excel aid and District funds. During the year ended June 30, 2025, the District expended a total of \$6,903,143 related to the Phase VII project.

Also during the year ended June 30, 2025, the District incurred \$291,303 for the purchase of transportation vehicles, \$100,000 towards a capital outlay project, and \$27,196 towards the smart schools bond expenditures.

NOTE 8 – COVID PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

In March 2021, the American Rescue Plan (ARP) Act was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$2,128,000 of ARP Act assistance to the District. As of June 30, 2025, 2024, 2023 and 2022, the District had utilized approximately \$285,000, \$671,000, \$458,000 and \$714,000, respectively, in expenditures against this funding.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 9 – RIGHT-TO-USE ASSETS/LEASES

The District has entered into various agreements with Erie 1 BOCES to acquire IT and computer equipment. The equipment is owned by Erie 1 BOCES, however the District has recognized a right-to-use asset in accordance with Governmental Accounting Standards Board Statement No. 87, Leases. The District paid cash for the equipment rather than through an installment purchase agreement. The District amortizes its right-to-use assets over a period of 5 years. Below is a summary of the activity of the District's right-to-use assets during the year ended June 30, 2025:

	Balance at 7/1/24	Additions
Right-to-use asset	\$ 2,357,905	\$ 274,461
Accumulated amortization	(834,396)	(482,574)
Lease liability	-	-
	<u>\$ 1,523,509</u>	<u>\$ -208,113</u>

	Deletions	Balance at 6/30/25
Right-to-use asset	\$ (474,961)	\$ 2,157,405
Accumulated amortization	474,961	(842,009)
Lease liability	-	-
	<u>\$ -</u>	<u>\$ 1,315,396</u>

NOTE 10 – PRIOR PERIOD ADJUSTMENT

During the current year, the District recorded a prior period adjustment in the district-wide financial statements in the amount of \$1,280,500. The adjustment was related to adopting GASB 101, Compensated Absences, resulting in a restatement of beginning net position.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events were evaluated by Management through October 14, 2025, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule SS1

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 14,695,408	\$ 14,695,408	\$ 14,623,457	\$ (71,951)
Charges for services	231,000	231,000	423,365	192,365
Use of money and property	314,800	314,800	458,799	143,999
Sale of property and compensation for loss	1,000	1,000	6,515	5,515
Miscellaneous	328,076	328,076	568,031	239,955
State Sources:				
Basic formula	17,062,338	17,062,338	16,619,616	(442,722)
BOCES	1,953,423	1,953,423	2,290,050	336,627
Textbooks	75,551	75,551	72,522	(3,029)
All other aid	51,146	51,146	53,966	2,820
Federal Sources:				
Medicaid reimbursement	180,000	180,000	171,471	(8,529)
Total revenue	34,892,742	34,892,742	35,287,792	395,050
Other Sources:				
Operating transfer in	192,965	338,635	477,072	138,437
Total revenue and other sources	35,085,707	35,231,377	\$ 35,764,864	\$ 533,487
Appropriated fund equity - reserves	110,000	110,000		
Appropriated fund equity - supplemental appropriation	-	121,859		
Appropriated fund equity and prior year encumbrances	550,000	955,727		
Total revenue, other sources and appropriated fund equity	\$ 35,745,707	\$ 36,418,963		

See accompanying independent auditor's report.

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 46,456	\$ 45,034	\$ 42,907	\$ 623	\$ 1,504
Central administration	333,077	343,090	346,938	260	(4,108)
Finance	395,684	399,140	442,457	3,318	(46,635)
Staff	138,401	140,016	125,867	26,687	(12,538)
Central services	2,463,409	2,798,292	2,591,535	123,701	83,056
Special items	503,475	510,320	507,019	2,205	1,096
Instructional:					
Instruction, administration and improvement	1,622,362	1,762,607	1,549,036	14,809	198,762
Teaching - regular school	8,334,281	8,351,970	7,990,622	111,679	249,669
Programs for children with handicapping conditions	3,892,480	3,705,945	3,435,819	30,669	239,457
Teaching - special schools	41,000	37,223	21,848	-	15,375
Occupational education	1,292,891	1,292,100	1,262,930	96	29,074
Instructional media	1,519,151	1,655,437	1,710,389	10,367	(65,319)
Pupil services	1,538,039	1,619,140	1,505,682	26,691	86,767
Pupil Transportation	1,407,446	1,429,478	1,304,375	109,015	16,088
Community Services	46,369	48,198	35,455	12,946	(203)
Employee Benefits	7,180,335	7,144,452	6,768,497	(32,928)	408,883
Debt Service:					
Debt service principal	3,217,000	3,362,670	3,397,000	-	(34,330)
Debt service interest	1,673,851	1,673,851	1,688,936	-	(15,085)
Total expenditures	35,645,707	36,318,963	34,727,312	440,138	1,151,513
Other Uses:					
Transfer to other funds	100,000	100,000	100,000	-	-
Total other uses	100,000	100,000	100,000	-	-
Total expenditures and other uses	\$ 35,745,707	\$ 36,418,963	34,827,312	\$ 440,138	\$ 1,151,513
Excess of revenue and other sources over expenditures and other uses			\$ 937,552		

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	School Food Service Fund		
	Budget		Variance
	(Amended)	Actual	Fav. (Unf.)
Revenue			
State sources	\$ 170,000	\$ 201,490	\$ 31,490
Federal sources	362,000	377,913	15,913
Sales	85,000	49,756	(35,244)
Surplus food	35,000	38,900	3,900
Total revenue	<u>652,000</u>	<u>668,059</u>	<u>16,059</u>
Expenditures			
Cost of sales	575,000	536,211	38,789
Other expenses	148,000	140,500	7,500
Total expenditures	<u>723,000</u>	<u>676,711</u>	<u>46,289</u>
Net Change	<u>\$ (71,000)</u>	(8,652)	<u>\$ 62,348</u>
Fund equity, beginning of year		<u>304,073</u>	
Fund equity, end of year		<u>\$ 295,421</u>	

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2025

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 35,745,707
Additions:	
Prior year's encumbrances	<u>405,727</u>
Adopted budget after prior year encumbrances	<u>36,151,434</u>
Budget revisions:	
Interfund transfer - budgetary adjustment	145,670
Supplemental appropriation - use of EBLAR reserve	<u>121,859</u>
Final budget	<u><u>\$ 36,418,963</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-26 voter-approved expenditure budget	\$ 36,244,295
Maximum allowed (4% of 2025-26 budget)	\$ 1,449,772

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

Unrestricted fund balance:

Assigned fund balance	\$ 1,068,585
Unassigned fund balance	<u>3,418,842</u>
Total unrestricted fund balance	<u>4,487,427</u>

Less:

Appropriated fund balance	628,447
Encumbrances included in committed and assigned fund balance	<u>440,138</u>
Total adjustments	<u>1,068,585</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u><u>\$ 3,418,842</u></u>
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Actual percentage	9.43%
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* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of the 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.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2025

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended (Overexpended) Balance	Methods of financing				Fund Balance June 30, 2025	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Interfund Transfer & Local Sources	Total		
School Reconstruction Project (Phase VII)	\$ 18,237,000	\$ 18,237,000	\$ 11,113,964	\$ 6,903,143	\$ 18,017,107	\$ 219,893	\$ 16,017,000	\$ -	\$ 2,220,100	\$ 18,237,100	\$ 219,993	
Smart Schools Bond	541,842	541,842	514,646	27,196	541,842	-	-	473,525	-	473,525	(68,317)	
Capital Outlay Project - 2025	100,000	100,000	-	100,000	100,000	-	-	-	100,000	100,000	-	
Federal stimulus project	569,276	569,276	528,226	-	528,226	41,050	-	-	528,226	528,226	-	
Transportation vehicles	n/a	n/a	5,095,548	291,303	5,386,851	n/a	5,518,642	-	746	5,519,388	132,537	
	<u>\$ 19,448,118</u>	<u>\$ 19,448,118</u>	<u>\$ 17,252,384</u>	<u>\$ 7,321,642</u>	<u>\$ 24,574,026</u>	<u>\$ 260,943</u>	<u>\$ 21,535,642</u>	<u>\$ 473,525</u>	<u>\$ 2,849,072</u>	<u>\$ 24,858,239</u>	<u>284,213</u>	
											Less: Proceeds recorded as liability - BAN	<u>(1,403,882)</u>
											Fund equity (deficit) as of June 30, 2025	<u>\$ (1,119,669)</u>

See accompanying independent auditor's report.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule SS4A

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<u>Grant Title</u>	<u>Grantors Project No.</u>	<u>Grant Period</u>	<u>Award/ Program Budget</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>
State school meal programs	N/A	2024-2025	\$ 201,490	\$ 201,490	\$ 201,490
Healthcare Worker Bonus	N/A	2024-2025	1,615	1,615	1,615
Universal Pre-kindergarten	0409-25-7573	2024-2025	261,441	259,522	259,522
SUFDPK Expansion	0548-25-0115	2024-2025	110,000	94,990	94,990
Section 4410 - Preschool	N/A	2024-2025	n/a	255,438	255,438
Summer school	N/A	2024-2025	128,919	128,919	128,919
<u>Total expenditures and revenue</u>			<u>\$ 703,465</u>	<u>\$ 941,974</u>	<u>\$ 941,974</u>

See accompanying independent auditor's report.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule SS4B

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Southwestern Central School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for the applicable programs and periods. The amounts reported in these Federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Note 2 - Non-monetary Federal Program

The accompanying **Southwestern Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2025, the District reported in the Schedule of Federal Awards \$38,900 of donated commodities at fair market value received and disbursed.

Note 3 - Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in the current year.

Note 4 - Prior Year Expenditures

Included in ARP – ESSER 3 (\$138,437) are expenditures that were incurred during the prior fiscal year.

See accompanying independent auditor's report.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Passed through NYS					
Department of Education:					
Title I	84.010A	0021-25-0315	\$ 292,108	\$ 289,254	\$ 289,254
Title II, Part A	84.367A	0147-25-0315	43,112	15,302	15,302
Title II, Part A	84.367A	0147-24-0315	21,528	21,528	21,528
Title IV - SSAE	84.424A	0204-25-0315	22,218	22,018	22,018
Title IV - SSAE	84.424A	0204-24-0315	1	1	1
IDEA, Part B Public Law 94-142 *	84.027A	0032-25-0096	339,106	339,106	339,106
IDEA, Pre-school Public Law 99-457 *	84.173A	0033-25-0096	6,507	6,507	6,507
COVID-19 ARP - ESSER 3	84.425U	5880-21-0315	2,061,671	281,492	281,492
COVID-19 ARP - Homeless II	84.425U	5218-21-0315	6,154	3,500	3,500
Total U.S. Department of Education			<u>2,792,405</u>	<u>978,708</u>	<u>978,708</u>
US Department of Agriculture:					
Passed through NYS					
Department of Education:					
National School Lunch Program **	10.555	N/A	304,838	304,838	304,838
National School Breakfast Program **	10.553	N/A	73,075	73,075	73,075
Child Nutrition Discretionary Grants	10.579	N/A	18,168	18,168	18,168
Passed through NYS					
Office of General Services:					
National School Lunch Program **					
Non-cash assistance (donated commodities)	10.555	N/A	38,900	38,900	38,900
Total U.S. Department of Agriculture			<u>434,981</u>	<u>434,981</u>	<u>434,981</u>
Total expenditures and revenue				<u>\$ 1,413,689</u>	<u>\$ 1,413,689</u>

* Constitutes a cluster of Federal programs named Special Education Cluster with total revenue and expenditures of \$ 345,613
** Constitutes a cluster of Federal programs named Child Nutrition Cluster with total revenue and expenditures of \$ 416,813

See accompanying independent auditor's report.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AND RIGHT-TO-USE ASSETS
AS OF JUNE 30, 2025

Schedule SS5

Page 44

Capital assets and right-to-use assets	\$	72,169,268
Less:		
Serial bonds, net		(33,843,431)
Bond anticipation notes		(1,403,882)
Accrued Interest		<u>(103,000)</u>
Plus:		
Net cash to be used for capital improvements		<u>284,213</u>
Net Investment in Capital Assets and Right-To-Use Assets	\$	<u><u>37,103,168</u></u>

See accompanying independent auditor's report.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 THROUGH AND 2025

Schedule SS6

Page 45

As of the measurement date of March 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 263,391	\$ 312,010	\$ 402,151	\$ 531,679	\$ 461,005	\$ 544,011	\$ 552,638	\$ 565,904	\$ 490,413
Interest	652,486	699,102	583,048	529,313	498,389	843,873	889,236	916,195	687,167
Changes of benefit terms	-	(1,080,016)	-	(1,171,467)	-	(528,373)	-	75,418	4,173,041
Differences between expected and actual experience	10,676	(257,729)	(381,269)	(60,176)	2,915,240	(5,794,882)	(338,137)	(622,339)	-
Changes in assumptions	(443,728)	(259,372)	(1,266,582)	(1,272,714)	404,534	1,648,510	(246,871)	442,636	(1,008,113)
Benefit payments	(1,466,018)	(1,354,833)	(1,142,457)	(1,128,431)	(1,064,986)	(949,637)	(842,359)	(820,060)	(725,610)
Net change in total OPEB liability	(983,193)	(1,940,838)	(1,805,109)	(2,571,796)	3,214,182	(4,236,498)	14,507	557,754	3,616,898
Total OPEB liability - beginning	17,596,746	19,537,584	21,342,693	23,914,489	20,700,307	24,936,805	24,922,298	24,364,544	3,574,640
Prior period adjustment	-	-	-	-	-	-	-	-	17,173,006
Total OPEB liability - ending	<u>\$ 16,613,553</u>	<u>\$ 17,596,746</u>	<u>\$ 19,537,584</u>	<u>\$ 21,342,693</u>	<u>\$ 23,914,489</u>	<u>\$ 20,700,307</u>	<u>\$ 24,936,805</u>	<u>\$ 24,922,298</u>	<u>\$ 24,364,544</u>
Plan fiduciary net position									
Contributions - employer	\$ 1,466,018	\$ 1,354,833	\$ 1,142,457	\$ 1,128,431	\$ 1,064,986	\$ 949,637	\$ 842,359	\$ 820,060	\$ 725,610
Benefit payments	(1,466,018)	(1,354,833)	(1,142,457)	(1,128,431)	(1,064,986)	(949,637)	(842,359)	(820,060)	(725,610)
Plan fiduciary net position - ending	<u>\$ -</u>								
District's net OPEB liability	<u>\$ 16,613,553</u>	<u>\$ 17,596,746</u>	<u>\$ 19,537,584</u>	<u>\$ 21,342,693</u>	<u>\$ 23,914,489</u>	<u>\$ 20,700,307</u>	<u>\$ 24,936,805</u>	<u>\$ 24,922,298</u>	<u>\$ 24,364,544</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 13,708,472	\$ 13,255,146	\$ 12,184,952	\$ 11,750,381	\$ 11,359,610	\$ 11,359,610	\$ 11,005,241	\$ 10,807,498	\$ 10,461,231
District's net OPEB liability as a percentage of covered-employee payroll	121.19%	132.75%	160.34%	181.63%	210.52%	182.23%	226.59%	230.60%	232.90%

Notes to Schedule:

Changes in assumptions in 2025:

Discount rate from 3.98% to 4.39%

Updated mortality tables and healthcare cost trend rates

Salary Scale changed from 3.42% to 3.30% effective June 30, 2025

See accompanying independent auditor's report.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2025

Schedule SS7

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For the year ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contributions	\$ 1,466,018	\$ 1,354,833	\$ 1,142,457	\$ 1,128,431	\$ 1,064,986	\$ 949,637	\$ 842,359	\$ 820,060	\$ 725,610
Contributions in relation to the actuarially determined contribution	(1,466,018)	(1,354,833)	(1,142,457)	(1,128,431)	(1,064,986)	(949,637)	(842,359)	(820,060)	(725,610)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 13,708,472	\$ 13,255,146	\$ 12,184,952	\$ 11,750,381	\$ 11,359,610	\$ 11,359,610	\$ 11,005,241	\$ 10,807,498	\$ 10,461,231
Contributions as a percentage of District's covered-employee payroll	10.69%	10.22%	9.38%	9.60%	9.38%	8.36%	7.65%	7.59%	6.94%

Notes to Schedule

Valuation date: June 30, 2023, rolled forward to March 31, 2025 measurement date

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	3.98% for 2024, and 4.39% for 2025
Inflation	2.30% per year
Healthcare cost trend rates	2025 - 5.30%. Rates expected to decrease each year thereafter with an ultimate rate of 3.71%
Salary increases	3.30% per year effective June 30, 2025
Mortality	Based on Pub-2010 Public Retirement Plans Mortality Tables Headcount-Weighted, without separate Contingent Survivor mortality fully generational using scale MP-2021.
Retiree Cost Sharing Participants	Varies based on contract 236 Active and 229 Retirees

See accompanying independent auditor's report.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR YEARS ENDED JUNE 30, 2016 THROUGH JUNE 30, 2025

Schedule SS8

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New York State Teachers' Retirement System (TRS)

For the year ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 1,056,391	\$ 1,042,558	\$ 1,011,475	\$ 933,580	\$ 882,495	\$ 834,425	\$ 987,033	\$ 894,817	\$ 1,048,869	\$ 1,172,053
Contributions in relation to the contractually required contribution	(1,056,391)	(1,042,558)	(1,011,475)	(933,580)	(882,495)	(834,425)	(987,033)	(894,817)	(1,048,869)	(1,172,053)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 10,448,971	\$ 10,681,947	\$ 9,829,689	\$ 9,526,327	\$ 9,260,178	\$ 9,417,889	\$ 9,294,096	\$ 9,130,786	\$ 8,949,394	\$ 8,839,012
Contributions as a percentage of District's covered-employee payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%

New York State Local Employees' Retirement System (ERS)

For the year ended March 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 456,836	\$ 348,797	\$ 271,464	\$ 344,784	\$ 307,992	\$ 284,116	\$ 293,457	\$ 285,750	\$ 264,622	\$ 267,504
Contributions in relation to the contractually required contribution	(456,836)	(348,797)	(271,464)	(344,784)	(307,992)	(284,116)	(293,457)	(285,750)	(264,622)	(267,504)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,198,648	\$ 2,822,973	\$ 2,485,274	\$ 2,269,270	\$ 2,242,145	\$ 2,142,691	\$ 2,061,473	\$ 2,001,160	\$ 1,928,998	\$ 1,785,488
Contributions as a percentage of District's covered-employee payroll	14.28%	12.36%	10.92%	15.19%	13.74%	13.26%	14.24%	14.28%	13.72%	14.98%

See accompanying independent auditor's report.

SOUTHWESTERN CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY) – NYSTRS AND PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY – NYSLERS
FOR THE YEARS ENDED JUNE 30, 2016 THROUGH JUNE 30, 2025

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New York State Teachers' Retirement System (TRS)

As of the measurement date of June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset (liability)	n/a	0.055945%	0.053222%	0.053775%	0.054558%	0.055487%	0.055681%	0.056055%	0.056475%	0.057281%
District's proportionate share of the net pension asset (liability)	n/a	\$ 1,669,190	\$ (608,642)	\$ (1,031,877)	\$ 9,454,309	\$ (1,533,253)	\$ 1,446,601	\$ 1,013,628	\$ 429,265	\$ (613,502)
District's covered-employee payroll	n/a	\$ 10,681,947	\$ 9,829,689	\$ 9,526,327	\$ 9,260,178	\$ 9,417,889	\$ 9,294,096	\$ 9,130,786	\$ 8,949,394	\$ 8,839,012
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	15.63%	-6.19%	-10.83%	102.10%	-16.28%	15.56%	11.10%	4.80%	-6.94%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%

New York State Local Employees' Retirement System (ERS)

As of the measurement date of March 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset (liability)	0.0085304%	0.0081540%	0.0074882%	0.0064123%	0.0063635%	0.0060852%	0.0064119%	0.0060524%	0.0059033%	0.0060991%
District's proportionate share of the net pension asset (liability)	\$ (1,462,606)	\$ (1,200,601)	\$ (1,605,777)	\$ 524,175	\$ (6,336)	\$ (1,611,404)	\$ (454,300)	\$ (195,338)	\$ (554,685)	\$ (978,917)
District's covered-employee payroll	\$ 3,198,648	\$ 2,822,973	\$ 2,485,274	\$ 2,269,270	\$ 2,242,145	\$ 2,142,691	\$ 2,061,473	\$ 2,001,160	\$ 1,928,998	\$ 1,785,488
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	-45.73%	-42.53%	-64.61%	23.10%	-0.28%	-75.20%	-22.04%	-9.76%	-28.76%	-54.83%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

See accompanying independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

**To the President and
Members of the Board of Education
Southwestern Central School District
Jamestown, 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 *Southwestern Central School District* as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise *Southwestern Central School District's* basic financial statements and have issued our report thereon dated October 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered *Southwestern Central School District's* internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Southwestern Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Southwestern Central School District* 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency described in the accompanying schedule of findings and questioned costs as item II.A.2025-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Southwestern Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item II.B. 2025-002.

Southwestern Central School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on **Southwestern Central School District's** response to the internal controls over financial reporting finding and compliance and other matters finding identified in our audit in the accompanying schedule of findings and questioned costs. **Southwestern Central School District's** response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 14, 2025**

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2025**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> x </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> x </u> yes	<u> </u> no

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2025-001 Adjusting Journal Entries, Required Disclosures and Draft Financial Statements

Year ended June 30, 2025

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditor's and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting to the full accrual method for GASB 34 purposes. In addition, a draft of the financial statements was prepared by the auditor's and accepted by the District.

Effect: AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

Auditor's Recommendation: Although auditor's may continue to provide such assistance both now and in the future, under the new pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

School District's Response: The District has received, reviewed and accepted all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of these financial statements and has the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

2025-002 Unassigned Fund Balance

Year ended June 30, 2025

Condition and Criteria: The District's unassigned fund balance as of June 30, 2025 amounted to \$ 3,418,842 which constitutes approximately 9.43% of the 2025-26 school budget.

Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent years budget.

Auditor's Recommendation: The District should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance.

School District's Response: The District realizes that its unassigned fund balance as of June 30, 2025 was in excess of the NYS mandated 4% level. The District has and will continue to monitor fund balance in the future and will review all options with regards to reservation and designation of fund balance.

**SOUTHWESTERN CENTRAL SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS**

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2024-001 Adjusting Journal Entries, Required Disclosures and Draft Financial Statements

Year ended June 30, 2024

Summary of Prior Year Finding: Condition and Criteria: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2025 as item 2025-001.

B. COMPLIANCE AND OTHER MATTERS

2024-002 Unassigned Fund Balance

Year Ended June 30, 2024

Summary of Prior Year Finding: **Southwestern Central School District's** unassigned fund balance as of June 30, 2024 amounted to approximately \$2,542,000. This amount constitutes approximately 7.11% of the 2024-2025 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2025 as finding 2025-002.