HERMON-DEKALB CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

BOARD OF EDUCATION
HERMON-DEKALB CENTRAL SCHOOL DISTRICT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hermon-DeKalb Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Hermon-DeKalb Central School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hermon-DeKalb 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 Hermon-DeKalb 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.

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 Hermon-DeKalb 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.

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 Hermon-DeKalb 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 the Hermon-DeKalb 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 5-20), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 84), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund (pages 85), Schedule of District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 86), and Schedule of District's Contributions – NYSLRS Pension Plan (page 87) 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 Hermon-DeKalb Central School District's basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 88-92) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 88-92) 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 Hermon-DeKalb 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 Hermon-DeKalb 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 Hermon-DeKalb Central School District's internal control over financial reporting and compliance.

Bowers & Company

Watertown, New York
October 14, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

INTRODUCTION

The following is a discussion and analysis of Hermon-DeKalb Central School District's financial performance for the fiscal 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 also based on both the government-wide and fund financial statements. Responsibility for completeness and fairness of the information contained rests with the District.

FINANCIAL HIGHLIGHTS

The District's purpose is to educate all students to high levels of academic performance while fostering positive growth in social/emotional behaviors and attitudes. The Board of Education is the governing body elected by the residents of the District. Their mission is to maintain certain standards in excellence set by the New York State Board of Regents. This has to be accomplished with the least economic impact to the local taxpayer. The following financial highlights are the District's attempt at completing this mission.

- For the year ending June 30, 2025, total revenues of $14,900,443 were $493,509 less than the $15,393,952 in expenses. The District's financial position as a whole, includes a total net position deficit of $(18,543,186) as of June 30, 2025.

- The District's portion of Assigned General Fund balance designated to reduce real estate taxes in 2025-2026 is $1,363,565 or 94% of the Assigned and Unassigned General Fund balance. At June 30, 2025, the General Fund Unassigned Fund Balance is $84,776 or 0.58% of the 2025-2026 budget.

- The total property assessment for the District in the 2024-2025 school year was $166,130,267, which was a $2,255,495 or 1.4%, increase over the 2023-2024 school year. The true value tax rate for 2024-2025 was $14.03 per thousand of assessment; a $1.49 decrease from 2023-2024.

- Total ending enrollment for the 2024-2025 school year was 387, a decrease of 12 students from the 2023-2024 school year. Our projected enrollment for fall 2025 is 400 students, which is stable for the District from previous years and similar to the current enrollment changes in neighboring school districts in the county.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

OVERVIEW OF FINANCIAL STATEMENTS

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

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

- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget and actual for the year.

The following summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

OVERVIEW OF FINANCIAL STATEMENTS – Continued

Table A-1	Major Features of the District-Wide and Fund Financial Statement		
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance	Instances in which the School District acts as a trustee or acts as an agent for resources that belong to others but does not have administrative control, such as property taxes collected on behalf of other governments or scholarships in a trust
Required Financial Statements	1. Statement of Net Position 2. Statement of Activities	3. Balance Sheet 4. Statement of Revenues, Expenditures, and Changes in Fund Balance	5. Statement of Fiduciary Net Position 6. 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 focus
Type of Asset / Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow / Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	Additions and deductions during the year, regardless of when cash is received or paid

OVERVIEW OF FINANCIAL STATEMENTS – Continued

District-Wide Statements

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

The two District-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets, deferred outflows, deferred inflows, and liabilities, are one way to measure the District's financial health or *position.*

- Over time, increases or decreases in the District's net position are in indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state and federal aid finance most of these activities.

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:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

OVERVIEW OF FINANCIAL STATEMENTS – Continued

Fund Financial Statements – Continued

The District has one kind of fund:

- **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 (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the 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.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $18,543,186 at the close of the most recent fiscal year. This represents a $493,509 decrease in the statement of net position for the year. The overall deficit is largely due to the District's other postemployment benefit (OPEB) liability. As of June 30, 2025, the OPEB liability was $27,331,820 compared to $27,328,641 reported at the close of the prior fiscal year. See Note 12 for additional OPEB information.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

The following schedule summarizes the District's Net Position. The complete Statement of Net Position can be found in the District's basic financial statements.

Condensed Statement of Net Position
Comparison 2023-2024 and 2024-2025

	2023-2024	2024-2025	Change
Assets			
Current and Other Assets	$ 5,843,810	$ 6,501,460	$ 657,650
Capital Assets, Net	19,341,769	18,549,562	(792,207)
Net Pension Asset - Proportionate Share	-	574,037	574,037
Total Assets	$ 25,185,579	$ 25,625,059	$ 439,480
Deferred Outflows of Resources			
Other Postemployment Benefits	$ 3,159,948	$ 1,745,469	$ (1,414,479)
Pensions	1,937,723	1,603,317	(334,406)
Total Deferred Outflows of Resources	$ 5,097,671	$ 3,348,786	$ (1,748,885)
Liabilities			
Current Liabilities	$ 1,679,299	$ 1,878,826	$ 199,527
Long-Term Liabilities	40,188,652	39,342,167	(846,485)
Net Pension Liability - Proportionate Share	718,348	481,068	(237,280)
Total Liabilities	$ 42,586,299	$ 41,702,061	$ (884,238)
Deferred Inflows of Resources			
Pensions	$ 422,814	$ 800,407	$ 377,593
Other Postemployment Benefits	5,323,814	5,014,563	(309,251)
Total Deferred Inflows of Resources	$ 5,746,628	$ 5,814,970	$ 68,342
Net Position			
Net Investment in Capital Assets, Net of Related Debt	$ 5,940,216	$ 5,804,446	$ (135,770)
Restricted	2,798,880	4,165,628	1,366,748
Unrestricted	(26,788,773)	(28,513,260)	(1,724,487)
Total Net Position	$ (18,049,677)	$ (18,543,186)	$ (493,509)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

In general, current assets are those assets that are available to satisfy current obligations and current liabilities and those liabilities that will be paid within one year. Current assets consist primarily of cash and cash equivalents of $5,382,544 and state, federal and BOCES aid receivable of $1,091,275.

In addition to assets, the Statement of Net Position reports 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. Included in deferred outflows of resources in the current year is $1,603,317 related to the District's participation in the NYS TRS and ERS pension systems and $1,745,469 related to the District's OPEB Plan.

Current liabilities consist principally of accounts payable and accrued expenses totaling $255,005, amounts due to retirement systems totaling $474,388, and the current portion of long-term debt totaling $1,096,437.

In addition to liabilities, the Statement of Net Position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is $800,407 related to the District's participation in the NYS TRS and ERS pension systems and $5,014,563 related to the District's OPEB Plan.

The Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues including tax revenue, investment earnings and unrestricted state and federal aid must support the net cost of the District's programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

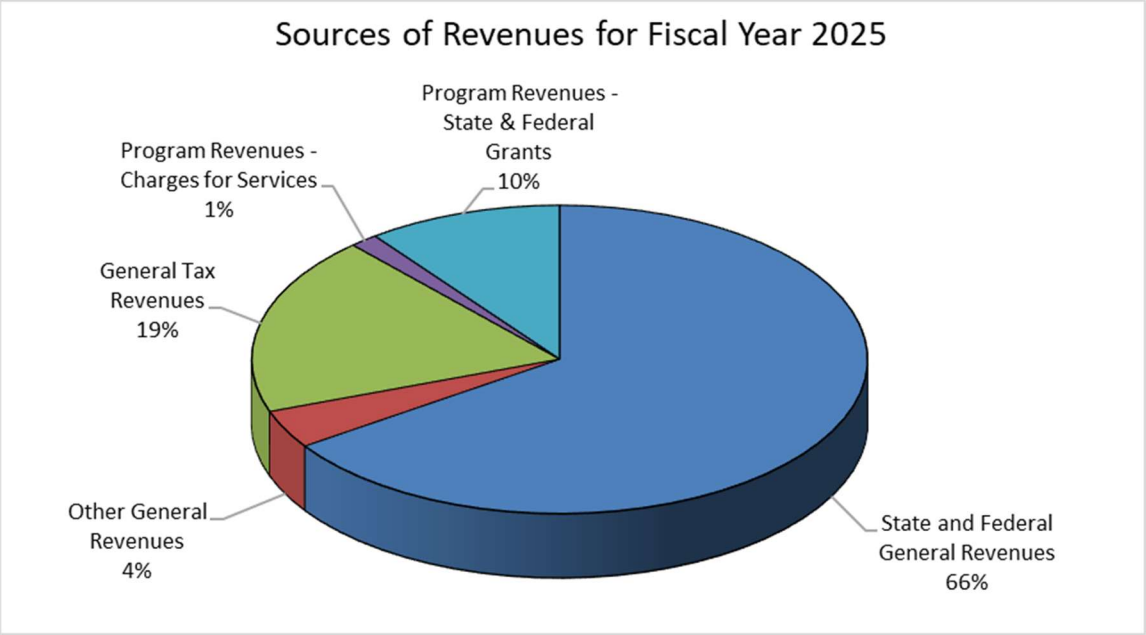
The following schedule summarizes the District's activities. The complete Statement of Activities can be found in the District's basic financial statements.

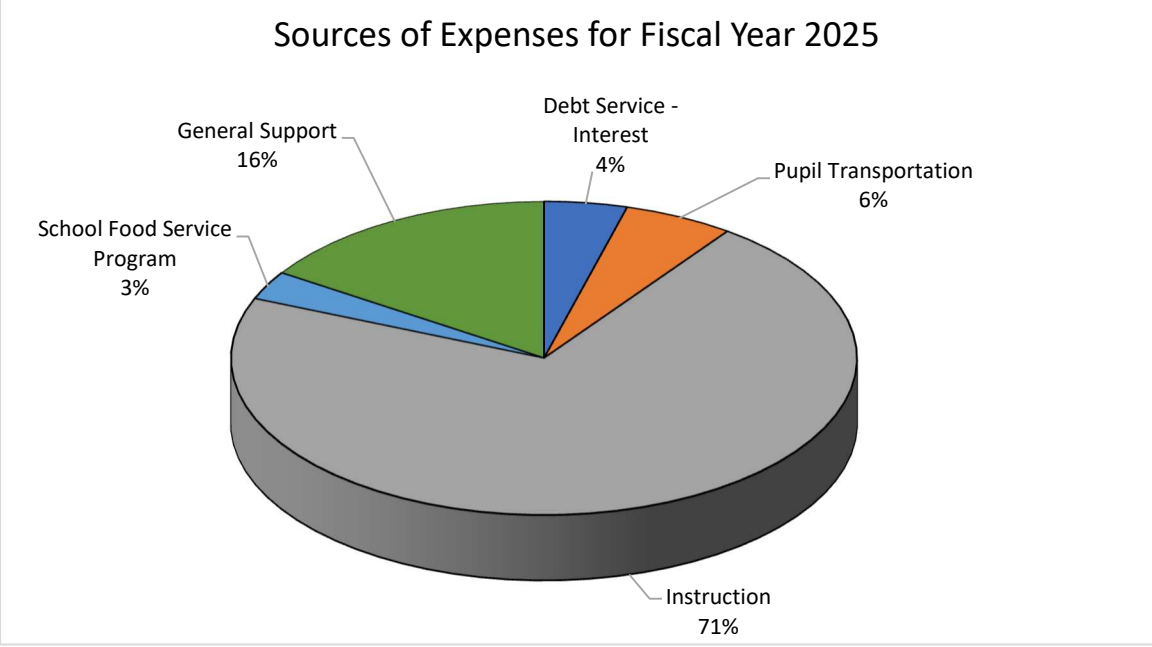
Condensed Statement of Activities
Comparison 2023-2024 and 2024-2025

	2023-2024	2024-2025	% Change
Revenues			
Program Revenues			
Charges for Services	$ 95,908	$ 72,639	-24.3%
Operating Grants	1,490,910	1,393,778	-6.5%
General Revenues			
Property and Other Tax Items	2,742,281	2,827,639	3.1%
Use of Money and Property	241,910	217,329	-10.2%
Sale of Property and Compensation for Loss	104,034	68,815	-33.9%
Gain (Loss) on Disposition of Fixed Assets	(19,024)	6,815	135.8%
Miscellaneous	377,855	310,374	-17.9%
State Sources	10,008,849	10,002,634	-0.1%
Medicaid Reimbursement	-	420	100.0%
Total Revenues	$ 15,042,723	$ 14,900,443	-0.9%
Expenses			
General Support	$ 2,418,561	$ 2,438,312	0.8%
Instruction	11,918,850	10,964,908	-8.0%
Pupil Transportation	1,094,119	876,205	-19.9%
Debt Service - Interest	627,507	659,736	5.1%
School Food Service Program	414,362	454,791	9.8%
Total Expenses	16,473,399	15,393,952	-6.6%
Change in Net Position	$ (1,430,676)	$ (493,509)	65.5%

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued





FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

The School District is heavily dependent on both state and federal aid for its funding. State and Federal Grants and State and Federal General Revenues combined account for 70% of total revenues. General Tax Revenues account for 19% of revenues received for the year. These two sources account for 89% of the total revenues received in the 2024-2025 school year.

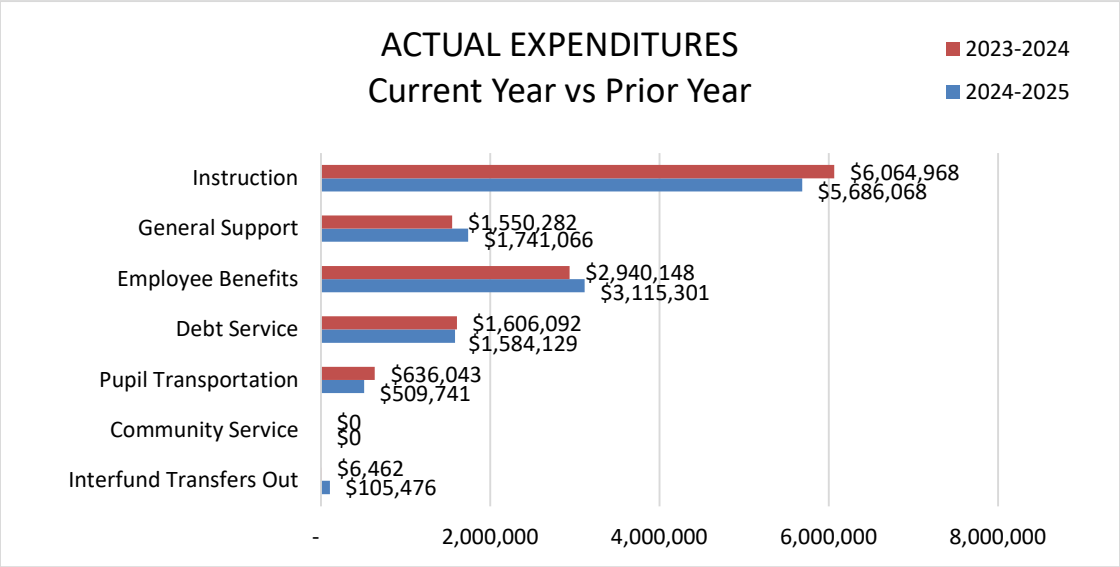
Instruction, transportation, and general support account for 93% of the total expenses of the District, which is comparative to prior year percentages.

The financial statements also include the Special Aid Fund and School Food Service Fund, which are primarily funded by state and federal aid and food sales.

General Fund Budgetary Highlights

The District's budget of $14,420,973 for 2024-2025 was approved by referendum on May 21, 2024 (179 residents voted). The District's total budget increase for 2024-2025 was $158,522 or a 12.11% increase from the prior year budget.

Actual expenditures for 2024-2025 including transfers of $105,476 to other funds totaled $12,741,781, for a favorable variance of $1,745,889 (under budgeted amounts). The graph below shows how the actual expenditures are distributed for each budget over the past two budget years:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

General Fund Budgetary Highlights – Continued

Fiscal year 2024-2025 expenditures were $161,228 or 1.3% less than the prior year expenditures. Expenditures for Instruction decreased $378,900 in fiscal year 2024-2025 over the prior year. The District continues its efforts to continue to meet and exceed state standards, inclusive of Common Core, in all areas. General Support expenditures increased by $190,784. The District continues to be fiscally prudent. Employee benefit expenditures increased by $175,153 in fiscal year 2024-2025. Debt service expenditures decreased by $21,963 in the fiscal year 2024-2025.

The District appropriated $1,363,565 of the fund balance for the year ending June 30, 2025 to reduce taxes in the next fiscal year. Unspent appropriations provide cash flow at year-end when state aid is uncertain.

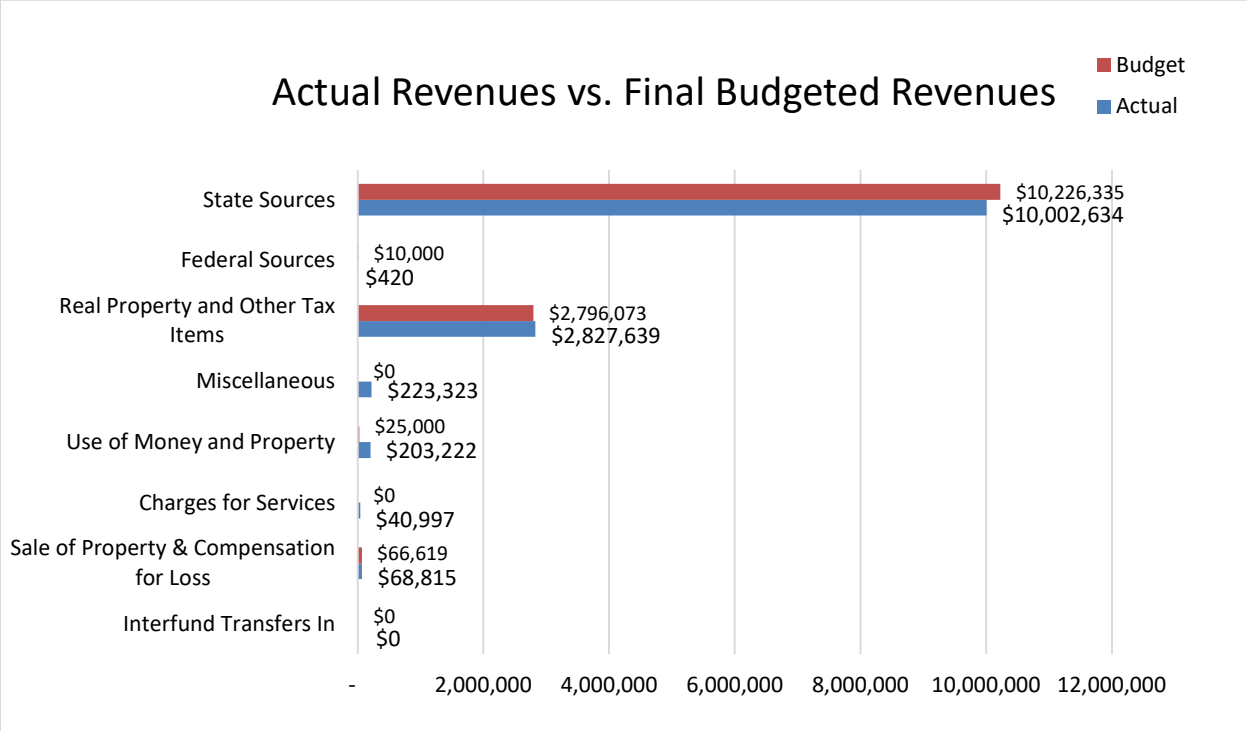
Revenues

Real property tax revenues closely match the budgeted revenues. Other revenue comes from the annual BOCES Refund.

As the District plans for future revenues, all districts in NYS were subject to the property tax cap legislation for the first time while developing the 2012-2013 budget. This limits the amount of revenue that can be raised via property taxes without a super majority and while the impact varies by district, it will be a factor for all districts going forward.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

Revenues – Continued



Expenditures

The total unspent appropriation budget was $1,745,889 at June 30, 2025.

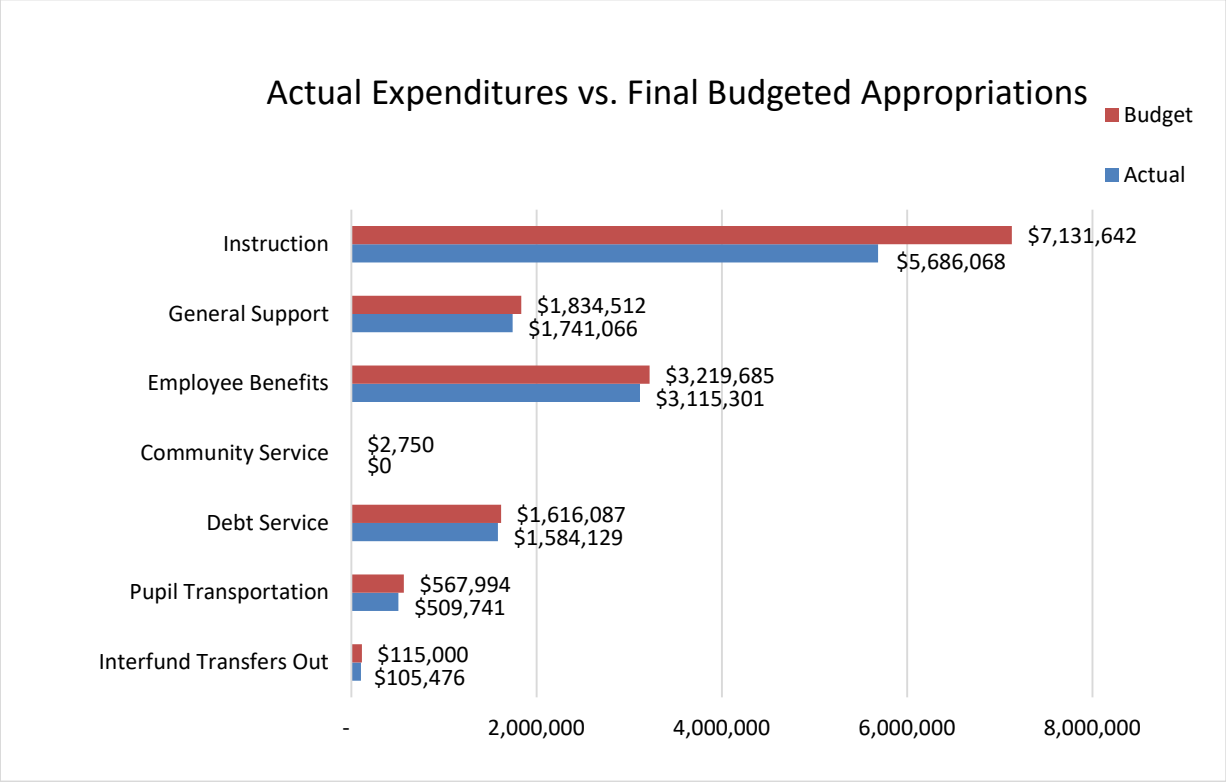
The under-spent budgeted appropriations of $1,745,889 netted with positive revenue variances of $243,023 are used to fund the Assigned and Unassigned Fund Balances for the subsequent year. The 2024-2025 Assigned Fund Balance is $1,384,009 and the Unassigned Fund Balance is $84,776. The Unassigned Fund Balance is 0.58% of the 2025-2026 school budget.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

Expenditures – Continued

The Assigned Fund Balance needs to be maintained to help the District with cash flow at the end of the school year. In order to decrease assigned fund balance, without raising the tax levy in the subsequent year, other revenue sources (State Aid) would need to increase.

The following graph compares actual expenditures with final budgeted appropriations. Refer to Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund in the financial statements for more detailed information.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Land is valued at acquisition cost and the School District only owns property with structures on or adjacent to it.

Building and improvements have various dates of construction from the initial construction in 1957 to the 1967 elementary and middle school wing with the auditorium project and in 1991 the weight room, gym storage, auxiliary gymnasium and more elementary classrooms were added.

Furniture and equipment are recorded for the entire District and includes vehicles and school buses.

The Board of Education established a fixed asset policy on January 8, 2018 to capitalize fixed assets of at least $5,000.

Capital assets net of depreciation and amortization totaled $18,549,562 at June 30, 2025.

	Balance June 30, 2024	Additions	Retirements / Reclassifications	Balance June 30, 2025
Land	$ 110,143	$ -	$ -	$ 110,143
Building & Improvements	27,548,711	100,000	-	27,648,711
Furniture & Equipment	5,145,934	285,145	(118,500)	5,312,579
Less:				
Accumulated Depreciation	13,463,019	1,172,167	(113,315)	14,521,871
Net Capital Assets	$ 19,341,769	$ (787,022)	$ (5,185)	$ 18,549,562

For more information on capital assets refer to Note 6 in the notes to financial statements.

Short-Term Debt

The District had no short-term debt for the year ended June 30, 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Long-Term Debt

A serial bond was issued October 31, 2024 for the purchase of one school bus in the amount of $250,000.

The District has complied with GASB 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. Regulations require the reporting of other post-employment benefits which was completed by securing the Armory Associates LLC. An actuarial valuation was completed during 2023-2024.

The long-term debt is classified as current (within one year) and long term (after one year). The District had the following breakdown of debt June 30, 2025 and 2024:

Category	Fiscal Year 2024	Fiscal Year 2025	Total Change
General Obligation Bonds	$ 12,180,000	$ 11,605,000	$ (575,000)
Premium on Bonds	1,221,553	1,140,116	(81,437)
Compensated Absences	364,895	361,668	(3,227)
Other Postemployment Benefits Payable	27,328,641	27,331,820	3,179
Net Pension Liability – Proportionate Share	718,348	481,068	(237,280)
Total	$ 41,813,437	$ 40,919,672	$ (893,765)

For more information, refer to Note 8 in the notes to financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The enactment of a Property Tax Cap may limit the District's ability to raise funds to cover expenditures.

- The impact of health insurance premiums will continue to have a significant effect on the future financial health of the District. Health insurance premiums now account for 15% of our 2024-2025 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Hermon Dekalb Central School
709 E. Dekalb Road
Dekalb Junction, NY 13630

STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
June 30, 2025

ASSETS		
Cash and Cash Equivalents		
Unrestricted	$	1,232,694
Restricted		4,149,850
Receivables		
State and Federal Aid		679,696
Due From Other Governments		411,552
Other		27
Inventories		22,738
Prepaid Expenses		4,903
Capital Assets, Net		18,549,562
Net Pension Asset – Proportionate Share		574,037
TOTAL ASSETS	$	25,625,059
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	$	1,745,469
Pensions		1,603,317
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	3,348,786
LIABILITIES		
Payables		
Accounts Payable	$	161,120
Accrued Liabilities		93,885
Due to Other Governments		5,312
Accrued Interest on Bonds Payable		35,485
Due to Teachers' Retirement System		417,456
Due to Employees' Retirement System		56,932
Unearned Credits		
Unearned Revenues – Other		12,199
Long-Term Liabilities		
Due and Payable Within One Year		
Bonds Payable, Net of Unamortized Premium		1,096,437
Due and Payable After One Year		
Bonds Payable, Net of Unamortized Premium		11,648,679
Compensated Absences Payable		361,668
Other Postemployment Benefits Payable		27,331,820
Net Pension Liability – Proportionate Share		481,068
TOTAL LIABILITIES	$	41,702,061
DEFERRED INFLOWS OF RESOURCES		
Pensions	$	800,407
Other Postemployment Benefits		5,014,563
TOTAL DEFERRED INFLOWS OF RESOURCES	$	5,814,970
NET POSITION		
Net Investment in Capital Assets	$	5,804,446
Restricted for:		
Debt Service		94,623
Other Legal Restrictions		4,071,005
Unrestricted (Deficit)		(28,513,260)
TOTAL NET POSITION	$	(18,543,186)

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION – GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2025

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expenses) Revenues and Changes in Net Position
FUNCTIONS/PROGRAMS				
General Support	$ 2,438,312	$ -	$ -	$ (2,438,312)
Instruction	10,964,908	40,997	1,024,466	(9,899,445)
Pupil Transportation	876,205	-	-	(876,205)
Debt Service – Interest	659,736	-	-	(659,736)
School Food Service Program	454,791	31,642	369,312	(53,837)
Total Functions and Programs	$ 15,393,952	$ 72,639	$ 1,393,778	(13,927,535)
GENERAL REVENUES				
Real Property Taxes				2,497,974
Other Tax Items				329,665
Use of Money and Property				217,329
Sale of Property and Compensation for Loss				68,815
Gain on Disposition of Assets				6,815
State Sources				10,002,634
Medicaid Reimbursement				420
Miscellaneous				310,374
Total General Revenues				13,434,026
Change in Net Position				(493,509)
Net Position – Beginning of Year				(18,049,677)
Net Position – End of Year				$ (18,543,186)

See notes to audited basic financial statements.

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2025

	General	Special Aid	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents				
Unrestricted	$1,052,454	$ 53,894	$ 126,346	$ 1,232,694
Restricted	3,879,094	-	270,756	4,149,850
Due From Other Funds	421,003	10,254	21,345	452,602
State and Federal Aid	252,569	398,129	28,998	679,696
Due From Other Governments	411,552	-	-	411,552
Other	-	-	27	27
Inventories	-	-	22,738	22,738
Prepaid Expenditures	4,903	-	-	4,903
TOTAL ASSETS	$6,021,575	$ 462,277	$ 470,210	$ 6,954,062
LIABILITIES				
Payables				
Accounts Payable	$ 103,600	$ 57,519	$ 1	$ 161,120
Accrued Liabilities	91,817	2,001	67	93,885
Due to Other Funds	681	383,942	67,979	452,602
Due to Other Governments	-	4,923	389	5,312
Due to Teachers' Retirement System	415,763	1,693	-	417,456
Due to Employees' Retirement System	56,932	-	-	56,932
Unearned Credits				
Unearned Revenues – Other	-	12,199	-	12,199
Total Liabilities	668,793	462,277	68,436	1,199,506
DEFERRED INFLOWS OF RESOURCES				
Deferred State Aid	-	-	1,582	1,582
Total Deferred Inflows of Resources	-	-	1,582	1,582
FUND BALANCES (DEFICITS)				
Nonspendable	4,903	-	22,738	27,641
Restricted	3,879,094	-	286,534	4,165,628
Assigned	1,384,009	-	92,502	1,476,511
Unassigned (Deficit)	84,776	-	(1,582)	83,194
Total Fund Balances (Deficit)	5,352,782	-	400,192	5,752,974
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	$6,021,575	$ 462,277	$ 470,210	$ 6,954,062

See notes to audited basic financial statements.

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2025

Total Fund Balance (Deficit) - Governmental Funds		$ 5,752,974
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the fund statements.		
Net Pension Asset - Proportionate Share – TRS	$ 574,037	
Net Pension Liability - Proportionate Share – ERS	(481,068)	92,969
Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:		
Pensions	$ 800,407	
Other Postemployment Benefits	5,014,563	(5,814,970)
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:		
Pensions	$ 1,603,317	
Other Postemployment Benefits	1,745,469	3,348,786
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. Therefore, deferred inflows of resources are not reported on the Statement of Net Position.		1,582
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
The Cost of Capital Assets is	$ 33,071,433	
Accumulated Depreciation and Amortization is	(14,521,871)	18,549,562

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION – CONTINUED
June 30, 2025

Long-term liabilities, including bonds payable and compensated absences, are not due in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities, at year end, consist of:

Bonds Payable	$ 11,605,000	
Premium on Bonds Payable	1,140,116	
Accrued Interest on Bonds Payable	35,485	
Compensated Absences Payable	361,668	
Other Postemployment Benefits Payable	27,331,820	(40,474,089)
Total Net Position – Governmental Activities		$ (18,543,186)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year Ended June 30, 2025

	General	Special Aid	Non-Major Funds	Total Governmental Funds
REVENUES				
Real Property Taxes	$ 2,497,974	$ -	$ -	$ 2,497,974
Other Tax Items	329,665	-	-	329,665
Charges for Services	40,997	-	31,642	72,639
Use of Money and Property	203,222	-	14,107	217,329
Sale of Property and Compensation for Loss	68,815	-	-	68,815
State Sources	10,002,634	125,282	55,959	10,183,875
Medicaid Reimbursement	420	-	-	420
Federal Sources	-	899,184	313,353	1,212,537
Miscellaneous	223,323	-	87,051	310,374
Total Revenues	13,367,050	1,024,466	502,112	14,893,628
EXPENDITURES				
General Support	1,741,066	-	132,790	1,873,856
Instruction	5,686,068	952,275	-	6,638,343
Pupil Transportation	509,741	-	-	509,741
Employee Benefits	3,115,301	77,667	35,374	3,228,342
Debt Service				
Principal	825,000	-	-	825,000
Interest	759,129	-	-	759,129
Food Service Program				
Cost of Sales	-	-	265,181	265,181
Other Expenditures	-	-	80,562	80,562
Capital Outlay	-	-	333,307	333,307
Total Expenditures	12,636,305	1,029,942	847,214	14,513,461
Excess (Deficiency) of Revenues Over Expenditures	730,745	(5,476)	(345,102)	380,167
OTHER FINANCING SOURCES AND (USES)				
Proceeds from Debt	-	-	250,000	250,000
Operating Transfers In	-	5,476	116,693	122,169
Operating Transfers (Out)	(105,476)	-	(16,693)	(122,169)
Total Other Financing Sources and (Uses)	(105,476)	5,476	350,000	250,000
Net Change in Fund Balance	625,269	-	4,898	630,167
Fund Balances – Beginning of Year	4,727,513	-	395,294	5,122,807
Fund Balances – End of Year	$ 5,352,782	$ -	$ 400,192	$ 5,752,974

See notes to audited basic financial statements.

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

Year Ended June 30, 2025

Net Change in Fund Balances – Total Governmental Funds		$ 630,167
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position assets with an initial, individual cost of more than $5,000 are capitalized and in the Statement of Activities, the cost is allocated over their estimated useful lives and reported as depreciation. This is the amount by which depreciation exceeded capital outlays and the related gain on disposals in the current period.		
Capital Outlays	$ 373,145	
Gain on Disposals	6,815	
Depreciation Expense	(1,172,167)	(792,207)
Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period for bonds.		825,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is decreased by the amount by which amortization of bond premiums exceeded the decrease in accrued interest on bonds and the amortization of the deferred charge on refunding.		99,393
In the Statement of Activities, certain operating expenses--compensated absences (vacations and certain sick pay) and special termination benefits (early retirement) --are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		3,227

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES – CONTINUED

Year Ended June 30, 2025

Proceeds of long-term debt, including premium on issuance, are recorded as another financing source for governmental funds but it is not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current year.		(250,000)
On the Statement of Activities, the actual and projected long-term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits.		(1,108,407)
(Increases) decreases in proportionate share of net pension asset (liability) and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Teachers' Retirement System	$ 48,833	
Employees' Retirement System	50,485	99,318
Change in Net Position of Governmental Activities		$ (493,509)

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hermon-DeKalb Central School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

Reporting Entity

The Hermon-DeKalb Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education ("Board") consisting of nine members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Extra Classroom Activities Fund

The Extra Classroom Activities Fund of the District represent the funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activities Fund is independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extra Classroom Activities Fund can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in a miscellaneous special revenue fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Joint Venture

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

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards are also considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital costs is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed $2,270,562 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $1,092,232. This represents state aid distributions of $895,493 and 2024 fund balance returned to schools of $196,739.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Basis of Presentation

District-Wide Statements

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

The *Statement of Net Position* presents the financial position of the District at year-end. The *Statement of Activities* presents a comparison between program expenses and 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. Employee benefits are allocated to functional areas in proportion to the payroll expenditures for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Statements

The fund statements provide information about the District's funds, including each type of 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. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The District reports the following governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions except those required to be accounted for in another fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Basis of Presentation – Continued

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition, Extra Classroom Activities Fund which the District has administrative involvement or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for specific educational programs.

School Food Service Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Extra Classroom Activities Fund: Used to account for funds operated by and for the students of the District. The Board exercises general oversight of these funds. The Extra Classroom Activities Fund are independent of the District with respect to its financial transactions and the designation of student management.

Scholarships and Awards Fund: Used to account for proceeds received from various individuals and organizations that are restricted for specific scholarship and award programs not under specific trust arrangements.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of, or the right-to-use capital facilities and other capital and intangible assets. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

Permanent Fund: This fund is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the District's programs, i.e., for the benefit of the District.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g. property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmature portion of long-term debt and other certain other liabilities the District would not expect to liquidate currently with expendable available resources (e.g. compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Measurement Focus and Basis of Accounting - Continued

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liabilities, subscription liabilities, claims and judgments, compensated absences, workers' compensation, pensions, and other post-employment benefits which are recognized as expenditures to the extent they have matured. General capital assets, intangible lease assets, and intangible subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases and subscriptions with terms greater than one year are reported as other financing sources.

Real Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, 2024, and became a lien on August 5, 2024. Taxes are collected during the period September 1, 2024 to October 31, 2024.

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

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, the District's policy concerning which to apply first varies with the intended use, and with the associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Interfund Transactions - Continued

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

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, pension costs, OPEB, workers' compensation liabilities, potential contingent liabilities, useful lives of capital assets, intangible lease assets, and intangible subscription assets.

Cash and Cash Equivalents

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Cash and Cash Equivalents – Continued

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

Certain cash balances are restricted by various legal or contractual obligations, such as legal reserves or debt agreements.

Receivables

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

Inventories and Prepaid Items

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 donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

A prepaid item was recorded in the General Fund in the amount of $4,903, which represents the District's contribution to the School and Municipal Energy Cooperative of WNY ("SMEC"). Contributions made by member districts are recorded by SMEC as a current liability, and members are allocated a share of the organization's net assets based on each participant's share of premiums paid for that year.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Other Assets

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

Capital Assets and Intangible Lease Assets

Capital assets are reported at actual cost or estimated historical cost, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Land and construction in progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$ 5,000	SL	40-50 Years
Site Improvements	5,000	SL	20 Years
Furniture and Equipment	5,000	SL	5-15 Years
Vehicles	5,000	SL	8 Years

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of $5,000 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the lease term (3-5 years) consistent with the decrease in the related lease liability or using the straight-line method if there is no corresponding lease liability.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

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 assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the New York State Teachers' and Employees' pension systems and to Other Postemployment Benefit (OPEB) plan subsequent to the measurement date. The third item is the District contributions to the New York State Teachers' and Employees' pension systems and to Other Postemployment Benefit (OPEB) plan subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS system) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs and the net change in the actual and expected experience. The third item arises only under a modified accrual basis of accounting and is reported as unavailable revenue – Smart Schools – grant monies. This represents a deferred inflow only on the Balance Sheet in the governmental funds and revenue on the District-wide Statement of Net Position.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to the resources, the liability for unearned revenues is removed and revenue is recognized.

Employee Benefits – Compensated Absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave and/or a credit towards their health insurance obligation.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination, or death.

In the District-Wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick leave, when employees have earned the right to leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The liability is measured at the employee's rate of pay at the reporting date, and/or rates specified in negotiated labor contracts and in individual employment contracts, including salary-related payments such as social security and Medicare taxes.

In the fund statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Other Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage to eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with the criteria set forth by GASB.

Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Short-Term Debt – Continued

The District may issue Bond Anticipation Notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. BANs that are replaced with long-term financing or renewed subsequent to the year-end but before the issuance of the financial statements are treated as long-term liabilities, as these notes will not require the use of working capital during that period. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in full, in a timely manner, from current financial resources. Claims and judgments, other postemployment benefits payable, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Equity Classifications

District-Wide Statements

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

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) and intangible lease and subscription assets (present value of future payments remaining on the term less accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, improvements of, and the right-to-use those assets, net of any unexpended proceeds.

Restricted Net Position – reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

Fund Statements

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

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Food Service Fund of $22,738 and a $4,903 deposit to School and Municipal Energy Cooperative of WNY in the General Fund.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following restricted fund balances:

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Equity Classifications – Continued

Debt Reserve Fund

According to General Municipal Law §6-1, the Mandatory Reserve for Debt must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

Permanent Fund – Scholarships

The fund is used to account for and report resources that are legally restricted to the extent that earnings, not principal, may be used for purposes that benefit the School District and recipients of the designated scholarships. The monies are accounted for in the Permanent Fund – Scholarships.

Scholarships and Awards Fund

According to constraints placed on the use of resources established by various scholarship and award programs, must be used for the specific purpose outlined in the program. The monies are accounted for in the Scholarships and Awards Fund.

Unemployment Insurance

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Equity Classifications – Continued

Repair

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

Employee Benefit Accrued Liability

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

Extra Classroom Activities Fund

According to the regulations of the Commissioner of Education (8 NYCRR Part 172), the Board of Education of the District is required to make the rules and regulations for the establishment, conduct, operation, and maintenance of extra classroom activities and for the safeguarding, accounting and audit of all moneys received. According to the regulations of the Board of Education, the monies represent the funds of the students of the District and must be used by the student organizations of the District. The monies are accounted for in the Extra Classroom Activities Fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Equity Classifications – Continued

Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and if funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separately and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund.

Capital Reserve

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Equity Classifications – Continued

Insurance

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

Restricted fund balance includes the following at June 30, 2025:

General Fund		
Unemployment Insurance	$	243,204
Retirement Contributions - NYSERS		928,896
Retirement Contributions - NYSTRS		376,624
Insurance		32,305
Employee Benefit Accrued Liability		482,389
Capital Reserve		1,727,063
Repair		88,613
Debt Service Fund		94,623
Extra Classroom Activities Fund		65,892
Scholarships and Awards Fund		9,474
Permanent Fund - Scholarships		116,545
Total Restricted Funds	$	4,165,628

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2025.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Equity Classifications – Continued

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to $20,444. Any remaining fund balance in other funds is considered assigned.

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

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

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Implementation of New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2025, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ended June 30, 2025. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has not been used, but not yet paid in cash or settled through noncash means. This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for the year ended June 30, 2025. This statement's objective is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

Future Changes in Accounting Standards

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ended June 30, 2026. The statement's objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assisting a government's accountability. Additionally, the statement also addresses certain application issues.

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ended June 30, 2026. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

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

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

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

Total fund balance of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

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

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

1. Long-Term Revenue and Expense Differences:

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

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

Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities – Continued

2. Capital Related Differences:

   Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the acquisition of capital items or financing of intangible lease assets in the governmental fund statements and depreciation or 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 the issuance of long-term debt provides current financial resources to governmental funds but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, 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 recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

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

Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities – Continued

5. OPEB Differences:

   OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

During the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. The implementation of the statement establishes a unified model for the recognition and measurement of compensated absences.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriations of fund balances. These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year: insurance recoveries which were not anticipated in the current year of $66,619.

Budgets are adopted annually on a basis consistent with GAAP.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2025.

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

Special Revenue Funds have not been included in comparison because they do not have a legally authorized (appropriated) budget.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

Encumbrances

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

Other

The Capital Projects – Smart Schools Fund shows an unassigned fund balance deficit of $1,582. This deficit will be funded when the District obtains funding from the State.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 – CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS

Cash and Cash Equivalents

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

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

Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	$ 279,045

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $3,879,094 restricted for various fund balance reserves in the General Fund, $78,845 restricted for debt service in the Debt Service Fund, $65,892 restricted for extra classroom in the Extra Classroom Activities Fund, $3,908 restricted for scholarships and awards in the Scholarships and Awards Fund, and $122,111 restricted for scholarships in the Permanent Fund – Scholarships within the governmental funds.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk.

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2025 all deposits were fully insured and collateralized by the District's agent, but not in the District's name.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS – Continued

Cash – Continued

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Manager of the District.

The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

Investment Pool – NYCLASS

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year-end are $14,108,902,633, which consisted of $578,204,196 in collateralized bank deposits, $3,819,691,492 in repurchase agreements, $8,250,852,544 in U.S Treasury Bills, and $1,460,154,401 in U.S. Treasury Notes. The U.S. Treasuries within the NYCLASS portfolio are backed by the full faith and credit of the United States Government and therefore do not require collateral. New York State Municipal Bonds within the portfolio are backed by the full faith and credit of the State of New York and therefore do not require collateral. The other permissible investment security types are collateralized in accordance with NYS GML Section 10 and the NYCLASS Investment Policy. Repurchase Agreements (repos) are collateralized 102% by either U.S. Treasuries and/or U.S. Agencies. Bank Deposits also require full collateral; currently NYCLASS Collateralized Bank Deposits are being collateralized by Federal Home Loan Bank (FHLB) Letters of Credit (LOC).

At June 30, 2025, the District held $5,054,707 in these investments through the cooperative.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	$ 110,143	$ -	$ -	$ 110,143
Total Nondepreciable Assets	110,143	-	-	110,143
Other Capital Assets:				
Buildings and Improvements	27,548,711	100,000	-	27,648,711
Furniture and Equipment	5,145,934	285,145	(118,500)	5,312,579
Total Other Capital Assets	32,694,645	385,145	(118,500)	32,961,290
Less Accumulated Depreciation:				
Buildings and Improvements	10,089,771	856,197	-	10,945,968
Furniture and Equipment	3,373,248	315,970	(113,315)	3,575,903
Total Accumulated Depreciation	13,463,019	1,172,167	(113,315)	14,521,871
Total Other Capital Assets, Net	19,231,626	(787,022)	(5,185)	18,439,419
Capital Assets, Net	$ 19,341,769	$ (787,022)	$ (5,185)	$ 18,549,562

Depreciation expense was charged to governmental functions as follows:	
General Support	$ 183,681
Instruction	915,219
Pupil Transportation	73,267
Total Depreciation Expense	$ 1,172,167

NOTE 7 – SHORT-TERM DEBT OBLIGATIONS

There were no short-term debt financing transactions during the year ended June 30, 2025.

NOTE 8 – LONG-TERM DEBT OBLIGATIONS

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

Serial Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued

Long-term liability balances and activity are as follows:

Government Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable:					
General Obligation Debt:					
Serial Bonds	$ 12,180,000	$ 250,000	$ 825,000	$ 11,605,000	$ 1,015,000
Premium on Bonds	1,221,553	-	81,437	1,140,116	81,437
Total Bonds and Notes Payable	13,401,553	250,000	906,437	12,745,116	1,096,437
Other Liabilities:					
Compensated Absences Payable	364,895	-	3,227	361,668	-
Other Postemployment Benefits Liability	27,328,641	3,179	-	27,331,820	-
Net Pension Liability - Proportionate Share	718,348	-	237,280	481,068	-
Total Other Liabilities	28,411,884	3,179	240,507	28,174,556	-
Total Governmental Activities	$ 41,813,437	$ 253,179	$ 1,146,944	$ 40,919,672	$ 1,096,437

The General Fund has typically been used to liquidate long-term liabilities. Additions and reductions to compensated absences are shown net.

NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued

Existing serial and statutory bond obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Serial Bonds	6/18/24	6/15/39	5.000	$10,725,000
Bus Purchase	9/1/23	9/1/28	4.50-4.625	310,000
Bus Purchase	10/31/24	10/31/30	3.5-4.05	250,000
Bus Purchase	9/1/22	9/1/27	3.875	175,000
Bus Purchase	9/1/21	9/1/26	0.50-1.60	90,000
Bus Purchase	9/1/20	9/1/25	0.50-1.61	55,000
Total Serial Bonds				$11,605,000

The following is a summary of debt service requirements at year-end June 30:

	Principal	Interest	Total
2026	$ 1,015,000	$ 567,235	$ 1,582,235
2027	1,010,000	518,954	1,528,954
2028	1,005,000	472,031	1,477,031
2029	985,000	424,436	1,409,436
2030	945,000	377,864	1,322,864
2031-2035	5,190,000	1,167,750	6,357,750
2036-2039	1,455,000	99,000	1,554,000
Totals	$ 11,605,000	$ 3,627,270	$ 15,232,270

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

Interest Paid	$ 759,129
Less: Amortization of Bond Premium	(81,437)
Less: Interest Accrued in the Prior Year	(53,441)
Plus: Interest Accrued in the Current Year	35,485
Total Interest on Long-Term Debt	$ 659,736

NOTE 9 – PENSION PLANS

General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State Employees' Retirement System (ERS). These are cost-sharing multiple employer public employee defined benefit retirement systems. The Systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

Teachers' Retirement System (TRS) Plan Description

The TRS is administered by the New York State Teacher's Retirement Board. The TRS provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York (NYSRSSL). 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 the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by the 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 Annual Comprehensive Financial Report which can be found on the System's website at www.nystrs.org.

NOTE 9 – PENSION PLANS – Continued

Employees' Retirement System (ERS) Plan Description

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

TRS Benefits Provided

Benefits

The benefits provided to members of the System are established by New York State law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Tier 3

Members who joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credited service times final average salary.

Under Article 19 of the RSSL, eligible Tier 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of 2 additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at age 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service for the first 20 years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55-62 regardless of service credit.

Vested Benefits

Retirement benefits for Tiers 1-6 are now vested after 5 years of credited service. Prior to April 9, 2022, Tier 5 and 6 members had to attain 10 years of state service credit to be vested. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service.

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service and certain retirees. For active members, the benefit is based on final salary, age and the number of years of credited service. For retired members, it is also based on the number of years in retirement.

Prior and Military Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service. Certain members may also claim military service credit prior to or interrupting membership.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of maximum annual benefit. The applicable percentage payable beginning September 2022 and 2021 is 3.0% and 1.4%, respectively. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

ERS Benefits Provided

Benefits

The System provides retirement benefits as well as death and disability benefits.

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

Tier 3, 4, and 5

Eligibility: Tier 3, 4 and 5 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 2 years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the 5 highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 4 years.

Vested Benefits

All Members are vested when they reach 5 years of service credit.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one- half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

Funding Policies

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% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. The District chose to prepay the required contributions by December 15, 2024 and received an overall discount of $1,150.

The District's share of the required contributions, based on covered payroll paid for the current and two preceding years, were:

	NYSTRS	NYSERS
2024-2025	$ 358,537	$ 159,920
2023-2024	362,324	129,377
2022-2023	327,698	110,593

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – PENSION PLANS – Continued

Pension Assets, Pension Liabilities, Pension Expense (Credit), 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.

	ERS	TRS
Measurement Date	March 31, 2025	June 30, 2024
District's Proportionate Share of the Net Pension Asset (Liability)	$ (481,068)	$ 574,037
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0028058%	0.019240%
Change in Proportion (%) Since the Prior Measurement Date	-0.0005922%	0.000175%

NOTE 9 – PENSION PLANS – Continued

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

For the year ended June 30, 2025, the District's recognized pension expense (credit) of ($50,485) for ERS and ($48,833) 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	$ 119,404	$ 618,132	$ 5,632	$ -
Changes of Assumptions	20,175	343,390	-	57,761
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	37,743	-	-	637,804
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	62,647	2,477	59,296	39,914
District's Contributions Subsequent to the Measurement Date	56,932	342,417	-	-
Total	$ 296,901	$ 1,306,416	$ 64,928	$ 735,479

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended June 30, 2026, if applicable. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the year ended as follows:

	ERS	TRS
2026	$ 94,429	$ (306,405)
2027	126,363	691,063
2028	(41,651)	(122,734)
2029	(4,100)	(133,458)
2030	-	71,948
Thereafter	-	28,106

NOTE 9 – PENSION PLANS – Continued

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.

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2025	June 30, 2024
Actuarial Valuation Date	April 1, 2024	June 30, 2023
Interest Rate	5.9%	6.95%
Salary Scale	4.3%	1.3%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation Rate	2.9%	2.4%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the assumptions were computed by the TRS' Office of the Actuary and adopted by the TRS' Retirement Board in October 2021. The actuarial assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS' annual Actuarial Valuation Report.

NOTE 9 – PENSION PLANS – Continued

Actuarial Assumptions – Continued

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

For ERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns net of investment 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 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:

	ERS	TRS
Measurement Date	March 31, 2025	June 30, 2024
Asset Type		
Domestic Equity	3.54%	6.60%
International Equity	6.57%	7.40%
Private Equity	7.25%	10.00%
Global Equity		6.90%
Real Estate	4.95%	6.30%
Opportunistic / Absolute Return Strategies Portfolio	5.25%	
Credit	5.40%	
Real Assets	5.55%	
Fixed Income	2.00%	
Cash	0.25%	0.50%
Private Debt		5.90%
Real Estate Debt		3.90%
Domestic Fixed Income Securities		2.60%
Global Bonds		2.50%
High-Yield Bonds		4.80%

NOTE 9 – PENSION PLANS – Continued

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 determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 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:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	$ (1,392,271)	$ (481,068)	$ 279,787

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	$ (2,651,508)	$ 574,037	$ 3,286,806

NOTE 9 – PENSION PLANS – Continued

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:

(In Thousands)

	ERS	TRS	Total
Measurement Date	March 31, 2025	June 30, 2024	
Employer's Total Pension Asset (Liability)	$ (247,600,239)	$ (142,837,827)	$ (390,438,066)
Plan Net Position	230,454,512	145,821,435	376,275,947
Employer's Net Pension Asset (Liability)	$ (17,145,727)	$ 2,983,608	$ (14,162,119)
Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability)	93.08%	102.09%	

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 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 $56,932. Employee contributions are remitted monthly.

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, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amounted to $417,456.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 – INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund balances at June 30, 2025 are as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General	$ 421,003	$ 681	$ -	$ 105,476
Special Aid	10,254	383,942	5,476	-
Debt Service	15,779	-	16,693	-
School Food Service	-	27,203	-	-
Permanent Fund - Scholarships	-	5,566	-	-
Scholarships and Awards	5,566	-	-	-
Capital Projects - Campus-Wide	-	33,628	100,000	-
Capital Projects - Buses	-	-	-	16,693
Capital Projects - Smart Schools	-	1,582	-	-
Total	$ 452,602	$ 452,602	$ 122,169	$ 122,169

The District typically transfers resources between funds for the purpose of mitigating the effects of transient cash flow issues. The General Fund advanced funds to the Special Aid Fund to provide temporary cash until New York State has reimbursed the grant programs. Unexpended funds from a capital project are transferred to the Debt Service Fund upon completion.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 11 – FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances of the District at the year ended June 30, 2025.

FUND BALANCES (DEFICITS)	General	Non-Major	Total Governmental Funds
Nonspendable			
School Food Service Inventory	$ -	$ 22,738	$ 22,738
Prepaid Expenditures	4,903	-	4,903
Restricted			
Debt Service	-	94,623	94,623
Unemployment Insurance	243,204	-	243,204
Retirement Contributions - NYSERS	928,896	-	928,896
Retirement Contributions - NYSTRS	376,624	-	376,624
Insurance	32,305	-	32,305
Employee Benefit Accrued Liability	482,389	-	482,389
Capital	1,727,063	-	1,727,063
Extra Classroom Activities Fund	-	65,892	65,892
Scholarships and Awards Fund	-	9,474	9,474
Permanent Fund - Scholarships	-	116,545	116,545
Repair	88,613	-	88,613
Assigned			
General Support	395	-	395
Instruction	20,049	-	20,049
Designated for Next Fiscal Year	1,363,565	-	1,363,565
School Food Service Fund	-	92,502	92,502
Unassigned (Deficit)			
Capital Projects - Smart Schools	-	(1,582)	(1,582)
General Fund	84,776	-	84,776
Total Governmental Fund Balance (Deficit)	$ 5,352,782	$ 400,192	$ 5,752,974

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	52
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	69
Total Covered Employees	121

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2025, the District recognized approximately $908,000 for its share of insurance premiums for currently enrolled retirees.

The District participates in the St. Lawrence-Lewis Health Insurance Consortium (the Plan). The Plan allows eligible District employees and spouses to continue health coverage upon retirement. The Plan does issue a publicly available financial report.

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

General Information about the OPEB Plan - Continued

Eligible teachers and administrators are those who are at least age 55 with 10 years of service. Non-instructional employees must be age 55 with 6-10 years of service, based upon their contract and hire date. Employees must also be eligible to retire under the ERS or TRS.

- Surviving spouses are permitted to continue coverage after the death of the retiree through COBRA at 100% of the premium cost.

- Current contributions to health insurance premiums are based on date of hire and the contribution rate at the time of retirement per the terms of each employee contract.

- Medicare Part B premiums are reimbursed at 100% for Medicare-eligible retirees, dependents, and surviving spouses. For the purposes of this valuation, we have assumed reimbursement at the basic level and that there will be no additional reimbursement due to the income surcharge.

- Retiree medical and prescription drug benefits are provided through The Hartford and MVP.

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2025 which indicates that the total liability for other postemployment benefits is $27,331,820 which is reflected in the Statement of Net Position. The OPEB liability was measured as of July 1, 2024 and was determined by an actuarial valuation as of July 1, 2023.

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

Total OPEB Liability – Continued

Actuarial Assumptions 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:

Actuarial Methods and Assumptions	
Measurement Date	07/01/24
Rate of Compensation Increase	3.00%
Inflation Rate	2.70%
Discount Rate	3.93%
Health Care Cost Trend Rate Assumed for Next Fiscal Year	6.80%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.14%
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (in Years)	5.95

The discount rate was based on the Bond Buyer Weekly 20-Bond GO Index as of July 1, 2024.

Mortality rates were based on the sex-distinct, job category-specific, headcount weighted Pub-2010 Mortality Tables for employees and healthy retirees and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2022 – June 30, 2023.

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

Changes in the Total OPEB Liability

Balance at June 30, 2024	$ 27,328,641
Changes for the Year	
Service Cost	907,953
Interest	1,016,913
Changes of Assumptions or Other Inputs	(1,169,813)
Benefit Payments	(751,874)
Net Changes	3,179
Balance at June 30, 2025	$ 27,331,820

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 (2.93 percent) or 1 percentage point higher (4.93 percent) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	$ 31,859,577	$ 27,331,820	$ 23,678,583

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

Changes in the Total OPEB Liability – Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (3.14 percent) or 1 percentage point higher (5.14 percent) than the current healthcare cost trend rate:

	1% Decrease (Trend Less 1% Decreasing to 3.14%)	Healthcare Cost Trend Rates (Trend Decreasing to 4.14%)	1% Increase (Trend Plus 1% Decreasing to 5.14%)
Total OPEB Liability	$ 23,075,921	$ 27,331,820	$ 32,792,101

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 $1,108,407. 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	$ 132,363	$ 1,954,793
Changes of Assumptions or Other Inputs	783,887	3,059,770
Employer Contributions Subsequent to the Measurement Date	829,219	-
	$ 1,745,469	$ 5,014,563

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

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

District benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2026	$ (724,209)
2027	(1,380,605)
2028	(1,085,403)
2029	(721,318)
2030	(186,778)
Thereafter	-
	$ (4,098,313)

NOTE 13 - RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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.

Pooled Non-Risk-Retained

The District incurs costs related to an employee health insurance plan (Plan) sponsored by St. Lawrence-Lewis BOCES and its component districts. The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

NOTE 13 - RISK MANAGEMENT – Continued

Pooled Non-Risk-Retained – Continued

Districts joining the Plan must remain members for a minimum of one (1) year; a member may withdraw from the Plan after that time by advance written notification to the Plan's Board of Directors. Plan members include eighteen (18) districts and the BOCES with the Hermon-Dekalb Central School District bearing a 2.45% share of the Plan's assets and claims liabilities.

Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing: St. Lawrence-Lewis Counties School District Employee Medical Plan, Post Office Box 697, Canton, New York 13617.

The District participates in the St. Lawrence-Lewis Counties School District Employees Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District share of the liability for unbilled and open claims is $0.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 15 – DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of Scholarships.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
Ended June 30, 2025

Total OPEB Liability	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Service Cost	$ 907,953	$ 1,007,901	$ 1,297,038	$ 1,336,117	$ 1,023,418	$ 571,859	$ 666,783	$ 775,116
Interest	1,016,913	1,043,940	667,217	698,730	860,190	787,135	751,946	746,432
Changes in Benefit Terms	-	(69,859)	-	-	(461,176)	-	(128,168)	-
Difference Between Expected and Actual Experience	-	(2,944,563)	-	397,087	-	1,857,503	-	(2,398,972)
Changes in Assumptions or Other Inputs	(1,169,813)	192,038	(2,642,352)	(2,168,314)	5,949,944	1,176,061	(1,167,380)	(4,297,622)
Benefit Payments	(751,874)	(765,478)	(677,082)	(648,852)	(641,476)	(571,841)	(580,678)	541,093
Net Change in Total OPEB Liability	3,179	(1,536,021)	(1,355,179)	(385,232)	6,730,900	3,820,717	(457,497)	(4,633,953)
Total OPEB Liability - Beginning	27,328,641	28,864,662	30,219,841	30,605,073	23,874,173	20,053,456	20,510,953	25,144,906
Total OPEB Liability - Ending	$ 27,331,820	$ 27,328,641	$ 28,864,662	$ 30,219,841	$ 30,605,073	$ 23,874,173	$ 20,053,456	$ 20,510,953
Covered Payroll	$ 4,650,391	$ 4,421,557	$ 3,958,332	$ 3,784,907	$ 3,784,759	$ 3,966,296	$ 3,963,354	$ 3,521,240
Total OPEB Liability as a Percentage of Covered Payroll	587.73%	618.08%	729.21%	798.43%	808.64%	601.93%	505.97%	582.49%

10 years of historical information was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

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

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual
REVENUES				
Local Sources				
Real Property Taxes	$ 2,497,200	$ 2,497,200	$ 2,497,974	$ 774
Other Tax Items	298,873	298,873	329,665	30,792
Charges for Services	-	-	40,997	40,997
Use of Money and Property	25,000	25,000	203,222	178,222
Sale of Property and Compensation for Loss	-	66,619	68,815	2,196
Miscellaneous	-	-	223,323	223,323
Total Local Sources	2,821,073	2,887,692	3,363,996	476,304
State Sources	10,226,335	10,226,335	10,002,634	(223,701)
Medicaid Reimbursement	10,000	10,000	420	(9,580)
Total Revenues	13,057,408	13,124,027	$ 13,367,050	$ 243,023
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	1,363,565	1,363,565		
Prior Years' Encumbrances	78	78		
Total Revenue and Appropriated Fund Balance	$ 14,421,051	$ 14,487,670		

				Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
EXPENDITURES					
General Support					
Board of Education	$ 13,166	$ 19,074	$ 18,080	$ -	$ 994
Central Administration	162,559	200,540	196,254	-	4,286
Finance	263,132	277,679	276,621	-	1,058
Staff	82,530	72,181	71,216	-	965
Central Services	765,034	829,101	744,348	395	84,358
Special Items	434,869	435,937	434,547	-	1,390
Total General Support	1,721,290	1,834,512	1,741,066	395	93,051
Instruction					
Instruction, Administration and Improvement	300,943	328,918	311,373	-	17,545
Teaching - Regular School	3,132,856	3,020,934	2,631,297	8,770	380,867
Programs for Children with Handicapping Conditions	2,184,809	2,177,815	1,341,515	11,279	825,021
Occupational Education	383,376	383,376	383,376	-	-
Teaching - Special School	125,348	132,341	91,262	-	41,079
Instructional Media	525,099	540,868	460,559	-	80,309
Pupil Services	529,570	547,390	466,686	-	80,704
Total Instruction	7,182,001	7,131,642	5,686,068	20,049	1,425,525
Pupil Transportation	564,238	567,994	509,741	-	58,253
Community Service	2,750	2,750	-	-	2,750
Employee Benefits	3,219,685	3,219,685	3,115,301	-	104,384
Debt Service	1,616,087	1,616,087	1,584,129	-	31,958
Total Expenditures	14,306,051	14,372,670	12,636,305	20,444	1,715,921
OTHER FINANCING USES					
Operating Transfers to Other Funds	115,000	115,000	105,476	-	9,524
Total Expenditures and Other Financing Uses	$ 14,421,051	$ 14,487,670	12,741,781	$ 20,444	$ 1,725,445
Net Change in Fund Balance			625,269		
Fund Balances - Beginning of Year			4,727,513		
Fund Balances - End of Year			$ 5,352,782		

Note to Required Supplementary Information Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSLRS PENSION PLAN
LAST TEN FISCAL YEARS
Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Teachers' Retirement System (TRS)										
District's Proportion of the Net Pension Asset (Liability)	0.019240%	0.019065%	0.018876%	0.018670%	0.018080%	0.017497%	0.017718%	0.016825%	0.016648%	0.016316%
District's Proportionate Share of the Net Pension Asset (Liability)	$ 574,037	$ (218,024)	$ (362,202)	$ 3,235,312	$ (499,592)	$ 454,561	$ 320,383	$ 127,888	$ (178,307)	$ 1,694,679
District's Covered Payroll	$ 3,673,434	$ 3,521,500	$ 3,400,944	$ 3,180,688	$ 3,083,159	$ 2,918,953	$ 2,891,593	$ 2,675,195	$ 2,568,772	$ 2,470,842
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	15.63%	6.19%	10.65%	101.72%	16.20%	15.57%	11.08%	4.78%	6.94%	68.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%
Employees' Retirement System (ERS)										
District's Proportion of the Net Pension Asset (Liability)	0.0028058%	0.0033980%	0.0029956%	0.0028124%	0.0024848%	0.0026169%	0.0026472%	0.0026226%	0.0028900%	0.0029169%
District's Proportionate Share of the Net Pension Asset (Liability)	$ (481,068)	$ (500,324)	$ (642,377)	$ 229,902	$ (2,474)	$ (692,975)	$ (187,564)	$ (84,642)	$ (271,550)	$ (468,171)
District's Covered Payroll	$ 1,113,882	$ 1,071,600	$ 1,018,354	$ 927,038	$ 873,889	$ 861,431	$ 893,460	$ 865,863	$ 854,222	$ 810,716
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	43.19%	46.69%	63.08%	24.80%	0.28%	80.44%	20.99%	9.78%	31.79%	57.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%

SCHEDULE OF DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN
LAST TEN FISCAL YEARS
Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Teachers' Retirement System (TRS)										
Contractually Required Contribution	$ 358,537	$ 362,324	$ 327,698	$ 301,994	$ 271,887	$ 310,152	$ 282,829	$ 312,483	$ 340,643	$ 429,632
Contributions in Relation to the Contractually Required Contribution	358,537	362,324	327,698	301,994	271,887	310,152	282,829	312,483	340,643	429,632
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 3,673,434	$ 3,521,500	$ 3,400,944	$ 3,180,688	$ 3,180,688	$ 3,083,159	$ 2,918,953	$ 2,891,593	$ 2,675,195	$ 2,568,772
Contributions as a Percentage of Covered Payroll	9.76%	10.29%	9.64%	9.49%	8.55%	10.06%	9.69%	10.81%	12.73%	16.73%
Employees' Retirement System (ERS)										
Contractually Required Contribution	$ 159,920	$ 129,377	$ 110,593	$ 140,809	$ 119,288	$ 116,322	$ 125,534	$ 127,807	$ 127,871	$ 136,237
Contributions in Relation to the Contractually Required Contribution	159,920	129,377	110,593	140,809	119,288	116,322	125,534	127,807	127,871	136,237
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 1,113,882	$ 1,071,600	$ 1,018,354	$ 927,038	$ 873,889	$ 861,431	($ 893,460	$ 865,863	$ 854,222	$ 810,716
Contributions as a Percentage of Covered Payroll	14.36%	12.07%	10.86%	15.19%	13.65%	13.50%	14.05%	14.76%	14.97%	16.80%

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT – GENERAL FUND

June 30, 2025

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$ 14,420,973
Add: Prior Year's Encumbrances	78
Original Budget	14,421,051
Budget Revisions	66,619
Final Budget	$ 14,487,670

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2025-2026 Voter Approved Expenditure Budget		$ 14,561,880
Maximum Allowed 4% of 2025-2026 Budget		$ 582,475
General Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted Fund Balance:		
Assigned Fund Balance	$ 1,384,009	
Unassigned Fund Balance	84,776	
Total Unrestricted Fund Balance	1,468,785	
Less:		
Appropriated Fund Balance	1,363,565	
Encumbrances Included in Assigned Fund Balance	20,444	
Total Adjustments	1,384,009	
General Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 84,776
Actual Percentage		0.58%

SCHEDULE OF CAPITAL PROJECTS FUND - PROJECTS EXPENDITURES AND FINANCING RESOURCES

Year Ended June 30, 2025

			Expenditures				Methods of Financing						
PROJECT	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	BANS Redeemed From Appropriations	Proceeds Of Obligations	State Aid	Local Sources	Total	Transfer to Debt Service Fund	Fund Balance (Deficit) 6/30/2025
Buses 6/30/25	$ 250,000	$ 250,000	$ -	$ 233,307	$ 233,307	$ 16,693	$ -	$ 250,000	$ -	$ -	$ 250,000	$ 16,693	$ -
Capital Outlay	100,000	100,000	-	100,000	100,000	-	-	-	-	100,000	100,000	-	-
Smart Schools	220,137	220,137	147,288	-	147,288	72,849	-	-	145,706	-	145,706	-	(1,582)
Totals	$ 570,137	$ 570,137	$ 147,288	$ 333,307	$ 480,595	$ 89,542	$ -	$ 250,000	$145,706	$ 100,000	$ 495,706	$ 16,693	$ (1,582)

COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2025

	School Food Service	Extra Classroom Activities	Scholarships and Awards	Debt Service	Capital Projects-Capital Outlay	Capital - Buses	Capital - Smart Schools	Permanent Fund - Scholarships	Total Non-Major Funds
ASSETS									
Cash and Cash Equivalents									
Unrestricted	$ 92,717	$ -	$ -	$ -	$ 33,629	$ -	$ -	$ -	$ 126,346
Restricted	-	65,892	3,908	78,845	-	-	-	122,111	270,756
Receivables									
Due From Other Funds	-	-	5,566	15,779	-	-	-	-	21,345
State and Federal Aid	27,416	-	-	-	-	-	1,582	-	28,998
Other	27	-	-	-	-	-	-	-	27
Inventories	22,738	-	-	-	-	-	-	-	22,738
TOTAL ASSETS	$ 142,898	$ 65,892	$ 9,474	$ 94,624	$ 33,629	$ -	$ 1,582	$ 122,111	$ 470,210
LIABILITIES									
Payables									
Accounts Payable	$ -	$ -	$ -	$ -	$ 1	$ -	$ -	$ -	$ 1
Accrued Liabilities	66	-	-	1	-	-	-	-	67
Due to Other Funds	27,203	-	-	-	33,628	-	1,582	5,566	67,979
Due to Other Governments	389	-	-	-	-	-	-	-	389
Total Liabilities	27,658	-	-	1	33,629	-	1,582	5,566	68,436
DEFERRED INFLOWS OF RESOURCES									
Deferred State Aid	-	-	-	-	-	-	1,582	-	1,582
Total Deferred Inflows of Resources	-	-	-	-	-	-	1,582	-	1,582
FUND BALANCES (DEFICITS)									
Nonspendable	22,738	-	-	-	-	-	-	-	22,738
Restricted	-	65,892	9,474	94,623	-	-	-	116,545	286,534
Assigned	92,502	-	-	-	-	-	-	-	92,502
Unassigned (Deficit)	-	-	-	-	-	-	(1,582)	-	(1,582)
Total Fund Balances (Deficits)	115,240	65,892	9,474	94,623	-	-	(1,582)	116,545	400,192
TOTAL LIABILITIES, DEFFERED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	$ 142,898	$ 65,892	$ 9,474	$ 94,624	$ 33,629	$ -	$ 1,582	$ 122,111	$ 470,210

COMBINED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2025

	School Food Service	Extra Classroom Activities	Scholarships and Awards	Debt Service	Capital Projects - Capital Outlay	Capital - Buses	Capital - Smart Schools	Permanent Fund - Scholarships	Total Non-Major Funds
REVENUES									
Charges for Services	$ 31,642	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 31,642
Use of Money and Property	11	-	5,567	8,529	-	-	-	-	14,107
State Sources	55,959	-	-	-	-	-	-	-	55,959
Federal Sources	313,353	-	-	-	-	-	-	-	313,353
Miscellaneous	2,743	77,940	6,368	-	-	-	-	-	87,051
Total Revenues	403,708	77,940	11,935	8,529	-	-	-	-	502,112
EXPENDITURES									
General Support	132,790	-	-	-	-	-	-	-	132,790
Employee Benefits	35,374	-	-	-	-	-	-	-	35,374
Food Service Program:									
Cost of Sales	265,181	-	-	-	-	-	-	-	265,181
Other Expenditures	-	68,454	12,108	-	-	-	-	-	80,562
Capital Outlay	-	-	-	-	100,000	233,307	-	-	333,307
Total Expenditures	433,345	68,454	12,108	-	100,000	233,307	-	-	847,214
Excess (Deficiency) of Revenues Over Expenditures	(29,637)	9,486	(173)	8,529	(100,000)	(233,307)	-	-	(345,102)
OTHER FINANCING SOURCES AND (USES)									
Proceeds From Debt	-	-	-	-	-	250,000	-	-	250,000
Operating Transfers In	-	-	-	16,693	100,000	-	-	-	116,693
Operating Transfers (Out)	-	-	-	-	-	(16,693)	-	-	(16,693)
Total Other Financing Sources and (Uses)	-	-	-	16,693	100,000	233,307	-	-	350,000
Net Change in Fund Balance	(29,637)	9,486	(173)	25,222	-	-	-	-	4,898
Fund Balances (Deficit) - Beginning of Year	144,877	56,406	9,647	69,401	-	-	(1,582)	116,545	395,294
Fund Balances (Deficit) - End of Year	$ 115,240	$ 65,892	$ 9,474	$ 94,623	$ -	$ -	$ (1,582)	$ 116,545	$ 400,192

See paragraph on supplementary schedules included in independent auditor's report.

NET INVESTMENT IN CAPITAL ASSETS
Year Ended June 30, 2025

Capital Assets, Net		$ 18,549,562
Deduct:		
Premium on Bonds Payable	$ 1,140,116	
Short-Term Portion of Bonds Payable	1,015,000	
Long-Term Portion of Bonds Payable	10,590,000	12,745,116
Net Investment in Capital Assets		$ 5,804,446

BOWERS | CPAs & ADVISORS

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*

BOARD OF EDUCATION
HERMON-DEKALB CENTRAL SCHOOL DISTRICT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information Hermon-DeKalb Central School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Hermon-DeKalb 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 Hermon-DeKalb Central School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hermon-DeKalb Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Hermon-DeKalb Central School District's internal control.

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

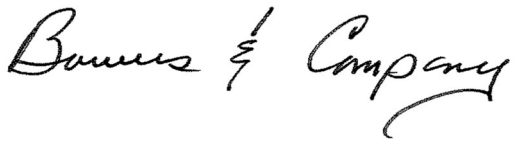
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Watertown, New York
October 14, 2025

EXTRA CLASSROOM ACTIVITIES FUND

BOWERS | CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITIES FUND

BOARD OF EDUCATION
HERMON-DEKALB CENTRAL SCHOOL DISTRICT

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activities Fund of Hermon-DeKalb Central School District for the year ended June 30, 2025 and the related note to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of the Extra Classroom Activities Fund of Hermon-DeKalb Central School District for the year then ended June 30, 2025, in accordance with cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Hermon-DeKalb 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 opinion.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statement

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

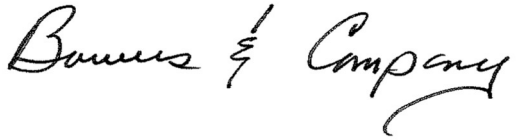
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.

- 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 Hermon-DeKalb 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 the Hermon-DeKalb 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.



Watertown, New York
October 14, 2025

EXTRA CLASSROOM ACTIVITIES FUND – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended June 30, 2025

	Cash Balance 07/01/2024	Cash Receipts	Cash Disbursements	Cash Balance 06/30/2025
Class of:				
2024	$ 2,968	$ -	$ 904	$ 2,064
2025	8,711	19,103	27,686	128
2026	12,688	15,489	8,287	19,890
2027	3,891	8,229	5,570	6,550
2028	-	8,983	4,582	4,401
Athletic Account	1,689	6,203	7,048	844
Drama Club	2,788	5,027	1,324	6,491
Fine Arts Club	1,084	-	364	720
Interest Account	217	1,696	-	1,913
National Honor Society	1,631	-	114	1,517
NYS Sales Tax	509	1,047	995	561
Outing Club	6,364	7,860	6,450	7,774
Student Council	6,661	-	100	6,561
Yearbook	7,205	4,303	5,030	6,478
Total	$ 56,406	$ 77,940	$ 68,454	$ 65,892

See note to the financial statement.

EXTRA CLASSROOM ACTIVITIES FUND - NOTE TO FINANCIAL STATEMENT
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The Extra Classroom Activities Fund of the Hermon-DeKalb Central School District represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activities Fund are independent of the School District with respect to its financial transactions and the designation of student management.

The accounts of the Extra Classroom Activities Fund of the Hermon-DeKalb Central School District are maintained on a cash basis and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets and accrued income and expenses, which would be recognized under generally accepted accounting principles and, which may be material in amount, are not recognized in the accompanying financial statement.