

**FRANKFORT-SCHUYLER CENTRAL  
SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL SCHEDULES**

**JUNE 30, 2025**

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## **INDEPENDENT AUDITORS' REPORT**

To the President and the Other Members  
of the Board of Education of the  
Frankfort-Schuyler Central School District  
Frankfort, New York

### **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 Frankfort-Schuyler Central School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress – changes in total other post-employment benefits liability and related ratios, and schedule of local government's proportionate share of the net pension liability and contributions on pages 4 through 12 and 49 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information on pages 54 through 56 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 28, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*WEST & COMPANY CPAs PC*

Gloversville, New York  
October 28, 2025

# FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

#### FINANCIAL HIGHLIGHTS

- In May, 2025, District residents approved the budget.
- The District continues its partnership with Oneida BOCES Food Service Program to provide cafeteria services. The partnership to date has been positive, reducing expenses for the District, as well as increasing the number of meals sold.
- The District continues to oppose all assessment reductions in order to preserve the tax base for levying taxes.
- NYS law limits the amount of unrestricted fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,210,007. This amount is slightly above the limit and assists the District in maintaining financial stability.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

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

**Table A-1 Major Features of the District-wide and Fund Financial Statements**

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

### District-Wide Statements

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

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

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

In the District-wide financial statements, the School District's activities are shown as governmental activities. Most of the School District's basic services are included here, such as general and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

## **Fund Financial Statements**

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and 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).

The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs.

Because this information does not encompass the additional long-term focus of the District-wide statements, additional information following the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund, CM miscellaneous special revenue fund, and the capital project fund. Required financial statements are the balance sheet and the statement of revenues, expenditures and changes in fund balances.

- **Fiduciary Funds:** The School District is the custodian for assets that belong to others, such as the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Table A-2**

**Condensed Statement of Net Position**

	<b>Fiscal Year 2025</b>	<b>Fiscal Year 2024</b>	<b>% Change (Incr.; - Decr.)</b>
<b>Assets</b>			
Current and other assets	\$ 19,308,754	\$ 19,741,106	-2.2%
Capital assets - net	<u>17,014,652</u>	<u>12,504,996</u>	36.1%
<b>Total Assets</b>	36,323,406	32,246,102	12.6%
<b>Deferred Outflows of Resources</b>			
Pensions	2,908,429	3,464,008	-16.0%
Other post-employment benefits	<u>2,437,396</u>	<u>3,911,713</u>	-37.7%
<b>Total Deferred Outflows of Resources</b>	5,345,825	7,375,721	-27.5%
<b>Liabilities</b>			
Other liabilities	7,353,209	5,968,288	23.2%
Long-term liabilities	<u>46,121,004</u>	<u>47,200,959</u>	-2.3%
<b>Total Liabilities</b>	53,474,213	53,169,247	0.6%
<b>Deferred Inflows of Resources</b>			
Pensions	1,410,957	682,003	106.9%
Other post-employment benefits	<u>4,593,816</u>	<u>4,186,325</u>	9.7%
<b>Total Deferred Inflows of Resources</b>	6,004,773	4,868,328	23.3%
<b>Net Position</b>			
Net investment in capital assets	9,379,652	5,311,011	76.6%
Restricted	6,402,124	6,583,457	-2.8%
Unrestricted	<u>(33,591,531)</u>	<u>(30,310,220)</u>	-10.8%
<b>Total Net Position</b>	<u>\$ (17,809,755)</u>	<u>\$ (18,415,752)</u>	3.3%

## Changes in Net Position

The School District's 2025 revenue was \$25,657,773 (see Table A-3). Property taxes and New York State aid accounted for the majority of revenue by contributing 37.6% and 50.6%, respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$25,051,776 for 2025. These expenses (75.1%) are predominantly for the education, supervision and transportation of students (see Table A-5). The School District's administrative and business activities accounted for 23.5% of total costs.

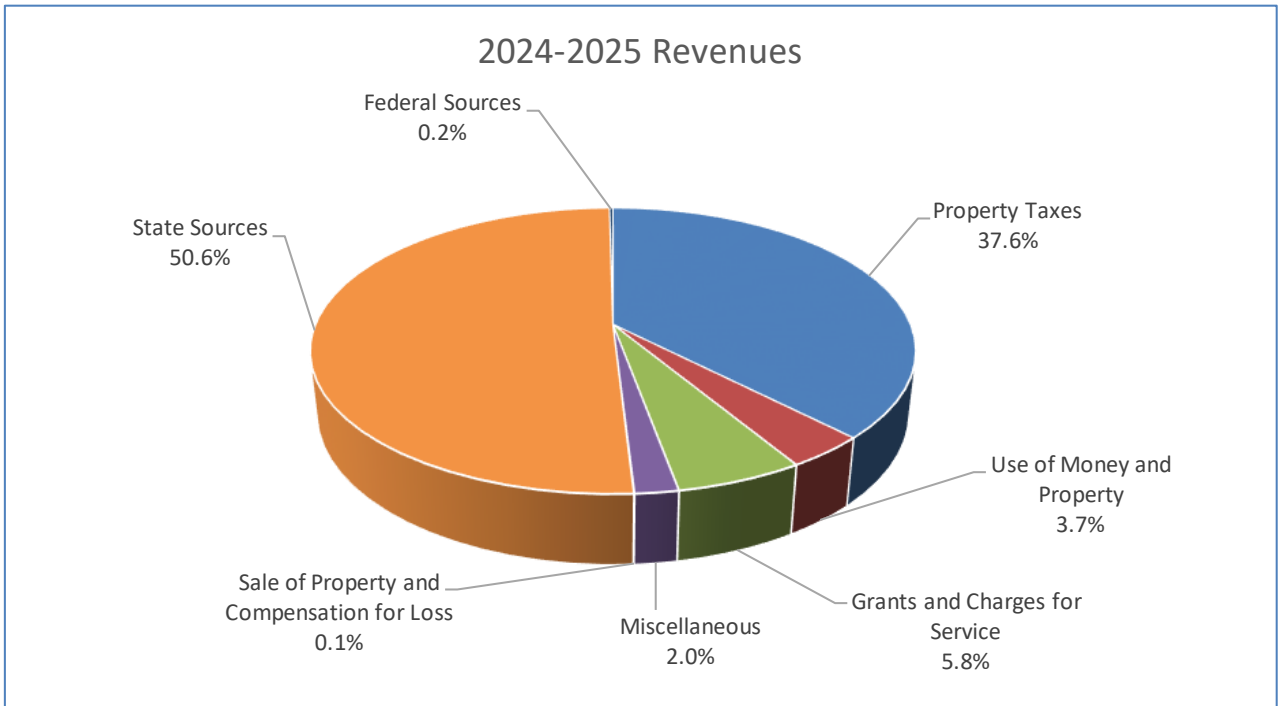
Net position increased during the year by \$605,997.

**Table A-3**

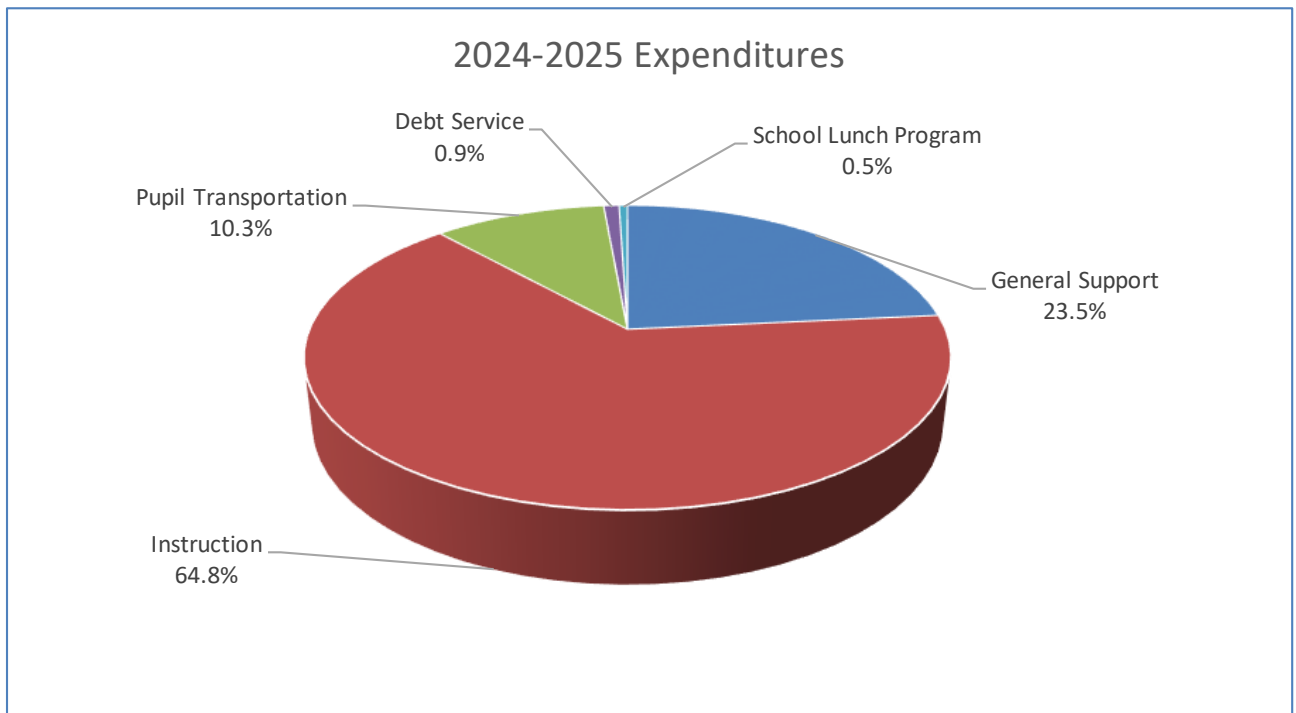
### Change in Net Position from Operating Results

	<b>Fiscal Year 2025</b>	<b>Fiscal Year 2024</b>	<b>% Change Incr.; - Decr.)</b>
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for services	\$ 381,483	\$ 538,114	-29.1%
Operating grants and contributions	1,097,594	1,835,905	-40.2%
<b>General Revenues</b>			
Property taxes	9,658,259	8,943,653	8.0%
State sources	13,006,501	12,902,467	0.8%
Federal sources	57,088	48,188	18.5%
Use of money and property	946,550	772,329	22.6%
Sale of property and compensation for loss	6,341	57,171	-88.9%
Miscellaneous	503,957	591,339	-14.8%
<b>Total Revenues</b>	<b>25,657,773</b>	<b>25,689,166</b>	<b>-0.1%</b>
<b>Expenses</b>			
General support	6,003,922	5,971,814	0.5%
Instruction	16,237,510	18,058,654	-10.1%
Transportation	2,579,747	2,716,668	-5.0%
Debt service	230,597	232,393	-0.8%
<b>Total Expenses</b>	<b>25,051,776</b>	<b>26,979,529</b>	<b>-7.1%</b>
<b>Total Change in Net Position</b>	<b>\$ 605,997</b>	<b>\$ (1,290,363)</b>	<b>147.0%</b>

**TABLE A-4 – REVENUES**



**TABLE A-5 – EXPENDITURES**



## Governmental Activities

Revenue for the School District's governmental activities totaled \$25,657,773, while total expenses were \$25,051,776. Accordingly, net position increased by \$605,997.

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

**Table A-6**

### Net Cost of Governmental Activities

	Total Cost of Services		% Change (Incr.; -Decr.)	Net Cost of Services		% Change (Incr.; -Decr.)
	2025	2024		2025	2024	
General support	\$ 5,878,804	\$ 5,872,936	0.1%	\$ 5,878,804	\$ 5,872,936	0.1%
Instruction	16,237,510	18,058,654	-10.1%	14,758,433	15,684,635	-5.9%
Pupil transportation	2,579,747	2,716,668	-5.0%	2,579,747	2,716,668	-5.0%
Debt service - interest	230,597	232,393	-0.8%	230,597	232,393	-0.8%
Cost of sales - lunch program	125,118	98,878	26.5%	125,118	98,878	26.5%
Totals	<u>\$25,051,776</u>	<u>\$26,979,529</u>	-7.1%	<u>\$23,572,699</u>	<u>\$24,605,510</u>	-4.2%

- The cost of all governmental activities for the year was \$25,051,776.
- The users of the School District's programs financed \$381,483 of the costs.
- The federal and state government grants financed \$1,097,594.
- The majority of costs were financed by the School District's taxpayers and state aid.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$11,352,334. Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt, including the principal and interest payment.

No significant variances were reflected in the governmental fund financial statements for 2025.

## General Fund Budgetary Highlights

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

	Results vs. Budget		Actual (Budgetary Basis)	Variance Actual/Budget
	Original Budget	Final Budget		
<b>REVENUES</b>				
Local Sources	\$ 9,946,209	\$ 9,946,209	\$ 11,143,099	\$ 1,196,890
State Sources	12,401,410	12,401,410	12,974,101	572,691
Federal Sources	60,000	60,000	57,088	(2,912)
<b>Total Revenues</b>	<b>22,407,619</b>	<b>22,407,619</b>	<b>24,174,288</b>	<b>1,766,669</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds	542,000	542,000	0	(542,000)
<b>Total Revenues and Other Financing Sources</b>	<b>22,949,619</b>	<b>22,949,619</b>	<b>24,174,288</b>	<b>1,224,669</b>
<b>EXPENDITURES</b>				
General Support	4,401,613	4,896,346	4,283,665	612,681
Instruction	11,244,780	12,787,455	10,777,652	2,009,803
Pupil Transportation	1,727,500	1,948,059	1,871,294	76,765
Employee Benefits	5,851,526	5,032,250	4,980,412	51,838
Debt Service	810,200	808,200	792,702	15,498
<b>Total Expenditures</b>	<b>24,035,619</b>	<b>25,472,310</b>	<b>22,705,725</b>	<b>2,766,585</b>
<b>OTHER USES</b>				
Transfers Out	2,014,000	2,044,202	2,044,202	0
<b>Total Expenditures and Other Uses</b>	<b>26,049,619</b>	<b>27,516,512</b>	<b>24,749,927</b>	<b>\$ 2,766,585</b>
<b>Revenues Over (Under) Expenditures and Other Uses</b>	<b>(3,100,000)</b>	<b>(4,566,893)</b>	<b>(575,639)</b>	
<b>Beginning Fund Balance</b>	<b>10,162,829</b>	<b>10,162,829</b>	<b>10,162,829</b>	
<b>Ending Fund Balance</b>	<b>\$ 7,062,829</b>	<b>\$ 5,595,936</b>	<b>\$ 9,587,190</b>	

## CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2025, the School District had \$17,014,652 invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Table A-7

### Capital Assets (net of depreciation and amortization)

	Fiscal Year 2025	Fiscal Year 2024
Land, land improvements and construction in progress	\$ 5,032,182	\$ 376,216
Right to use assets	132,572	184,549
Buildings and equipment	11,849,898	11,944,231
Totals	<b>\$ 17,014,652</b>	<b>\$ 12,504,996</b>

## CAPITAL ASSET AND DEBT ADMINISTRATION – (CONTINUED)

### Long-Term Debt

As of June 30, 2025, the School District had \$45,861,197 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

**Table A-8**

#### Outstanding long-term debt

	<u>Fiscal Year 2025</u>	<u>Fiscal Year 2024</u>
General obligation bonds (financed with property taxes)	\$ 3,635,000	\$ 4,160,000
All other debt	42,226,197	42,452,179
Totals	<u>\$ 45,861,197</u>	<u>\$ 46,612,179</u>

During 2025, the School District paid \$525,000 of outstanding bonds. Other debt represents other post-employment benefits, leases and compensated absences.

### FACTORS BEARING ON THE DISTRICT'S FUTURE

With the loss of necessary COVID funding that was being used to help offset both the educational and social emotional needs of our district we will need to look at alternative funding methods such as grants to help provide our students with their ever-increasing needs. In addition to that, after the unveiling of last year's governor's budget and thoughts on restructuring foundation aid, we are looking toward years of minimal state aid increases if any at all.

The School District is currently facing significant financial and operational challenges driven by several converging factors. Special education costs have risen sharply due to a substantial increase in enrollment, yet this growth has not been matched with corresponding increases in state or federal funding. Additionally, the needs of students requiring special education services have grown more complex and intensive, further straining existing resources. Compounding these pressures is a pending property tax assessment grievance involving Tractor Supply, which could result in an estimated \$50 million loss in assessed value. If upheld, this grievance would significantly reduce the District's tax revenue, placing further strain on an already burdened budget. Together, these factors create an urgent need for strategic planning and advocacy to ensure the District can continue to meet its educational obligations to all students.

### CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Frankfort-Schuyler Central School District  
Kacey Sheppard CFE  
Assistant Superintendent of Business and Technology  
605 Palmer Street  
Frankfort, NY 13340

## FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2025

**ASSETS**

Cash	
Unrestricted	\$ 10,718,218
Restricted	5,439,273
Receivables	
State and Federal aid	2,005,249
Other receivables	103,434
Net pension asset - proportionate share	1,042,580
Right to use assets, net of amortization	132,572
Capital assets, net of depreciation	16,882,080
	<hr/>
<b>Total Assets</b>	<b>36,323,406</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Other post-employment benefits	2,437,396
Pensions	2,908,429
	<hr/>
<b>Total Deferred Outflows of Resources</b>	<b>5,345,825</b>

**LIABILITIES**

Payables	
Accounts payable	1,375,345
Accrued liabilities	41,529
Unearned revenues	669,780
Bond anticipation notes payable	4,000,000
Long-term liabilities	
Due and payable within one year	
Due to Teachers' Retirement System	766,910
Due to Employees' Retirement System	60,276
Bonds payable	405,000
Compensated absences payable	34,369
Due and payable after one year	
Bonds payable	3,230,000
Net pension liability - proportionate share	699,176
Other post-employment benefits	41,520,128
Compensated absences payable	671,700
	<hr/>
<b>Total Liabilities</b>	<b>53,474,213</b>

**DEFERRED INFLOWS OF RESOURCES**

Other post-employment benefits	4,593,816
Pensions	1,410,957
	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>6,004,773</b>

**NET POSITION**

Net investment in capital assets	9,379,652
Restricted	
Reserve for employee benefit accrued liability	792,808
Reserve for debt service	962,851
Unemployment insurance reserve	222,871
Reserve for retirement contribution - ERS	1,230,091
Reserve for tax certiorari	1,635,521
Reserve for retirement contribution - TRS	687,265
Reserve for insurance	33,000
Reserve for repairs	837,717
Unrestricted	(33,591,531)
	<hr/>
<b>Total Net Position</b>	<b>\$ (17,809,755)</b>

See notes to basic financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 5,878,804	\$ 0	\$ 0	\$ (5,878,804)
Instruction	16,237,510	(381,483)	(1,097,594)	(14,758,433)
Pupil transportation	2,579,747	0	0	(2,579,747)
Debt service	230,597	0	0	(230,597)
School lunch program	125,118	0	0	(125,118)
<b>Total Functions and Programs</b>	<u>\$ 25,051,776</u>	<u>\$ (381,483)</u>	<u>\$ (1,097,594)</u>	<u>\$ (23,572,699)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				7,767,948
Other tax items				1,890,311
Use of money and property				946,550
Sale of property and compensation for loss				6,341
Miscellaneous				503,957
State sources				13,006,501
Federal sources				57,088
<b>Total General Revenues</b>				<u>24,178,696</u>
<b>CHANGE IN NET POSITION</b>				605,997
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>				<u>(18,415,752)</u>
<b>TOTAL NET POSITION - END OF YEAR</b>				<u>\$ (17,809,755)</u>

See notes to basic financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**JUNE 30, 2025**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital</u>	<u>CM Misc. Special Revenue</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash							
Unrestricted	\$ 5,015,839	\$ 0	\$ 6,814	\$ 961,500	\$ 4,506,359	\$ 227,706	\$ 10,718,218
Restricted	5,439,273	0	0	0	0	0	5,439,273
Due from other funds	0	0	0	1,351	0	0	1,351
State and Federal aid receivable	1,653,599	351,650	0	0	0	0	2,005,249
Other receivables	0	0	103,434	0	0	0	103,434
<b>TOTAL ASSETS</b>	<b>\$ 12,108,711</b>	<b>\$ 351,650</b>	<b>\$ 110,248</b>	<b>\$ 962,851</b>	<b>\$ 4,506,359</b>	<b>\$ 227,706</b>	<b>\$ 18,267,525</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 981,675	\$ 351,650	\$ 0	\$ 0	\$ 42,020	\$ 0	\$ 1,375,345
Accrued liabilities	41,529	0	0	0	0	0	41,529
Due to other funds	1,351	0	0	0	0	0	1,351
Bond anticipation notes payable	0	0	0	0	4,000,000	0	4,000,000
Due to Employees' Retirement System	60,276	0	0	0	0	0	60,276
Due to Teachers' Retirement System	766,910	0	0	0	0	0	766,910
Unearned revenue	669,780	0	0	0	0	0	669,780
<b>Total Liabilities</b>	<b>2,521,521</b>	<b>351,650</b>	<b>0</b>	<b>0</b>	<b>4,042,020</b>	<b>0</b>	<b>6,915,191</b>
<b>FUND BALANCE</b>							
Restricted							
Reserve for employee benefit accrued liability	792,808	0	0	0	0	0	792,808
Reserve for debt service	0	0	0	962,851	0	0	962,851
Unemployment insurance reserve	222,871	0	0	0	0	0	222,871
Reserve for retirement contribution - ERS	1,230,091	0	0	0	0	0	1,230,091
Reserve for tax certiorari	1,635,521	0	0	0	0	0	1,635,521
Reserve for retirement contribution - TRS	687,265	0	0	0	0	0	687,265
Reserve for insurance	33,000	0	0	0	0	0	33,000
Reserve for repairs	837,717	0	0	0	0	0	837,717
Assigned	2,937,910	0	110,248	0	464,339	227,706	3,740,203
Unassigned	1,210,007	0	0	0	0	0	1,210,007
<b>Total Fund Balance</b>	<b>9,587,190</b>	<b>0</b>	<b>110,248</b>	<b>962,851</b>	<b>464,339</b>	<b>227,706</b>	<b>11,352,334</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 12,108,711</b>	<b>\$ 351,650</b>	<b>\$ 110,248</b>	<b>\$ 962,851</b>	<b>\$ 4,506,359</b>	<b>\$ 227,706</b>	<b>\$ 18,267,525</b>

See notes to basic financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

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

**FOR THE YEAR ENDED JUNE 30, 2025**

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Total fund balance - governmental funds balance sheet (page 15)	\$ 11,352,334
Add:	
Land, building and equipment, net of accumulated depreciation	16,882,080
Right to use assets, net of amortization	132,572
Pensions	<u>1,840,876</u>
Total	18,855,528
Deduct:	
Compensated absences	706,069
Other post-employment benefits	43,676,548
Long and short-term bonds payable	<u>3,635,000</u>
Total	<u>48,017,617</u>
<b>NET POSITION, GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ (17,809,755)</u></u>

See notes to basic financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

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

**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>General</b>	<b>Special Aid</b>	<b>School Lunch</b>	<b>Debt Service</b>	<b>Capital</b>	<b>CM Misc. Special Revenue</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>							
Real property taxes	\$ 7,767,948	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,767,948
Other tax items	1,890,311	0	0	0	0	0	1,890,311
Charges for services	381,483	0	0	0	0	0	381,483
Use of money and property	638,574	0	103,434	199,800	0	4,742	946,550
Sale of property and compensation for loss	6,341	0	0	0	0	0	6,341
Miscellaneous	458,442	0	0	23,283	0	22,232	503,957
State sources	12,974,101	339,131	32,400	0	0	0	13,345,632
Federal sources	57,088	758,463	0	0	0	0	815,551
<b>Total Revenues</b>	<b>24,174,288</b>	<b>1,097,594</b>	<b>135,834</b>	<b>223,083</b>	<b>0</b>	<b>26,974</b>	<b>25,657,773</b>
<b>EXPENDITURES</b>							
General support	4,283,665	0	113,824	0	0	23,051	4,420,540
Instruction	10,777,652	1,100,589	0	0	0	0	11,878,241
Pupil transportation	1,871,294	15,871	0	0	0	0	1,887,165
Employee benefits	4,980,412	25,336	0	0	0	0	5,005,748
Debt service							
Principal	558,985	0	0	0	0	0	558,985
Interest	233,717	0	0	0	0	0	233,717
Capital outlay	0	0	0	0	4,655,966	0	4,655,966
<b>Total Expenditures</b>	<b>22,705,725</b>	<b>1,141,796</b>	<b>113,824</b>	<b>0</b>	<b>4,655,966</b>	<b>23,051</b>	<b>28,640,362</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,468,563</b>	<b>(44,202)</b>	<b>22,010</b>	<b>223,083</b>	<b>(4,655,966)</b>	<b>3,923</b>	<b>(2,982,589)</b>
<b>OTHER FINANCING SOURCES AND USES</b>							
Operating transfers in	0	44,202	0	0	2,000,000	0	2,044,202
Operating transfers (out)	(2,044,202)	0	0	0	0	0	(2,044,202)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,044,202)</b>	<b>44,202</b>	<b>0</b>	<b>0</b>	<b>2,000,000</b>	<b>0</b>	<b>0</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES</b>	<b>(575,639)</b>	<b>0</b>	<b>22,010</b>	<b>223,083</b>	<b>(2,655,966)</b>	<b>3,923</b>	<b>(2,982,589)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>10,162,829</b>	<b>0</b>	<b>88,238</b>	<b>739,768</b>	<b>3,120,305</b>	<b>223,783</b>	<b>14,334,923</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 9,587,190</b>	<b>\$ 0</b>	<b>\$ 110,248</b>	<b>\$ 962,851</b>	<b>\$ 464,339</b>	<b>\$ 227,706</b>	<b>\$ 11,352,334</b>

See notes to basic financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

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

**FOR THE YEAR ENDED JUNE 30, 2025**

**REVENUES**

Governmental funds \$ 25,657,773

**EXPENDITURES**

\$ 28,640,362

Add:

Depreciation 425,250

Amortization 194,653

Increase in other post-employment benefits 1,742,565

2,362,468

Deduct:

Principal payments of long-term debt 525,000

Bond related items and accrued interest 3,120

Pensions 172,651

Principal payments on leases payable 33,985

Decrease in compensated absences 86,739

Change in right to use assets 142,676

Change in fixed assets 4,986,883

5,951,054

**EXPENDITURES - STATEMENT OF ACTIVITIES**

25,051,776

**CHANGE IN NET POSITION**

\$ 605,997

See notes to basic financial statements.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2025

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash	\$ 64,172
<b>Total Assets</b>	<u>\$ 64,172</u>
<b>NET POSITION</b>	
Reserved for extraclassroom activities	<u>\$ 64,172</u>

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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2025

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<b>ADDITIONS</b>	
Extraclassroom receipts	\$ 72,686
<b>Total Additions</b>	72,686
<b>DEDUCTIONS</b>	
Extraclassroom disbursements	67,845
<b>Total Deductions</b>	<u>67,845</u>
<b>Change in Net Position</b>	4,841
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>59,331</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 64,172</u>

See notes to basic financial statements.

# FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Frankfort-Schuyler 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 utilized by the District are described below:

#### **A) Reporting Entity**

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

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

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

##### **i) Extraclassroom Activity Funds**

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found included with these financial statements. The District accounts for assets held as an agent for various student organizations in the custodial fund.

#### **B) Joint Venture**

The District is one of 10 component districts in Herkimer-Fulton-Hamilton-Otsego 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.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

**B) Joint Venture – (Continued)**

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

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §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 \$5,462,645 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$-0- of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$-0-.

The District's share of BOCES aid amounted to \$2,593,790.

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

**C) Basis of Presentation**

**1) District-Wide Statements**

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

C) **Basis of Presentation – (Continued)**

2) **Funds Statements**

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

The District reports the following major governmental funds:

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

**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 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.

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

**Capital Projects Funds:** These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities. 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 payments 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 assets 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.

The District reports the following fiduciary fund:

**Custodial Fund:** Fiduciary activities are those in which the District acts as custodian for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

D) **Measurement Focus and Basis of Accounting**

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

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

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

**E) Property Taxes**

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

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

**F) Restricted Resources**

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

**G) Interfund Transactions**

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

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

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

**G) Interfund Transactions – (Continued)**

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**H) Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

**I) Cash (and Cash Equivalents)/Investments**

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

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

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

Investments are stated at fair value.

**J) Accounts Receivable**

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

**K) Inventories and Prepaid Items**

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

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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

**K) Inventories and Prepaid Items – (Continued)**

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

The District had no inventories or prepaid items at June 30, 2025.

**L) Capital Assets**

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

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Life</u></b>
Land/site improvements	\$ 2,500	Straight-line	20
Building and improvements	2,500	Straight-line	20
Furniture and equipment	2,500	Straight-line	5 – 20

**M) Right to Use Assets**

Right to use assets are reported at actual cost or estimated historical cost. Right to use assets are amortized using the straight-line method over the estimated useful life of the asset. All right to use assets are furniture and equipment which are amortized over a 3–5 year period.

**N) Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District’s proportion of the collective net pension asset or liability and difference during the measurement period between the District’s contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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

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

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two 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 (ERS System) and net pension asset (TRS System) and difference during the measurement periods between the District’s contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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

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

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2025	June 30, 2024
District's proportionate share of the net pension asset (liability)	\$ (699,176)	\$ 1,042,580
District’s portion of the Plan’s total net pension asset (liability)	0.0040778%	0.034944%
Change in proportion since the prior measurement date	(0.0005631)%	(0.002697)%

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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

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

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

For the year ended June 30, 2025, the District recognized its proportionate share of pension expense of \$153,047 for ERS and \$573,440 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 were:

	<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>	
	<b>ERS</b>	<b>TRS</b>	<b>ERS</b>	<b>TRS</b>
Differences between expected and actual experience	\$ 173,540	\$ 1,122,668	\$ 8,186	\$ 0
Changes of assumptions	29,322	623,674	0	104,908
Net difference between projected and actual earnings on pension plan investments	54,855	0	0	1,158,396
Changes in proportion and differences between the District's contributions and proportionate share of contributions	53,171	131,648	80,164	59,303
District's contributions subsequent to the measurement date	60,276	659,275	0	0
<b>Total</b>	<b>\$ 371,164</b>	<b>\$ 2,537,265</b>	<b>\$ 88,350</b>	<b>\$ 1,322,607</b>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended March 31, 2026 for ERS and June 30, 2026 for TRS. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

	<b>ERS</b>	<b>TRS</b>
Year ended:		
2026	\$ 121,741	\$ 1,283,732
2027	173,956	(201,404)
2028	(66,852)	(222,465)
2029	(6,306)	154,926
2030	0	64,061
Thereafter	0	0

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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

**N) Deferred Outflows and Inflows of Resources – (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. The actuarial valuations used the following actuarial assumptions:

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
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%	1.95 – 5.18%
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	Systems experience	Systems experience
Inflation rate	2.9%	2.4%
Projected cost of living adjustments	1.5%	1.3%

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

For ERS, the actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 through March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each 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:

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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

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

**Actuarial Assumptions – (Continued)**

Measurement date	<u>ERS</u> March 31, 2025	<u>TRS</u> June 30, 2024
<b><u>Asset type</u></b>		
Domestic equity	3.54%	6.60%
International equity	6.57	7.40
Global equities	0	6.90
Real estate	4.95	6.30
Domestic fixed income securities	0	2.60
Global bonds	0	2.50
High-yield bonds	0	4.80
Real estate debt	0	3.90
Private debt	0	5.90
Fixed income	2.00	0
Credit	5.40	0
Private equity/alternative investments	7.25	10.00
Opportunistic/ARS portfolio	5.25	0
Cash	0.25	0.50
Real assets	5.55	0

**Discount Rate**

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

**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:

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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

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

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

	<b><u>1% Decrease (4.9%)</u></b>	<b><u>Current Assumption (5.9%)</u></b>	<b><u>1% Increase (6.9%)</u></b>
<b><u>ERS</u></b>			
District's proportionate share of the net pension asset (liability)	\$ (2,023,502)	\$ (699,176)	\$ 406,638
	<b><u>1% Decrease (5.95%)</u></b>	<b><u>Current Assumption (6.95%)</u></b>	<b><u>1% Increase (7.95%)</u></b>
<b><u>TRS</u></b>			
District's proportionate share of the net pension asset (liability)	\$ (4,815,739)	\$ 1,042,580	\$ 5,969,584

**Pension Plan Fiduciary Net Position**

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

	<b>(Dollars in thousands)</b>		
	<b><u>ERS</u></b>	<b><u>TRS</u></b>	<b><u>Total</u></b>
Measurement date	March 31, 2025	June 30, 2024	
Employers' total pension asset (liability)	\$ (247,600,239)	\$ (142,837,826)	\$ (390,438,065)
Plan fiduciary net position asset (liability)	230,454,512	145,821,435	376,275,947
Employers' net pension asset (liability)	(17,145,727)	2,983,609	(14,162,118)
 Ratio of plan fiduciary net position to the employers' total pension asset (liability)	 93.08%	 102.1%	 96.37%

**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 \$60,276.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November, 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amount to \$766,910.

Additional pension information can be found in Note 9.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

**O) Unearned Revenue**

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized. The District had \$669,780 in unearned revenue as of June 30, 2025.

**P) Vested Employee Benefits**

**Compensated Absences**

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

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

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

Consistent with GASB Statement 101, *Accounting for Compensated Absences*, the liability has been calculated using the more likely than not to be used as leave or settled at separation method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

**Q) Other Benefits**

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

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

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

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

**R) Short-Term Debt**

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

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

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

**S) Accrued Liabilities and Long-Term Obligations**

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

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

**T) Equity Classifications**

**District-Wide Statements**

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

**i) Net Investment in Capital Assets**

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

**T) Equity Classifications – (Continued)**

**District-Wide Statements – (Continued)**

**ii) Restricted Net Position**

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

**iii) Unrestricted Net Position**

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

**Funds Statements**

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

**1. Nonspendable**

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

**2. Restricted**

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The District has established the following restricted fund balances:

**Currently Utilized by the District:**

**Debt Service**

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

**Employee Benefit Accrued Liability**

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

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

**T) Equity Classifications – (Continued)**

**Funds Statements – (Continued)**

**2. Restricted – (Continued)**

**Currently Utilized by the District: – (Continued)**

**Retirement Contributions**

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

**Unemployment Insurance**

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

**Tax Certiorari**

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

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

**T) Equity Classifications – (Continued)**

**Funds Statements – (Continued)**

**2. Restricted – (Continued)**

**Currently Utilized by the District: – (Continued)**

**Insurance**

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

**Repairs**

According to General Municipal Law §6-d, 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 under Restricted Fund Balance.

**3. Committed**

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

**4. 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.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

**T) Equity Classifications – (Continued)**

**Funds Statements – (Continued)**

**5. Unassigned**

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

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

**Order of Use of Fund Balance**

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

**U) New Accounting Standards**

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

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. This Statement amends the existing requirements related to Compensated Absences by updating the recognition and measurement guidance.

GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for the year ending 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.

**V) Future Changes in Accounting Standards**

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026. This 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 statements also addresses certain application issues.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

**V) Future Changes in Accounting Standards – (Continued)**

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending June 30, 2026. This statement’s objective is to provide separate disclosure of lease assets, intangible right-to-use assets, subscription assets and capital 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.

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

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

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

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

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

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

**i) Long-Term Revenue and Expense Differences**

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

**ii) Capital Related Differences**

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

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

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

**iii) Long-Term Debt Transaction Differences**

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

**iv) Pension Differences**

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

**v) OPEB Differences**

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

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

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

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

Appropriations are adopted at the program line item level.

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

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

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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

**Budgets – (Continued)**

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

**Encumbrances**

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

**Unreserved Undesignated General Fund Balance**

The District’s unreserved undesignated General Fund balance was in excess of the New York State Real Property Tax Law limit, which restricts it to an amount not greater than 4% of the District’s appropriation budget for the upcoming year.

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

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

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

Uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District’s name		1,790,483

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 \$5,439,273 within the governmental funds and \$64,172 in fiduciary funds.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**NOTE 5 – CAPITAL ASSETS**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 52,500	\$ 0	\$ 0	\$ 52,500
Construction in process	323,716	4,655,966	0	4,979,682
Total nondepreciable historical cost	376,216	4,655,966	0	5,032,182
Capital assets that are depreciated:				
Buildings	19,625,387	0	7,539	19,617,848
Furniture and equipment	3,004,288	358,302	127,940	3,234,650
Total depreciable historical cost	22,629,675	358,302	135,479	22,852,498
Less accumulated depreciation:				
Buildings, furniture and equipment	10,685,444	425,250	108,094	11,002,600
Total accumulated depreciation	10,685,444	425,250	108,094	11,002,600
Net depreciable historical cost	11,944,231	(66,948)	27,385	11,849,898
Right to use assets that are amortized:				
Furniture and equipment	1,418,783	142,676	0	1,561,459
Less accumulated amortization:				
Furniture and equipment	1,234,234	194,653	0	1,428,887
Net amortizable historical cost	184,549	(51,977)	0	132,572
<b>GRAND TOTAL</b>	<b>\$ 12,504,996</b>	<b>\$ 4,537,041</b>	<b>\$ 27,385</b>	<b>\$ 17,014,652</b>

Depreciation and amortization were allocated to the following programs as follows:

General support	\$ 146,202
Instruction	405,407
Pupil transportation	64,409
School lunch program	3,885
<b>TOTAL</b>	<b>\$ 619,903</b>

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**NOTE 6 – SHORT-TERM DEBT**

Interest on short-term debt for the year was \$27,271.

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BANS Payable	08/29/25	4.00%	\$3,000,000	\$ 4,000,000	\$ 3,000,000	\$4,000,000

**NOTE 7 – LONG-TERM DEBT**

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

Interest on long-term debt for the year was	\$ 206,446
Less interest accrued in the prior year	<u>(3,120)</u>
<b>Total interest expense</b>	<b><u>\$ 203,326</u></b>

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and notes payable:					
Serial bonds	\$ 140,000	\$ 0	\$ 140,000	\$ 0	\$ 0
Serial bonds	4,020,000	0	385,000	3,635,000	405,000
Total bonds and notes payable	<u>4,160,000</u>	<u>0</u>	<u>525,000</u>	<u>3,635,000</u>	<u>405,000</u>
Other liabilities:					
Other post-employment benefits	41,659,371	0	139,243	41,520,128	0
Leases payable	33,985	0	33,985	0	0
Compensated absences, net	792,808	0	86,739	706,069	34,369
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>\$ 46,646,164</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 784,967</u></b>	<b><u>\$ 45,861,197</u></b>	<b><u>\$ 439,369</u></b>

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

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**NOTE 7 – LONG-TERM DEBT – (CONTINUED)**

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

<u>Description of Issue</u>	<u>Serial Bond</u>
Issue date	6/15/2018
Final maturity	6/12/2033
Interest rate	2.00-3.00%
Outstanding at year end	\$ 3,635,000

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2026	\$ 405,000	\$ 181,750	\$ 586,750
2027	430,000	161,500	591,500
2028	450,000	140,000	590,000
2029	470,000	117,500	587,500
2030	500,000	94,000	594,000
2031 - 2033	1,380,000	127,000	1,507,000
<b>TOTALS</b>	<b>\$ 3,635,000</b>	<b>\$ 821,750</b>	<b>\$ 4,456,750</b>

**NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS**

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 0	\$ 1,351	\$ 0	\$ 2,044,202
Special Aid Fund	0	0	44,202	0
Debt Service Fund	1,351	0	0	0
Capital Projects Fund	0	0	2,000,000	0
Total Governmental Activities	1,351	1,351	2,044,202	2,044,202
Custodial Fund	0	0	0	0
<b>TOTALS</b>	<b>\$ 1,351</b>	<b>\$ 1,351</b>	<b>\$ 2,044,202</b>	<b>\$ 2,044,202</b>

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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**NOTE 9 – PENSION PLANS**

**General Information**

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

**Plan Descriptions and Benefits Provided:**

**Teachers' Retirement System (TRS)**

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

**Employees' Retirement System (ERS)**

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

**NOTE 9 – PENSION PLANS – (CONTINUED)**

**Plan Descriptions and Benefits Provided: - (Continued)**

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

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2024-2025	\$ 659,275	\$ 199,427
2023-2024	605,315	157,570
2022-2023	736,315	118,335

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

Additional pension information can be found in Note 1 N.

**NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS**

**General Information About the OPEB Plan:**

**Plan Description**

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

**Funding Policy**

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

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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**NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

**Benefits Provided**

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

**Employees Covered by Benefit Terms**

At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	104
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>121</u>
Total	<u><u>225</u></u>

**Net OPEB Liability:**

The District's total OPEB liability of \$41,520,128 was measured as of July 1, 2024 and was determined by an actuarial valuation as of July 1, 2024.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.6%
Salary Increases	3.0%
Discount Rate	3.93%
Healthcare Cost Trend Rates	6.5% for 2024, decreasing to an ultimate rate of 4.04% for 2093.

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

Mortality rates were based on the Pub-2010 Mortality Table on a generational basis with scale MP-2021.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

**Changes in the Total OPEB Liability:**

Balance at June 30, 2024	\$ 41,659,371
Changes for the year:	
Service cost	1,446,920
Interest	1,552,239
Changes in benefit terms	0
Differences between expected and actual experience	(418,744)
Changes in assumptions or other inputs	(1,561,237)
Benefit payments	<u>(1,158,421)</u>
Net changes	<u>(139,243)</u>
Balance at June 30, 2025	\$ <u>41,520,128</u>

The following changes have been made since the previous Measurement Date:

**Changes to Assumptions and Other Inputs**

- Changed the discount rate from 3.65% to 3.93%. The discount rates are inputs taken from the rate for a 20-year high-quality tax-exempt municipal bond index as of each measurement date.

**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%) or 1 percentage point higher (4.93%) than the current discount rate:

	<b><u>1% Decrease</u></b>	<b><u>Discount Rate</u></b>	<b><u>1% Increase</u></b>
Total OPEB Liability	\$ 48,380,459	\$ 41,520,128	\$ 35,993,578

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

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.5% decreasing to 3.04%) or 1 percentage point higher (7.5% decreasing to 5.04%) than the current healthcare cost trend rate:

	<b><u>1% Decrease</u></b> <b><u>(5.5%</u></b> <b><u>Decreasing</u></b> <b><u>to 3.04%)</u></b>	<b><u>Healthcare</u></b> <b><u>Cost Trend Rates</u></b> <b><u>(6.5%</u></b> <b><u>Decreasing</u></b> <b><u>to 4.04%)</u></b>	<b><u>1% Increase</u></b> <b><u>(7.5%</u></b> <b><u>Decreasing</u></b> <b><u>to 5.04%)</u></b>
Total OPEB Liability	\$ 35,457,887	\$ 41,520,128	\$ 49,254,462

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$1,742,565. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 0	\$ 1,136,550
Changes of assumptions or other inputs	1,087,545	3,457,266
Employer contributions subsequent to the measurement date	<u>1,349,851</u>	<u>0</u>
<b>Total</b>	<b><u>\$ 2,437,396</u></b>	<b><u>\$ 4,593,816</u></b>

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

<b><u>Fiscal Year Ending June 30:</u></b>	
2026	\$ 957,919
2027	(1,084,414)
2028	(1,142,052)
2029	(602,493)
2030	(285,380)
Thereafter	<u>0</u>
<b>Total</b>	<b><u>\$ (2,156,420)</u></b>

**NOTE 11 – RISK MANAGEMENT**

**General Information**

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.

**NOTE 12 – 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.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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**NOTE 13 – CONTINGENCIES AND COMMITMENTS**

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.

**NOTE 14 – TAX ABATEMENTS**

The County of Herkimer enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced by \$1,872,112. The District received Payment in Lieu of Tax (PILOT) payment totaling \$734,347.

**NOTE 15 – SUBSEQUENT EVENTS**

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

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Revenues</u>	<u>Final Budget Variance with Budgetary Actual Over (Under)</u>
<b>REVENUES:</b>				
<b>Local Sources</b>				
Real property taxes	\$ 8,892,107	\$ 7,771,114	\$ 7,767,948	\$ (3,166)
Real property tax items	655,705	1,776,698	1,890,311	113,613
Charges for services	190,000	190,000	381,483	191,483
Use of money and property	50,000	50,000	638,574	588,574
Sale of property and compensation for loss	0	0	6,341	6,341
Miscellaneous	98,397	98,397	458,442	360,045
Interfund revenues	60,000	60,000	0	(60,000)
<b>Total Local Sources</b>	9,946,209	9,946,209	11,143,099	1,196,890
<b>State Sources</b>	12,401,410	12,401,410	12,974,101	572,691
<b>Federal Sources</b>	60,000	60,000	57,088	(2,912)
<b>Total Revenues</b>	22,407,619	22,407,619	24,174,288	1,766,669
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	542,000	542,000	0	(542,000)
<b>Total Revenues and Other Financing Sources</b>	22,949,619	22,949,619	24,174,288	\$ 1,224,669

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

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under</u>
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of Education	39,500	27,750	24,703	\$ 500	\$ 2,547
Central administration	217,000	237,341	225,142	5,699	6,500
Finance	406,438	452,329	368,381	42,055	41,893
Staff	175,800	205,922	175,116	9,899	20,907
Central services	1,907,925	2,421,017	1,994,986	210,138	215,893
Special items	1,654,950	1,551,987	1,495,337	0	56,650
<b>Instructional</b>					
Instruction, administration and improvements	587,350	762,562	675,327	67,734	19,501
Teaching – regular school	4,836,900	6,182,203	5,479,705	605,235	97,263
Programs for children with handicapping conditions	3,626,770	3,031,146	2,728,549	111,094	191,503
Occupational education	661,000	660,645	660,645	0	0
Teaching - special school	61,000	41,613	27,771	0	13,842
Instructional media	596,500	983,664	447,686	444,634	91,344
Pupil services	875,260	1,125,622	757,969	277,622	90,031
<b>Pupil Transportation</b>	1,727,500	1,948,059	1,871,294	57,675	19,090
<b>Employee Benefits</b>	5,851,526	5,032,250	4,980,412	5,625	46,213
<b>Debt Service</b>	810,200	808,200	792,702	0	15,498
<b>Total Expenditures</b>	<u>24,035,619</u>	<u>25,472,310</u>	<u>22,705,725</u>	<u>1,837,910</u>	<u>928,675</u>
<b>Other Financing Uses</b>					
Transfers to other funds	<u>2,014,000</u>	<u>2,044,202</u>	<u>2,044,202</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures and Other Uses</b>	<u>26,049,619</u>	<u>27,516,512</u>	<u>24,749,927</u>	<u>\$ 1,837,910</u>	<u>\$ 928,675</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,100,000)	(4,566,893)	(575,639)		
<b>FUND BALANCE – BEGINNING</b>	<u>10,162,829</u>	<u>10,162,829</u>	<u>10,162,829</u>		
<b>FUND BALANCE – ENDING</b>	<u>\$ 7,062,829</u>	<u>\$ 5,595,936</u>	<u>\$ 9,587,190</u>		

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

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**FOR THE YEARS ENDED JUNE 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019 AND 2018**

<b>Measurement Date</b>	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
<b>Total OPEB Liability</b>								
Service cost	\$ 1,446,920	\$ 1,589,300	\$ 1,432,846	\$ 1,451,226	\$ 1,096,448	\$ 1,115,061	\$ 1,072,285	\$ 1,422,709
Interest	1,552,239	1,468,531	945,768	936,614	1,223,679	1,264,692	1,278,152	1,117,674
Change of benefit terms	0	0	0	0	0	0	(3,610,997)	0
Differences between expected and actual experience	(418,744)	0	(989,761)	0	(2,431,977)	0	166,470	0
Change of assumptions or other inputs	(1,561,237)	(766,661)	(3,191,837)	501,008	8,181,483	853,874	(902,504)	(5,067,764)
Benefit payments	(1,158,421)	(1,052,861)	(1,075,710)	(1,037,127)	(974,803)	(889,457)	(852,644)	(816,568)
<b>Net change in total OPEB liability</b>	(139,243)	1,238,309	(2,878,694)	1,851,721	7,094,830	2,344,170	(2,849,238)	(3,343,949)
<b>Total OPEB Liability - beginning</b>	41,659,371	40,421,062	43,299,756	41,448,035	34,353,205	32,009,035	34,858,273	38,202,222
<b>Total OPEB Liability - ending</b>	<u>\$ 41,520,128</u>	<u>\$ 41,659,371</u>	<u>\$ 40,421,062</u>	<u>\$ 43,299,756</u>	<u>\$ 41,448,035</u>	<u>\$ 34,353,205</u>	<u>\$ 32,009,035</u>	<u>\$ 34,858,273</u>
<b>Covered-employee payroll</b>	\$ 8,033,891	\$ 8,359,150	\$ 8,095,331	\$ 7,179,550	\$ 7,752,815	\$ 7,190,093	\$ 6,604,000	\$ 6,303,035
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	516.81%	498.37%	499.31%	603.10%	534.62%	477.79%	484.69%	553.04%
<b>Plan's fiduciary net position</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Net OPEB Liability</b>	\$ 41,520,128	\$ 41,659,371	\$ 40,421,062	\$ 43,299,756	\$ 41,448,035	\$ 34,353,205	\$ 32,009,035	\$ 34,858,273

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

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**FOR THE YEARS ENDED JUNE 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017 AND 2016**

**NYS Employees' Retirement System**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	0.0040778%	0.0046409%	0.0041708%	0.0035410%	0.0029563%	0.0031495%	0.0029687%	0.0030541%	0.0033011%	0.0032484%
District's proportionate share of the net pension liability (asset)	\$ 699,176	\$ 683,323	\$ 894,390	\$ (289,460)	\$ 2,944	\$ 834,007	\$ 210,342	\$ 98,569	\$ 310,181	\$ 521,375
District's covered-employee payroll	1,353,025	1,360,839	1,317,911	928,445	928,465	892,111	902,766	876,539	841,121	843,266
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.7%	50.2%	67.9%	31.2%	0.3%	93.5%	23.3%	11.2%	36.9%	61.8%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.08%	93.88%	90.78%	103.65%	99.95%	86.4%	96.3%	98.2%	94.7%	90.7%

**NYS Teachers' Retirement System**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	0.034944%	0.037641%	0.038285%	0.036710%	0.036945%	0.036615%	0.037382%	0.036851%	0.037144%	0.037362%
District's proportionate share of the net pension liability (asset)	\$ (1,042,580)	\$ 430,457	\$ 734,644	\$ (6,361,413)	\$ 1,020,897	\$ (951,253)	\$ (675,963)	\$ (280,101)	\$ 397,828	\$ (3,880,709)
District's covered-employee payroll	6,524,216	6,768,271	7,132,783	7,028,091	6,338,099	6,355,767	6,398,476	6,238,207	6,001,656	5,875,226
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.0%	6.4%	10.3%	90.5%	16.1%	15.0%	10.6%	4.5%	6.6%	66.1%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.70%	99.00%	110.50%

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

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS**

**FOR THE YEARS ENDED JUNE 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017 AND 2016**

**NYS Employees' Retirement System**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 199,427	\$ 157,570	\$ 118,335	\$ 154,112	\$ 128,601	\$ 119,561	\$ 129,937	\$ 124,406	\$ 121,871	\$ 168,848
Contributions in relation to the contractually required contribution	<u>199,427</u>	<u>157,570</u>	<u>118,335</u>	<u>154,112</u>	<u>128,601</u>	<u>119,561</u>	<u>129,937</u>	<u>124,406</u>	<u>121,871</u>	<u>168,848</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 1,353,025	\$ 1,360,839	\$ 1,317,911	\$ 928,445	\$ 928,465	\$ 892,111	\$ 902,766	\$ 876,539	\$ 841,121	\$ 843,266
Contribution as a percentage of covered-employee payroll	14.74%	11.58%	8.98%	16.60%	13.85%	13.40%	14.39%	14.19%	14.49%	20.02%

**NYS Teachers' Retirement System**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 659,598	\$ 660,583	\$ 733,963	\$ 688,753	\$ 604,021	\$ 563,121	\$ 679,518	\$ 611,344	\$ 703,394	\$ 795,963
Contributions in relation to the contractually required contribution	<u>659,598</u>	<u>660,583</u>	<u>733,963</u>	<u>688,753</u>	<u>604,021</u>	<u>563,121</u>	<u>679,518</u>	<u>611,344</u>	<u>703,394</u>	<u>795,963</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 6,524,216	\$ 6,768,271	\$ 7,132,783	\$ 7,028,091	\$ 6,338,099	\$ 6,355,767	\$ 6,398,476	\$ 6,238,207	\$ 6,001,656	\$ 5,875,226
Contribution as a percentage of covered-employee payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.55%

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

FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED JUNE 30, 2025

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CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

<b>ADOPTED BUDGET</b>	\$ 26,049,619
<b>ADDITIONS:</b>	
Prior year's encumbrances	<u>1,466,893</u>
<b>FINAL BUDGET</b>	<u><u>\$ 27,516,512</u></u>

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SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2025

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2025-2026 voter-approved expenditure budget	\$ 25,333,468
Maximum allowed (4% of 2025-2026 budget)	1,013,339
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	2,937,910
Unassigned fund balance	<u>1,210,007</u>
Total unrestricted fund balance	4,147,917
Less:	
Appropriated fund balance	1,100,000
Encumbrances included in assigned fund balance	<u>1,837,910</u>
Total Adjustments	<u>2,937,910</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,210,007</u></u>
Actual percentage	4.8%

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

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES**

**FOR THE YEAR ENDED JUNE 30, 2025**

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>				<u>Fund Balances</u>
			<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>		<u>Local Sources</u>	<u>State Aid</u>	<u>Proceeds of Obligations</u>	<u>Total</u>	
District-wide renovations	\$ 19,900,000	\$ 19,900,000	\$ 881,135	\$ 4,655,966	\$ 5,537,101	\$ 14,362,899	\$ 6,001,440	\$ 0	\$ 0	\$ 6,001,440	\$ 464,339
Totals	\$ 19,900,000	\$ 19,900,000	\$ 881,135	\$ 4,655,966	\$ 5,537,101	\$ 14,362,899	\$ 6,001,440	\$ 0	\$ 0	\$ 6,001,440	\$ 464,339

See paragraph on supplementary schedules included in independent auditors' report

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

**NET INVESTMENT IN CAPITAL ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2025**

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<b>CAPITAL ASSETS, NET</b>		\$ 17,014,652
<b>DEDUCT:</b>		
Bond anticipation note payable	4,000,000	
Short-term portion of bonds payable	405,000	
Long-term portion of bonds payable	<u>3,230,000</u>	
		<u>7,635,000</u>
<b>NET INVESTMENT IN CAPITAL ASSETS</b>		<u><u>\$ 9,379,652</u></u>

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



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

To the President and the Other Members  
of the Board of Education of the  
Frankfort-Schuyler Central School District  
Frankfort, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Frankfort-Schuyler 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 District's basic financial statements, and have issued our report thereon dated October 28, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Frankfort-Schuyler 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 Frankfort-Schuyler Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Frankfort-Schuyler 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 Frankfort-Schuyler 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.

*WEST & COMPANY CPA PC*

Gloversville, New York  
October 28, 2025

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**  
**AUDITED FINANCIAL STATEMENTS**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**JUNE 30, 2025**



## **INDEPENDENT AUDITORS' REPORT**

To the President and the Other Members  
of the Board of Education of the  
Frankfort-Schuyler Central School District  
Frankfort, New York

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Frankfort-Schuyler Central School District (the District) as of June 30, 2025, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

#### ***Qualified Opinion***

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the District as of June 30, 2025, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

#### ***Basis for Qualified Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Basis of Accounting***

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

*WEST & COMPANY CPAs PC*

Gloversville, New York  
October 28, 2025

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS**

**JUNE 30, 2025**

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<b>ASSETS</b>	
Cash	\$      64,172
<b>TOTAL ASSETS</b>	<u><u>\$      64,172</u></u>
<b>LIABILITIES AND CLUB BALANCES</b>	
Club balances	\$      64,172
<b>TOTAL LIABILITIES AND CLUB BALANCES</b>	<u><u>\$      64,172</u></u>

See notes to financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID**

**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Balance July 1, 2024</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance June 30, 2025</b>
Band	\$ 3,208	\$ 0	\$ 0	\$ 3,208
Builder's Club	1,007	0	0	1,007
Cheerleaders	1,587	0	100	1,487
Chess Club	231	0	0	231
Art Club	0	200	11	189
Chorus	43	0	0	43
Class of 2024	133	814	947	0
Class of 2025	8,101	27,565	34,507	1,159
Class of 2026	11,221	15,646	11,390	15,477
Class of 2027	4,638	1,191	190	5,639
Class of 2028	1,295	6,030	2,665	4,660
Class of 2029	1,431	2,580	608	3,403
Class of 2030	0	444	53	391
Computer Science Club	51	0	0	51
Alliance Club	26	0	0	26
Drama Club	1,089	5,115	4,581	1,623
HS FBLA	861	208	448	621
MS FBLA	255	0	0	255
Friends of F-S Club	1,174	3,311	3,311	1,174
International Club	0	1,557	1,589	(32)
Jr. Honor Society	19	0	0	19
Key Club	414	0	187	227
National Honor Society	4,463	0	0	4,463
Sales Tax	9,207	1,776	0	10,983
Senior Yearbook	4,544	3,808	4,179	4,173
Middle School Yearbook	12	0	12	0
Student Council	4,321	2,441	3,067	3,695
<b>TOTALS</b>	<b>\$ 59,331</b>	<b>\$ 72,686</b>	<b>\$ 67,845</b>	<b>\$ 64,172</b>

See notes to financial statements.

**FRANKFORT-SCHUYLER CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Extraclassroom Activity Funds of the Frankfort-Schuyler Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. However, since the Board of Education does exercise general oversight, these funds and their corresponding cash accounts are reflected in the custodial fund of the Statement of Fiduciary Net Position – Fiduciary Funds associated with the basic financial statements of the District.

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

**NOTE 2 – MANAGEMENT LETTER**

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



October 28, 2025

To the President and the Other Members  
of the Board of Education of the  
Frankfort-Schuyler Central School District  
Frankfort, New York

Re: Management Letter  
June 30, 2025

Dear Board Members:

In planning and performing our audit of the basic financial statements of the Frankfort-Schuyler Central School District for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and improving operating efficiency. The following summarizes our comments and recommendations regarding those matters. We previously reported on the District's internal control in our report dated October 28, 2025. This letter does not affect our report dated October 28, 2025 on the financial statements of Frankfort-Schuyler Central School District.

### **Prior-Year Findings**

#### **(1) Unassigned General Fund Balance**

**Prior Condition:** The District's unassigned General Fund balance at June 30, 2024, was in excess of the New York State Real Property Tax Law limit, which restricts this balance to an amount not greater than 4% of the District's appropriation budget for the upcoming year.

**Status:** This condition remains outstanding as of June 30, 2025.

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

(2) **Extraclassroom Activity Funds**

**Prior Condition:** We noted that six clubs were fiscally inactive.

**Status:** There were eight clubs that were fiscally inactive.

**Recommendation:** We recommend the board review the fiscally inactive clubs and close them if no activity is going to continue.

(3) **Disbursement testing**

**Prior Condition:** During our test of Disbursements, we noted that one disbursement was not made out to the school’s address and that another disbursement did not contain the claims auditor signature.

**Status:** Our testing in the current year found one purchase order dated after the invoice date and four disbursements made in the capital fund without a purchase order.

**Recommendation:** We recommend that the Business office review its purchasing policy and make sure all disbursements happen after a purchase order is issued.

(4) **Payroll testing**

**Prior Condition:** During our testing of payroll, we noted the Certification signature is missing.

**Status:** This condition was corrected as of June 30, 2025.

**Current-Year Findings**

(1) **Fixed Assets**

**Condition:** During our review of the fixed asset inventory, we noted that items below the threshold were capitalized and that fixed asset deletions are not sent to the board for approval.

**Recommendation:** We recommend that the business office review its fixed asset inventory procedures and make necessary correctios in order to comply the capitalization policy.

\* \* \* \* \*

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

We appreciate the courtesies, assistance and cooperation extended to us by the Business Office during our audit. Please feel free to contact us regarding our comments and recommendations, or any other matters that may come to your attention, at your convenience.

Very truly yours,

*WEST & COMPANY CPAs PC*

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