

CLARENCE CENTRAL SCHOOL DISTRICT

REQUEST FOR PROPOSALS

FOR

EXTERNAL AUDITING SERVICES



**CLARENCE CENTRAL SCHOOL DISTRICT
BUSINESS OFFICE
9625 MAIN STREET
CLARENCE, NEW YORK 14031**

**CLARENCE CENTRAL SCHOOL DISTRICT
REQUEST FOR PROPOSALS**

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CLARENCE CENTRAL SCHOOL DISTRICT

REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The Clarence Central School District (District) is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2026 (with the option of 4 one-year extensions). The audit is to be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, generally accepted government auditing standards set forth for financial audits in the General Accountability Office's (GAO) Government Auditing Standards (2024) and the provisions of the Amended Single Audit Act (1996) and the new 2024 Uniform Guidance as well as the following additional requirements:

There is no expressed or implied obligation for the District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Any inquiries concerning the request for proposals should be addressed to Dr. Patricia Grupka, Assistant Superintendent for Finance and Operations.

The proposal must be received by the Purchasing Agent at the Clarence Central School District Office, 9625 Main Street, Clarence, New York 14031 by 4:00 p.m. on May 29, 2026. The District reserves the right to reject any or all proposals submitted.

During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information or clarifications from proposals, or to allow corrections of errors or omissions. At the discretion of the District, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The District reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

It is anticipated the selection of a firm will be completed by June 3, 2026. Following notification of the selected firm it is expected a contract will be executed between both parties by June 10, 2026.

- B. Term of Engagement: One-year with the option of four one-year extensions.
- C. Subcontracting: No subcontracting will be allowed.

II. NATURE OF SERVICES REQUIRED

A. General

The District is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2026 (with the option of four one-year extensions). The audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

The District desires the auditor to express an opinion on the preparation and fair presentation of its financial statements in accordance with U.S. generally accepted accounting principles and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In addition, the auditor is to express an opinion on the preparation and fair presentation of the District's Extraclassroom activity funds in conformity with another comprehensive basis of accounting (cash basis).

The selected firm will also be required to issue a report on the supplemental schedule of federal expenditure awards as required by the 2024 Uniform Guidance.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with:

Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, generally accepted government auditing standards set forth in the U.S. General Accountability Office's Government Auditing Standards (2024 Revision), the provisions of the Amended Single Audit Act (1996) and the provisions of the 2024 Uniform Guidance.

D. Reports to be Issued

Following completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. Independent Auditor's Report on Basic Financial Statements with Accompanying Required Supplementary Information and Supplementary Information
2. Management's Discussion and Analysis (Advisory Only)
3. Statement of Net Position
4. Statement of Activities
5. Balance Sheet – Governmental Funds
6. A Reconciliation of Fund Balances to Net Position at bottom of Balance Sheet – Governmental funds or a separate Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position
7. Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
8. Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
9. Statement of Fiduciary Net Position – Fiduciary Funds and Statement of Changes in Fiduciary Net Position – Fiduciary Funds (if applicable)
10. Notes to the Financial Statements
11. Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund
12. Schedule of Change From Adopted Budget to Revised Budget – Calculation of Unrestricted Fund Balance Limit - General Fund
13. Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability and Related Ratios and Notes
14. Schedule of the District's Proportionate Share of the Net Pension Asset New York State Teachers' Retirement System

15. Schedule of the District Contributions New York State Teachers' Retirement System
16. Schedule of the District's Proportionate Share of the Net Pension Liability New York State and Local Employees' Retirement System
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18. Schedule of Project Expenditures – Capital Project fund (if applicable)
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21. Schedule of Investment in Capital Assets, Net of Related Debt
22. Schedule of Expenditures of Federal Awards and Notes to Schedule of Federal Awards
23. 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
24. Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance required by OMB Circular A-133
25. Schedule of Findings and Questioned Costs and Summary schedule of prior audit findings

In the required report(s) on internal controls, the auditor shall communicate any significant deficiencies or material weaknesses.

Other conditions discovered by the auditors shall be verbally reported to the District's Business Administrator.

Irregularities and Illegal Acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of which they become aware to the Audit Committee of the Board of Education.

Reporting to the Board of Education. Auditors shall assure themselves that the District's Board is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards.
2. Significant audit findings and accounting policies.
3. Management judgments and accounting estimates.
4. Significant footnote disclosures.
5. Significant audit adjustments.
6. Other information in documents containing audited financial statements.
7. Disagreements with management.
8. Management representations.
9. Management consultation with other independent accountants.
10. Major issues discussed with management prior to retention.
11. Difficulties encountered in performing the audit.

E. Special Considerations

1. The District has determined that the United States Department of Education/United States Department of Agriculture will function as the cognizant federal agency in accordance with the provisions of the Amended Single Audit Act and the 2024 Uniform Guidance.
2. The schedule of expenditures of federal awards and related auditor's report, as well as the reports on the internal controls and compliance are not to be included with the basic financial statements.
3. A list of findings and other weaknesses from the District's most recent financial statement audit are available upon request.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the District of the need to extend the retention period. The auditor is required to make working papers available, upon request, to the District.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE DISTRICT

A. Name and Telephone Number of Contact Persons

The auditor's principal contact with the District will be Dr. Patricia Grupka, Assistant Superintendent for Finance and Operations, and Matthew Mietlowski, District Treasurer at 716-407-9010.

B. Background Information

The Clarence Central School District is 55 square miles and provides quality educational services to over 4,000 students in grades Pre-Kindergarten through Grade 12, in 6 buildings. The District operates and maintains its own transportation and maintenance programs and contracts with a private vendor for food service. The District's fiscal year begins on July 1 and ends on June 30.

The District has three bargaining units. One type covers instructional personnel (approx. 400), administrators (approx. 20), and support personnel (approx. 330). The contract for Superintendent of Schools is negotiated separately. Total annual payroll is approximately \$50,000,000.

The District has a total budget of approximately \$99,000,000 and has a seven (7) member Board of Education.

The accounting and financial reporting functions of the District are centralized. The District's accounting and financial reporting functions are computerized and fully integrated. The District's secondary level (high school and middle school) have recognized Extraclassroom activities.

C. Fund Structure

The District uses the following fund types in its financial reporting:

- General Fund (legally adopted annual budget)
- Capital Fund (District has a funded capital reserve)
- Special Aid Fund
- Food Service Fund
- Miscellaneous Special Revenue Fund
- Fiduciary Fund

D. Budgetary Basis of Accounting

The District prepares its budget on a basis consistent with a modified accrual basis of accounting. Appropriations lapse at fiscal year end and encumbrances are shown as a reservation of fund balance and are honored through subsequent year's expenditures.

E. Federal Awards

The District receives and administers federal awards as follows:

<u>U.S. Department of Education</u>	<u>CFDA Number</u>
Title I, A&D Improve Academic Achievement	84010A
Title II,A-Teacher/Prin Trng/Rec	84367A
Title IV,A – Student Support/Acad Enrich	84424A
IDEA-Part B, Section 611	84027A
IDEA-Part B, Section 619	84173A

U.S. Department of Agriculture

- National School Lunch
- National School Breakfast
- Surplus Food Distribution

F. Pension and Other Plans

The District participates in the NYS Local Employees' Retirement System and NYS Teachers' Retirement System, both of which are cost sharing multiple-employer, public employee retirement systems. In addition, the District administers IRS Section 403(b) and 457(b) plans for its employees.

G. Component Units and Joint Venture

The District is defined, for financial reporting purposes, in conformity with the Government Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 (with the source being GASB Statements 14, 34 and 39 and 61). Using these criteria, there are no component units included in the District's financial statements.

H. Magnitude of Finance Operations

All financial accounting and reporting is handled through the business office.

Approximate number of purchase orders generated in a year: 2,700

Approximate number of non-payroll checks issued in a year: 3,200

Number of paychecks distributed in a bi-weekly pay period: 70

Number of Direct Deposit stubs distributed in a bi-weekly pay period: 800

I. Computer Software: FINANCE MANAGER through Erie #1 BOCES and MOSIAC point of sale food service program.

J. Last year's audit report is enclosed for reference.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposals issued: April 30, 2026

Due date for proposals: May 29, 2026

B. Notification and Contract Dates

Selected firm notified: No Later Than June 3, 2026

Contract date: Approximately June 10, 2026

C. Date Final Report is Due

The report on the financial statements of the District, Single Audit and Related Reports, and Extraclassroom Activity Fund Reports are due October 15.

The final report and ten (10) signed copies should be delivered to the Business Administrator at the Business Office.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Business Office and Clerical Assistance

The business office staff and responsible supervisory/management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the auditor.

B. Electronic Data Processing (EDP) Assistance

Business office staff will be available to assist the auditor in performing the engagement and will provide financial analyses for analytical purposes and prepare detailed supporting schedules for individually significant account balances. In addition, business office staff may assist in the preparation of spreadsheets and schedules at the auditor's request.

C. Work Area, Telephones and Photocopying and Scanners

The District will provide the auditor with a reasonable workspace, desks and chairs. The auditor will also be provided with access to a telephone line, photocopying facilities and scanners subject to minimal use and availability.

D. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the Request for Proposals and the subject of the Requests for Proposals must be made to:

Dr. Patricia Grupka, Assistant Superintendent for Finance
and Operations
Clarence Central School District
9625 Main Street
Clarence, New York 14031
(716) 407-9010

2. Submission of Proposals

a. A master copy (so marked) of a Technical Proposal and TWO copies to include the following:

i. Title Page

Title Page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the responder's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI B of this Request for Proposals.

- b. The proposal shall submit an original and TWO copies of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID PROPOSAL
FOR
SCHOOL DISTRICT
FOR
EXTERNAL AUDITING SERVICES

- c. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

Purchasing Agent
Clarence Central School District
9625 Main Street
Clarence, New York 14031

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the District in conformity with the requirements of this Request for Proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the Request for Proposals requirement.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the Request for Proposals (excluding any cost information which should only be included in the sealed dollar cost bid). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the Request for Proposals. While additional data may be presented, the following subjects, items Nos. 2 through 9, must be included. They represent the criteria against which the proposal will be evaluated.

2.Independence

The firm should provide an affirmative statement that it is independent as defined by generally accepted auditing standards/the U.S. General Accountability Office's Government Auditing Standards (2024 Revision).

3.Prior single Audit Experience

The firm should include prior or current engagements pursuant to the Amended Single Audit Act and the 2024 Uniform Guidance.

4.Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk review or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with the state regulatory bodies or professional organizations.

5.Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in New York State. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the District. However, in either case, the District retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this Request for Proposals can only be changed with the express prior written permission of the District, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the Proposer provided that replacements have substantially the same or better qualifications or experience.

6. Similar Engagements with Other School Districts

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum-5) performed in the last five years that are similar to the engagement described in the Request for Proposals.

Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for Proposals. In developing the work plan, reference should be made to such sources of information as the District's budget and related materials, organizational chart, programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement.
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

- c. Sample size and type and extent of testing.
- d. Approach to be taken to gain and document an understanding of the District's internal control structure.
- e. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- f. Approach to be taken in drawing audit samples for purposes of tests of compliance.

8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the District.

9. Report Format

The proposal should include sample formats for required reports.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this Request for Proposals. The total-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The District will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

- a. Name of firm
 - b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the District.
 - c. A total All-Inclusive Maximum Price for the June 30, 2026 engagement.
2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each.
 3. Rates for Additional Professional Services
 4. Manner of Payment
Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

VII. FINAL SELECTION

- A. Board of Education will approve a firm based upon the recommendation of the Superintendent, the Business Administrator, and the Audit Committee.

- B. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

The District reserves the right without prejudice to reject any or all proposals.

APPENDIX A

PROPOSER GUARANTEES

- I. The Proposer certifies it can and will provide and make available, as a minimum, all services set forth in Nature of Services Required.
- II. The Proposer has read Appendix and Contractual Requirements, and agrees that the rights and prerogatives as detailed are retained by the Clarence Central School District.
- III. The Proposer agrees to be bound by the contractual requirements delineated in Appendix.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX B

PROPOSER WARRANTIES

- I. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- II. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the Clarence Central School District.
- III. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX C

SCHEDULE OF AUDIT QUOTATIONS

AS PROPOSED

Audit of the basic financial statements, and
All other services not separately listed below.

Single Audit

Audit of Extraclassroom Activity Fund

TOTAL ALL-INCLUSIVE MAXIMUM PRICE

\$ _____

APPENDIX D

**SCHEDULE OF FEES FOR ADDITIONAL SERVICES AND AUDITS
IF REQUESTED BY THE DISTRICT**

	<u>HOURLY RATE</u>
PARTNERS	_____
MANAGERS	_____
SUPERVISORY STAFF	_____
STAFF	_____
OTHER (SPECIFY)	_____

CLARENCE CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2025

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June 30, 2025

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Schedule of District Contributions – New York State Teachers' Retirement System

Schedule of the District's Proportionate Share of the Net Pension Position – New York State and Local Employees' Retirement System and Related Notes

Schedule of District Contributions – New York State and Local Employees' Retirement System

Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability and Related Ratios and Notes

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Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Schedule of Findings and Questioned Costs

INDEPENDENT AUDITORS' REPORT

The Board of Education
Clarence Central School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of Clarence 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District as of June 30, 2025, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 GAAP, 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 one year 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 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

GAAP requires that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the 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 (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the 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 accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the 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 6, 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, 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.

A handwritten signature in blue ink that reads "Lumsden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 6, 2025

Management's Discussion and Analysis (unaudited)

June 30, 2025

Introduction

Management's Discussion and Analysis (MD&A) of Clarence Central School District (the District) provides an overview of the District's financial activities and performance for the year ended June 30, 2025. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to obtaining a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) reconciliations between the government-wide and governmental fund financial statements; (4) fiduciary fund financial statements; (5) notes to the financial statements; and (6) supplementary information.

In 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. This statement clarifies what is considered unused leave balances for employees. Under this statement, compensated absences are recognized as liabilities on the government-wide financial statements for leave that has not been used and leave that has been used but not yet paid or settled.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference reported as net position. The statement of activities presents information showing how the District's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for extraclassroom activity funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs.

The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles, the New York State Education Department, and the Federal government.

Condensed Statement of Net Position	2025	2024	Change	
			\$	%
Current and other assets	\$ 46,124,000	\$ 39,735,000	\$ 6,389,000	16.1%
Capital assets	105,445,000	103,183,000	2,262,000	2.2%
Total assets	151,569,000	142,918,000	8,651,000	6.1%
Deferred outflows of resources	17,250,000	19,383,000	(2,133,000)	(11.0%)
Long-term liabilities	57,571,000	60,041,000	(2,470,000)	(4.1%)
Current liabilities	12,187,000	12,986,000	(799,000)	(6.2%)
Total liabilities	69,758,000	73,027,000	(3,269,000)	(4.5%)
Deferred inflows of resources	7,954,000	4,094,000	3,860,000	94.3%
Net position				
Net investment in capital assets	61,011,000	55,156,000	5,855,000	10.6%
Restricted	22,372,000	14,365,000	8,007,000	55.7%
Unrestricted	7,724,000	15,659,000	(7,935,000)	(50.7%)
Total net position	\$ 91,107,000	\$ 85,180,000	\$ 5,927,000	7.0%

Net position amounted to \$91,107,000 and \$85,180,000 as of June 30, 2025 and 2024, respectively. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, furniture, equipment, and vehicles, less outstanding debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position also includes resources that are subject to external restrictions on how they may be used, which includes reserves set aside for specific purposes governed by law and regulations. Such restrictions include the capital reserve, which is dedicated to future renovations or equipment as approved by the District's voters; the debt service reserve, which is set aside for the repayment of bonds issued to finance capital projects; the tax certiorari reserve, which is used to pay tax judgments and claims; an employee benefit accrued liability reserve, which is used to pay future accumulated vacation and sick leave; a retirement contribution reserve, restricted to fund contributions paid by the District to the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS); insurance reserves used to pay uninsured losses, claims, actions, or judgments; and amounts restricted to pay for anticipated future repairs under the District's repair reserve. Restricted net position in 2025 also includes scholarships for students and the District's proportionate share of the TRS net pension asset of \$5,757,000.

Current and other assets increased by \$6,389,000 (increase of \$3,699,000 or 10.3% in 2024). These balances consist of cash and receivables from other governments and third parties. The changes in individual account balances generally reflect the timing of cash flows as well as results of operations. The increase is primarily due to the District's proportionate share of the TRS net pension position resulting in an asset of \$5,757,000 in 2025 compared to a liability of \$2,266,000 in 2024. Capital assets increased \$2,262,000 (increase of \$160,000 or 0.2% in 2024) due to capital asset additions and a valuation adjustment exceeding depreciation and amortization expense.

Total liabilities decreased \$3,269,000 (decrease of \$3,600,000 or 4.7% in 2024) due to a decrease in accounts payable and accrued liabilities of \$1,130,000 due to the timing of payments and the health insurance accrual, debt principal payments of \$3,390,000, offset by an increase in compensated absences of \$2,930,000 due to the implementation of GASB 101. Increases were also offset by the TRS net pension asset in 2025 instead of a liability in 2024 as previously mentioned. The District issued no new bonds in the current year.

Changes in deferred outflows and deferred inflows of resources include changes in pension and OPEB activity. Deferred outflows and deferred inflows of resources include contributions required to be paid by the District after the measurement date and also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions.

Condensed Statement of Activities	2025	2024	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 1,435,000	\$ 1,194,000	\$ 241,000	20.2%
Operating grants and contributions	4,226,000	5,209,000	(983,000)	(18.9%)
General revenues				
Real property taxes	58,460,000	56,045,000	2,415,000	4.3%
Sales tax	7,187,000	6,843,000	344,000	5.0%
State aid	26,176,000	26,360,000	(184,000)	(0.7%)
Other	3,027,000	2,578,000	449,000	17.4%
Total revenue	100,511,000	98,229,000	2,282,000	2.3%
Expenses				
Instruction	78,329,000	76,471,000	1,858,000	2.4%
Support services				
General support	10,910,000	10,432,000	478,000	4.6%
Pupil transportation	6,692,000	6,570,000	122,000	1.9%
Food service	1,545,000	1,474,000	71,000	4.8%
Interest	1,870,000	1,869,000	1,000	0.1%
Total expenses	99,346,000	96,816,000	2,530,000	2.6%
Change in net position	1,165,000	1,413,000	(248,000)	(17.6%)
Net position – beginning	85,180,000	83,767,000	1,413,000	1.7%
Cumulative effect adjustment	4,762,000	-	4,762,000	
Net position – ending	\$ 91,107,000	\$ 85,180,000	\$ 5,927,000	7.0%

District revenues increased by \$2,282,000 (decrease of \$544,000 or 0.6% in 2024). Operating grants and contributions decreased \$983,000 (decrease of \$4,143,000 or 44.3% in 2024) due to a decrease in grants provided through the Education Stabilization Fund. Real property taxes increased by \$2,415,000 (increase of \$1,655,000 or 3.0% in 2024). Other revenue includes interest earnings of \$2,170,000 (total of \$1,876,000 in 2024).

Total expenses increased by \$2,530,000 (increase of \$297,000 or 0.3% in 2024). Payroll expense increased \$2,541,000 or 5.2% (increase of \$277,000 or 0.6% in 2024) due to salary increases mandated by the District's collective bargaining agreements. The District's health benefits and workers compensation expenses increased \$2,585,000. TRS and ERS pension expense decreased \$4,132,000 as a result of actuarial assumption changes and actual experience versus projected. Expenses also increased \$1,913,000 due to the increase in compensated absences.

Financial Analysis of the District's Funds

Total fund balances for the government funds increased by \$1,359,000 to \$27,499,000 as further described below:

- Employee benefits increased \$2,340,000 or 12.7% (decrease of \$2,401,000 or 11.6% in 2024) due to an increase in workers' compensation costs.
- Total expenditures increased \$1,432,000 or 1.5% (decrease of \$7,781,000 or 7.3% in 2024) due to the previously mentioned increases in salaries and employee benefits, offset by a decrease in expenditures for the District's capital project.
- Revenue increased \$2,206,000 or 2.2% (increase of \$25,000 in 2024) due to the previously discussed increases in real property taxes and interest earnings, offset by decreases in Federal grants.

General Fund Budgetary Highlights

The original and final revenue budget for 2025 was \$93,927,000. Actual revenues amounted to \$95,351,000, which was over budget by \$1,424,000.

Actual expenditures and carryover encumbrances were less than the final amended budget by \$4,285,000. Overall, the fluctuations between budgeted and actual expenditures are due to conservative budgeting and a conscious effort to manage expenses.

Capital Assets

	2025	2024
Land and land improvements	\$ 5,664,000	\$ 5,663,000
Construction in progress	817,000	17,678,000
Buildings and improvements	159,406,000	141,218,000
Furniture and equipment	20,929,000	19,365,000
Vehicles	10,789,000	9,528,000
	<u>197,605,000</u>	193,452,000
Accumulated depreciation	<u>(93,073,000)</u>	(91,123,000)
	104,532,000	102,329,000
Right-to-use lease equipment, net	913,000	854,000
	<u>\$ 105,445,000</u>	\$ 103,183,000

The District purchased buses, technology, and equipment, and incurred construction costs totaling \$2,543,000 and had a valuation adjustment of \$5,779,000. The additions and valuation change were offset by \$6,060,000 of depreciation and amortization expense.

Debt

At June 30, 2025, the District had \$37,313,000 in bonds and leases outstanding, with \$3,714,000 due within one year (\$40,703,000 outstanding at June 30, 2024). Outstanding compensated absences payable were \$8,508,000 (\$6,595,000 at June 30 2024, as restated) with \$1,509,000 expected to be paid or used within the next year.

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

Current Financial Issues and Concerns

School districts in New York State are impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this planning process.

Contacting the District's Financial Management

This report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances. It should only be used in conjunction with a thorough review of the District's audited financial statements. If you have any questions about this report or need additional information, contact Dr. Patricia Grupka, Assistant Superintendent for Finance and Operations, Clarence Central School District, 9625 Main Street, Clarence, New York 14031.

Statement of Net Position

June 30, 2025

Assets

Cash	\$ 4,548,460
Investments	31,290,771
Due from other governments	1,525,100
State and federal aid receivable	2,959,530
Inventory	42,982
Net pension asset	5,757,443
Capital assets (Note 6)	198,697,044
Accumulated depreciation and amortization	<u>(93,252,400)</u>
Total assets	151,568,930

Deferred Outflows of Resources

Defeasance loss	121,229
Deferred outflows of resources related to pensions	16,227,870
Deferred outflows of resources related to OPEB	<u>900,895</u>
Total deferred outflows of resources	17,249,994

Liabilities

Accounts payable	2,705,589
Accrued liabilities	1,804,779
Due to retirement systems	4,512,290
Unearned revenue	34,606
Bond anticipation notes	3,130,262
Long-term liabilities	
Due within one year:	
Leases	79,187
Bonds	3,635,000
Compensated absences	1,509,000
Due beyond one year:	
Leases	248,837
Bonds and related premiums	37,461,721
Compensated absences	6,999,000
Net pension liability	4,106,122
Total OPEB liability	<u>3,531,721</u>
Total liabilities	69,758,114

Deferred Inflows of Resources

Deferred inflows of resources related to pensions	7,514,412
Deferred inflows of resources related to OPEB	<u>439,166</u>
Total deferred inflows of resources	7,953,578

Net Position

Net investment in capital assets	61,010,866
Restricted	22,372,353
Unrestricted	<u>7,724,013</u>
Total net position	\$ 91,107,232

See accompanying notes.

CLARENCE CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
General support	\$ 10,910,151	\$ -	\$ -	\$ (10,910,151)
Instruction	78,328,383	511,585	3,710,545	(74,106,253)
Pupil transportation	6,691,857	-	-	(6,691,857)
Interest expense	1,870,414	-	-	(1,870,414)
School food service	1,544,826	923,416	515,812	(105,598)
	<u>\$ 99,345,631</u>	<u>\$ 1,435,001</u>	<u>\$ 4,226,357</u>	<u>(93,684,273)</u>
General revenues				
				58,460,406
Real property taxes				7,186,812
Sales taxes				3,026,858
Miscellaneous				26,175,437
State aid				<u>94,849,513</u>
Total general revenues				
				1,165,240
Change in net position				85,179,754
Net position - beginning				4,762,238
Cumulative effect of a change in accounting principle and estimate (Note 2)				<u>89,941,992</u>
Net position - beginning as restated				
Net position - ending				<u>\$ 91,107,232</u>

CLARENCE CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2025

	General	Capital Projects	Special Aid	Food Service	Miscellaneous Special Revenue	Total Governmental Funds
Assets						
Cash	\$ 2,913,273	\$ 20,328	\$ 500,792	\$ 1,015,149	\$ 98,918	\$ 4,548,460
Investments	31,290,771	-	-	-	-	31,290,771
Due from other governments	629,100	-	-	-	-	629,100
State and federal aid receivable	1,305,458	-	1,622,740	31,332	-	2,959,530
Due from other funds, net	-	2,275,619	-	-	30,461	2,306,080
Inventory	-	-	-	42,982	-	42,982
Total assets	\$ 36,138,602	\$ 2,295,947	\$ 2,123,532	\$ 1,089,463	\$ 129,379	\$ 41,776,923
Liabilities						
Accounts payable	\$ 2,481,186	\$ 90,511	\$ 6,199	\$ 127,693	\$ -	\$ 2,705,589
Accrued liabilities	1,589,379	-	-	-	-	1,589,379
Due to retirement systems	4,512,290	-	-	-	-	4,512,290
Due to other funds, net	189,917	-	2,115,956	207	-	2,306,080
Unearned revenue	-	-	1,377	33,229	-	34,606
Bond anticipation notes	-	3,130,262	-	-	-	3,130,262
Total liabilities	8,772,772	3,220,773	2,123,532	161,129	-	14,278,206
Fund Balances						
Nonspendable	-	-	-	42,982	-	42,982
Restricted	16,485,531	-	-	-	129,379	16,614,910
Assigned	3,400,912	-	-	885,352	-	4,286,264
Unassigned (deficit)	7,479,387	(924,826)	-	-	-	6,554,561
Total fund balances (deficit)	27,365,830	(924,826)	-	928,334	129,379	27,498,717
Total liabilities and fund balances	\$ 36,138,602	\$ 2,295,947	\$ 2,123,532	\$ 1,089,463	\$ 129,379	\$ 41,776,923

See accompanying notes.

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position**

June 30, 2025

Total fund balances - governmental funds		\$ 27,498,717
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		105,444,644
Sales tax collected after the period of availability to pay current period expenditures is not recognized in the governmental funds until received.		896,000
Defeasance losses associated with bond refundings are recognized as deferred outflows of resources in the government-wide financial statements.		121,229
The District's proportionate share of net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide financial statements and include:		
Net pension asset	5,757,443	
Deferred outflows of resources related to pensions	16,227,870	
Net pension liability	(4,106,122)	
Deferred inflows of resources related to pensions	<u>(7,514,412)</u>	10,364,779
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide financial statements and include:		
Deferred outflows of resources related to OPEB	900,895	
Total OPEB liability	(3,531,721)	
Deferred inflows of resources related to OPEB	<u>(439,166)</u>	(3,069,992)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities in the governmental funds. These liabilities are:		
Accrued interest	(215,400)	
Leases	(328,024)	
Bonds and related premiums	(41,096,721)	
Compensated absences	<u>(8,508,000)</u>	(50,148,145)
Net position - governmental activities		\$ 91,107,232

CLARENCE CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds**

For the year ended June 30, 2025

	General	Capital Projects	Special Aid	Food Service	Miscellaneous Special Revenue	Total Governmental Funds
Revenues						
Real property taxes	\$ 56,244,293	\$ -	\$ -	\$ -	\$ -	\$ 56,244,293
Real property tax items	2,216,113	-	-	-	-	2,216,113
Nonproperty taxes	7,126,812	-	-	-	-	7,126,812
Charges for services	511,585	-	-	-	-	511,585
Use of money and property	2,164,155	-	-	2,873	2,748	2,169,776
Sale of property and compensation for loss	11,722	-	-	-	-	11,722
Miscellaneous	750,371	-	-	-	73,158	823,529
State sources	26,175,437	-	1,873,832	19,668	-	28,068,937
Federal sources	150,585	-	1,686,128	496,144	-	2,332,857
Sales	-	-	-	923,416	-	923,416
Total revenues	95,351,073	-	3,559,960	1,442,101	75,906	100,429,040
Expenditures						
General support	9,180,226	-	-	1,482,452	44,393	10,707,071
Instruction	51,493,071	-	3,456,978	-	-	54,950,049
Pupil transportation	4,774,174	826,676	83,483	-	-	5,684,333
Employee benefits	20,592,728	-	106,069	-	-	20,698,797
Debt service						
Principal	4,248,555	-	-	-	-	4,248,555
Interest	2,417,110	-	-	-	-	2,417,110
Cost of sales	-	-	-	85,219	-	85,219
Capital outlay	-	1,159,314	-	-	-	1,159,314
Total expenditures	92,705,864	1,985,990	3,646,530	1,567,671	44,393	99,950,448
Excess revenues (expenditures)	2,645,209	(1,985,990)	(86,570)	(125,570)	31,513	478,592
Other financing sources (uses)						
Operating transfers, net	(3,086,570)	3,000,000	86,570	-	-	-
BAN premiums	21,831	-	-	-	-	21,831
BANs redeemed from appropriations	-	858,500	-	-	-	858,500
Total other financing sources (uses)	(3,064,739)	3,858,500	86,570	-	-	880,331
Net change in fund balances	(419,530)	1,872,510	-	(125,570)	31,513	1,358,923
Fund balances (deficit) - beginning	27,785,360	(2,797,336)	-	1,053,904	97,866	26,139,794
Fund balances (deficit) - ending	\$ 27,365,830	\$ (924,826)	\$ -	\$ 928,334	\$ 129,379	\$ 27,498,717

See accompanying notes.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the year ended June 30, 2025

Total net change in fund balances - governmental funds		\$ 1,358,923
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which depreciation and amortization expense exceeds capital outlays.</p>		
		(3,517,190)
<p>Local sales taxes will not be collected until several months after the District's year end and are not considered available or recognized in the governmental funds until received. This amount is the difference between sales tax receivable in the beginning and end of year accruals.</p>		
		60,000
<p>Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:</p>		
2025 TRS and ERS contributions	5,311,544	
2025 ERS accrued contribution	394,814	
2024 ERS accrued contribution	(360,758)	
2025 TRS pension expense	(3,127,775)	
2025 ERS pension expense	<u>(1,114,498)</u>	1,103,327
<p>OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities.</p>		
		136,429
<p>Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position.</p>		
		3,390,055
<p>In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:</p>		
Amortization of defeasance loss	(60,615)	
Interest	11,200	
Amortization of bond premiums	596,111	
Compensated absences	<u>(1,913,000)</u>	<u>(1,366,304)</u>
Change in net position - governmental activities		\$ 1,165,240

CLARENCE CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 55,802,933	\$ 55,802,933	\$ 56,244,293		\$ 441,360
Real property tax items	2,212,832	2,212,832	2,216,113		3,281
Nonproperty taxes	6,209,070	6,209,070	7,126,812		917,742
Charges for services	335,000	335,000	511,585		176,585
Use of money and property	921,000	921,000	2,164,155		1,243,155
Sale of property and compensation for loss	30,000	30,000	11,722		(18,278)
Miscellaneous	560,000	560,000	750,371		190,371
State sources	27,336,087	27,336,087	26,175,437		(1,160,650)
Federal sources	520,000	520,000	150,585		(369,415)
Total revenues	93,926,922	93,926,922	95,351,073		1,424,151
Expenditures					
General support					
Board of education	21,478	21,478	15,447	-	(6,031)
Central administration	338,371	338,371	328,909	627	(8,835)
Finance	845,160	820,545	797,786	-	(22,759)
Staff	604,157	604,607	562,958	329	(41,320)
Central services	7,149,694	7,098,377	6,521,691	343,593	(233,093)
Special items	1,145,637	1,031,785	953,435	-	(78,350)
Instruction					
Instruction, administration, and improvement	3,077,362	3,118,596	3,043,735	2,845	(72,016)
Teaching - regular school	31,966,768	31,982,735	31,882,915	44,316	(55,504)
Programs for children with handicapping conditions	12,580,702	12,070,672	10,928,554	3,084	(1,139,034)
Occupational education	948,103	948,104	948,104	-	-
Teaching - special schools	212,075	297,575	296,612	-	(963)
Instructional media	1,364,650	2,003,906	1,501,705	459,595	(42,606)
Pupil services	2,863,266	2,938,291	2,891,446	46,523	(322)
Pupil transportation	5,348,995	5,478,377	4,774,174	-	(704,203)
Employee benefits	22,553,744	22,471,743	20,592,728	-	(1,879,015)
Debt service					
Principal	4,096,350	4,249,100	4,248,555	-	(545)
Interest	2,562,289	2,417,289	2,417,110	-	(179)
Total expenditures	97,678,801	97,891,551	92,705,864	900,912	(4,284,775)
Excess revenues (expenditures)	(3,751,879)	(3,964,629)	2,645,209	(900,912)	5,708,926
Other financing sources (uses)					
Operating transfers in	732,000	732,000	-		(732,000)
Operating transfers out	(235,000)	(227,250)	(3,086,570)		2,859,320
BAN premiums	25,000	25,000	21,831		(3,169)
Appropriated reserves	-	205,000	-		(205,000)
Appropriated fund balance and carryover encumbrances	3,229,879	3,229,879	-		(3,229,879)
Total other financing sources (uses)	3,751,879	3,964,629	(3,064,739)		(7,029,368)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ (419,530)	\$ (900,912)	\$ (1,320,442)

See accompanying notes.

CLARENCE CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2025

Assets

Cash \$ 104,326

Liabilities

Due to other governments 1,835

Net Position

Extraclassroom activities balances \$ 102,491

* * *

CLARENCE CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2025

Additions

Student activity additions \$ 190,078

Deductions

Student activity deductions 186,241

Change in net position 3,837

Net position - beginning 98,654

Net position - ending \$ 102,491

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Clarence Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer, and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America (GAAP), nor does it contain any component units.

The financial statements of the District have been prepared in conformity with GAAP as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Joint Venture

The District is one of 19 participating school districts in the Erie 1 Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests, and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

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

During the year ended June 30, 2025, the District was billed \$4,989,000 for BOCES administrative and program costs and recognized revenue of \$254,000 as a refund from prior year expenditures. Audited financial statements are available from BOCES' administrative offices.

Risk Management

The District is self-funded for health insurance as further discussed in Note 11.

Basis of Presentation

Government-Wide Financial Statements: The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) capital grants and contributions limited to the purchase or construction of specific capital assets, if any. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category - *governmental and fiduciary* - are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources - other than expendable trusts or major capital projects - such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.

The District also elected to display the following as major funds:

- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

The District has elected not to use a debt service fund as debt activity is currently reflected in the general fund.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for its student activity accounts.

Basis of Accounting and Measurement Focus

The government-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 flows take place. Nonexchange transactions, in which the District receives value directly without giving equal value in exchange, include real property and sales taxes, grants, and donations. Revenue from real property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds 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 they are collected within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset additions are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Real Property Taxes

The District levies real property taxes no later than September 15th. For the year ended June 30, 2025, the tax lien was issued on August 19, 2024 for collection from September 15, 2024 through November 30, 2024. Thereafter, uncollected amounts became the responsibility of Erie County. Such amounts were submitted to the District by April 1st of the following year as required by law.

The District is subject to tax abatements granted by the Town of Clarence Industrial Development Agency (TCIDA) and the Erie County Industrial Development Agency (ECIDA). TCIDA and ECIDA are public benefit corporations created by acts of the New York State Legislature to promote and assist private sector industrial and business development. Through TCIDA and ECIDA, companies promise to expand or maintain facilities or employment within the towns that are included within the District, to establish a new business within the towns, or to relocate an existing business to the towns. Economic development agreements entered into by TCIDA and ECIDA can include the abatement of county, town, and school district taxes, in addition to other assistance. In the case of the District, these abatements have resulted in reductions of real property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreement stipulates a percentage reduction of real property taxes, which can be as much as 100%. For the year ended June 30, 2025, the District's taxes were abated \$94,000 under these agreements.

Budget Process, Amendments, and Encumbrances

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2024 was approved by a majority of the voters in a general election held on May 21, 2024.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of the year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

Cash and Investments

Cash and investment management is governed by State laws and as established in the District’s written policies. Cash must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District’s policies permit the Treasurer to use demand and time accounts, certificates of deposit, obligations of the United States Treasury and its Agencies, and obligations of the State or its localities, including those held under repurchase agreements or in external investment pools.

Custodial credit risk is the risk that in the event of a bank failure the District’s deposits may not be returned to it. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. At June 30, 2025, the District’s bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions’ trust departments through a perfected security interest in pledged assets.

Inventory

Inventory consists of food and similar goods related to food service operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Capital Assets

Capital assets are generally reported at actual or estimated historical cost based on appraisals. Financed right-to-use lease assets are recorded at the present value of the initial lease liability. Contributed assets are recorded at fair value at the time received. Depreciation and amortization are provided in the government-wide financial statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which assets are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	\$ 1,000	20-30
Buildings and improvements	\$ 1,000	20-40
Furniture and equipment	\$ 1,000	5-20
Vehicles	\$ 1,000	8-15

Bond Defeasances

In the government-wide financial statements, gains or losses on bond refundings represent the difference between the price required to repay previously issued debt and the net carrying amount of the retired debt, and are recorded as either a deferred outflow or deferred inflow of resources. In subsequent years, these amounts are amortized on a straight-line basis as a component of interest expense over the shorter of the life of the old or new debt.

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental fund financial statements when issued. In the government-wide financial statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid and unused accumulated vacation and sick time that is more likely than not to be used, paid, or settled by non-cash means prior to or at termination of employment. Such accumulated time is valued based on a combination of the applicable employees' rate of pay at year end and contractual rates of pay at retirement, based on estimates of amounts to be used for each. The liability also includes an estimate of leave that is not attributable to a specific employee but rather is available for use by all employees within certain bargaining units and is valued at the estimated pay rates of all eligible employees. Year to year changes in the liability are presented as a net increase or decrease (Note 8).

Pensions

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems) as mandated by State Law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide financial statements, the District recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position (Note 9) on the same basis as reported by the respective defined benefit pension plans.

Other Postemployment Benefits (OPEB)

On the government-wide financial statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense for the District's defined benefit healthcare plan (Note 10) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Equity Classifications

Government-Wide Financial Statements

The District is required to classify net position into three categories:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and amortization, and defeasance losses, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities and deferred inflows of resources. Restrictions are imposed by external organizations such as federal or state laws or the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

Governmental Fund Financial Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Fund balance is categorized as follows:

Nonspendable:	
Inventory	\$ 42,982
Restricted:	
Capital	1,637,498
Debt service	550,917
Employee benefit accrued liability	2,128,231
Insurance - health	3,310,709
Insurance - other	1,655,355
Retirement contribution	3,441,445
Repair	3,228,716
Tax certiorari	532,660
Scholarships	129,379
Assigned:	
Designated for subsequent year	2,500,000
Encumbrances	900,912
Food service	885,352
Unassigned	6,554,561
	<u>\$ 27,498,717</u>

Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Fund balance restrictions include scholarships donated to the District by third parties for the benefit of students and the following reserves:

- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. In May 2023, District voters approved a capital reserve that can be funded up to \$10,000,000. To date, \$4,500,000 of this reserve has been funded and \$3,000,000 has been transferred to the capital projects fund.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is 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.
- *Insurance* – is used to pay liability, casualty, and other types of losses except losses incurred for which insurance may be purchased. The amount is funded through budgetary appropriations and may not exceed 5% of the budget.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries with a maximum reserve of 10% of eligible salaries. At June 30, 2025, the retirement contribution reserve includes \$1,809,242 for TRS and \$1,632,203 for ERS.
- *Repair* – is used to accumulate funds to finance costs of major repairs to capital improvements or equipment, and requires a public hearing for its use.

- *Tax certiorari* – used to pay judgments and claims resulting from certiorari proceedings. Funds not used by July 1 of the fourth fiscal year following their deposit must be returned to unassigned fund balance.

Committed fund balances are authorized by the Board of Education as recommended by the District’s management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end.

Assigned fund balances include the planned use of existing fund balance to offset the subsequent year’s tax levy. Additionally, the Board of Education has given the District’s management the authority to assign fund balances for specific purposes that are neither restricted nor committed.

Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

In the government-wide financial 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 fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District’s practice to settle these amounts at the net balances due between funds.

2. Change in Accounting Principle and Estimate

Effective July 1, 2024, the District adopted GASB Statement No. 101, *Compensated Absences*. This statement clarifies what is considered unused leave balances for employees. Under this statement, the liability for compensated absences should be recognized on the government-wide financial statements for leave that has not been used and leave that has been used but not yet paid or settled. Additionally, the District performed a physical inspection of its capital assets, resulting in capitalization of certain assets and a change in accumulated depreciation (Note 6). As a result, changes were made including adding assets not originally capitalized and disposing of assets that could not be located.

Beginning net position has been restated as follows on the government-wide financial statements:

Net position, July 1, 2024	\$ 85,179,754
Increase in compensated absences liability	(1,017,000)
Increase in capital assets, net	5,779,238
<u>Net position as restated, July 1, 2024</u>	<u>\$ 89,941,992</u>

3. Stewardship and Compliance

The District’s unassigned fund balance in the general fund exceeds 4% of the 2026 budget, which is a limitation imposed by New York State Real Property Tax Law §1318. The capital projects deficit fund balance of \$924,826 will be funded when bond anticipation notes are redeemed from subsequent budget appropriations or converted to permanent financing.

4. Investments

At June 30, 2025, the District’s investments were held in an external investment pool comprised of U.S. Treasury Securities, repurchase agreements, and deposits held by custodian banks. Investments are recognized at fair value using quoted prices for similar assets and liabilities in active markets. The external investment pool issues its own financial statements which are included in its annual report available at www.newyorkclass.org.

Credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's external investment pool is rated AAAM by S&P Global Ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit its exposure, the District's external investment pool limits the maturity date of its investments. The dollar weighted average days to maturity (WAM) at June 30, 2025 is 46 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of the pool is 77 days.

5. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 11,237,529	\$ 11,427,446	\$ -	\$ 3,086,570
Capital projects	9,051,322	6,775,703	3,000,000	-
Special aid	1,154,089	3,270,045	86,570	-
Food service	-	207	-	-
Miscellaneous special revenue	30,461	-	-	-
	<u>\$ 21,473,401</u>	<u>\$ 21,473,401</u>	<u>\$ 3,086,570</u>	<u>\$ 3,086,570</u>

The District's general fund provides cash flow to the various other funds; these amounts will be repaid when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program and to the general fund for its share of costs related to a capital project.

6. Capital Assets

	July 1, 2024 (As Restated)	Increases	Retirements/ Reclassifications	June 30, 2025
Non-depreciable and non-amortizable capital assets:				
Land	\$ 1,960,844	\$ -	\$ -	\$ 1,960,844
Construction in progress	17,678,227	1,259,314	(18,121,139)	816,402
Total non-depreciable and non-amortizable assets	<u>19,639,071</u>	<u>1,259,314</u>	<u>(18,121,139)</u>	<u>2,777,246</u>
Depreciable capital assets:				
Land improvements	3,703,224	-	-	3,703,224
Buildings and improvements	141,248,561	36,273	18,121,139	159,405,973
Furniture and equipment	20,754,999	174,350	-	20,929,349
Vehicles	10,375,220	841,006	(426,997)	10,789,229
Total depreciable assets	<u>176,082,004</u>	<u>1,051,629</u>	<u>17,694,142</u>	<u>194,827,775</u>
Accumulated depreciation:				
Land improvements	(2,774,993)	(56,651)	-	(2,831,644)
Buildings and improvements	(66,367,617)	(3,425,215)	-	(69,792,832)
Furniture and equipment	(12,959,960)	(1,388,448)	-	(14,348,408)
Vehicles	(5,510,477)	(1,017,198)	426,997	(6,100,678)
Total accumulated depreciation	<u>(87,613,047)</u>	<u>(5,887,512)</u>	<u>426,997</u>	<u>(93,073,562)</u>
Total depreciable assets, net	<u>88,468,957</u>	<u>(4,835,883)</u>	<u>18,121,139</u>	<u>101,754,213</u>
Right-to-use lease assets:				
Equipment	860,521	231,502	-	1,092,023
Accumulated amortization	(6,715)	(172,123)	-	(178,838)
Total right-to-use assets, net	<u>853,806</u>	<u>59,379</u>	<u>-</u>	<u>913,185</u>
	<u>\$ 108,961,834</u>	<u>\$ (3,517,190)</u>	<u>\$ -</u>	<u>\$ 105,444,644</u>

Depreciation expense has been allocated to the following functions: general support \$67,118, instruction \$5,186,516, pupil transportation \$765,377, and food service \$40,624.

As of June 30, 2025, net investment in capital assets consists of the following:

Capital assets, net of accumulated amortization and depreciation	\$ 105,444,644
Defeasance loss	121,229
Bond anticipation notes	(3,130,262)
Lease liability	(328,024)
Bonds and related premiums	(41,096,721)
	<u>\$ 61,010,866</u>

7. Short-Term Debt

Bond anticipation notes (BANs) outstanding at June 30, 2025 amounted to \$3,130,262 (\$3,141,500 as of June 30, 2024) and carry interest of 4.5% (4.5% in 2024). In 2025, the District redeemed \$858,500 and added \$847,262 in new BANs.

Subsequent to year end, in July 2025, a BAN in the amount of \$3,174,253 carrying interest of 4.0% was issued with a maturity date of July 2026.

8. Long-Term Liabilities

	July 1, 2024 (As Restated)	Increases	Decreases	June 30, 2025	Amount Due in One Year
Leases	\$ 403,079	\$ -	\$ 75,055	\$ 328,024	\$ 79,187
Bonds	40,300,000	-	3,315,000	36,985,000	3,635,000
Bond premiums	4,707,832	-	596,111	4,111,721	-
Compensated absences	6,595,000	1,913,000	-	8,508,000	1,509,000
	<u>\$ 52,005,911</u>	<u>\$ 1,913,000</u>	<u>\$ 3,986,166</u>	<u>\$ 49,932,745</u>	<u>\$ 5,223,187</u>

Existing Obligations

Description	Maturity	Rate	Balance
Leases	April 2029	5.37%	\$ 328,024
Serial bonds 2012	June 2026	2.36%	110,000
Refunding bonds 2015	June 2027	2.0% - 5.0%	925,000
DASNY bond 2018	June 2032	4.0% - 5.0%	15,065,000
DASNY bond 2024	June 2039	5.0%	20,885,000
			<u>\$ 37,313,024</u>

Debt Service Requirements

Years ending June 30,	Bonds		Leases	
	Principal	Interest	Principal	Interest
2026	\$ 3,635,000	\$ 1,777,150	\$ 79,187	\$ 15,685
2027	3,700,000	1,597,600	83,545	11,326
2028	3,385,000	1,412,600	88,144	6,728
2029	3,555,000	1,243,350	77,148	1,912
2030	3,730,000	1,065,600	-	-
2031-2035	13,135,000	3,048,800	-	-
2036-2039	5,845,000	588,250	-	-
	<u>\$ 36,985,000</u>	<u>\$ 10,733,350</u>	<u>\$ 328,024</u>	<u>\$ 35,651</u>

9. Pension Plans

Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 10.11% for 2025. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2025, these rates ranged from 11.4% - 17.9%.

The amount outstanding and payable to TRS for the year ended June 30, 2025 was \$3,858,861. A liability to ERS of \$394,814 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2025.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported an asset of \$5,757,443 for its proportionate share of the TRS net pension position and a liability of \$4,106,122 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023, with update procedures applied to roll forward the total pension asset to June 30, 2024. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2024, the District's proportion was 0.192969%, a decrease of 0.005173 from its proportion measured as of June 30, 2023.

The ERS total pension liability at the March 31, 2025 measurement date was determined by an actuarial valuation as of April 1, 2024, with update procedures applied to roll forward the total pension liability to March 31, 2025. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At March 31, 2025, the District's proportion was 0.0239484%, a decrease of 0.0032492 from its proportion measured as of March 31, 2024.

For the year ended June 30, 2025, the District recognized net pension expense of \$4,242,273 on the government-wide statements (TRS expense of \$3,127,775 and ERS expense of \$1,114,498). At June 30, 2025, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,199,708	\$ -	\$ 1,019,167	\$ (48,075)
Changes of assumptions	3,444,117	(579,333)	172,203	-
Net difference between projected and actual earnings on pension plan investments	-	(6,397,009)	322,155	-
Changes in proportion and differences between contributions and proportionate share of contributions	232,649	(177,845)	584,196	(312,150)
District contributions subsequent to the measurement date	3,858,861	-	394,814	-
	<u>\$ 13,735,335</u>	<u>\$ (7,154,187)</u>	<u>\$ 2,492,535</u>	<u>\$ (360,225)</u>

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

Years ending June 30,	TRS	ERS
2026	\$ (2,959,448)	\$ 860,711
2027	7,028,034	1,149,094
2028	(1,159,110)	(298,218)
2029	(1,276,309)	25,909
2030	777,338	-
Thereafter	311,782	-
	<u>\$ 2,722,287</u>	<u>\$ 1,737,496</u>

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2023 valuation, with update procedures used to roll forward the total pension liability to June 30, 2024, were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. These assumptions are:

Inflation – 2.4%

Salary increases – Based on TRS member experience, dependent on service, ranging from 1.95%-5.18%

Projected Cost of Living Adjustments (COLA) – 1.3% compounded annually

Investment rate of return – 6.95% compounded annually, net of investment expense, including inflation

Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis

Discount rate – 6.95%

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

For ERS, the actuarial assumptions used in the April 1, 2024 valuation, with update procedures used to roll forward the total pension liability to March 31, 2025, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

- Inflation* – 2.9%
- Salary increases* – 4.3%
- COLA* – 1.5% annually
- Investment rate of return* – 5.9% compounded annually, net of investment expense, including inflation
- Mortality* – Society of Actuaries’ Scale MP-2021
- Discount rate* – 5.9%

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

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and the Systems’ target asset allocations as of the applicable valuation dates are summarized as follows:

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	6.6%	25%	3.5%
Global and international equities	19%	6.9%-7.4%	14%	6.6%
Private equities	9%	10.0%	15%	7.3%
Real estate equities	11%	6.3%	12%	5.0%
Domestic fixed income securities	16%	2.6%	22%	2.0%
Global and high-yield bonds	3%	2.5%-4.8%	-	-
Cash and cash equivalents	1%	0.5%	1%	0.3%
Other	8%	3.9%-5.9%	11%	5.3%-5.6%
	<u>100%</u>		<u>100%</u>	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District’s proportionate share of its net pension position calculated using the discount rate of 6.95% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
	District’s proportionate share of the TRS net pension asset (liability)	\$ (26,593,959)	\$ 5,757,443
District’s proportionate share of the ERS net pension asset (liability)	\$ (11,883,634)	\$ (4,106,122)	\$ 2,388,106

10. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance benefits for District employees and their spouses based on various bargaining unit agreements and individual contracts. Eligibility for benefits is based on covered employees who retire from the District and have met vesting requirements. The Plan provides an implicit rate subsidy for retirees that choose to remain on the District's Plan subsequent to retirement. Superintendents receive coverage based upon years of service and retirement age. The Plan is experience-rated and the retiree pays the entire amount of the monthly insurance premium. The Plan has no assets, does not issue financial statements, and is not a trust.

At April 1, 2025, employees covered by the Plan include:

Active employees	534
Inactive employees or beneficiaries currently receiving benefits	115
Inactive employees entitled to but not yet receiving benefits	-
	<u>649</u>

Total OPEB Liability

The District's total OPEB liability of \$3,531,721 was measured as of March 31, 2025 and was determined by an actuarial valuation as of April 1, 2025.

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

Healthcare cost trend rates – based on the National Health Expenditure Projections 2016-2032 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2025 version 1b for long-term rates, initially 5.3% and an ultimate rate of 3.71% after 2070

Salary increases – 3.30%

Mortality – Pub-2010 Public Retirement Plans Mortality Table, Headcount-Weighted, without separate contingent survivor mortality; fully generational using Mortality Improvement Scale MP-2021 for retirees and surviving spouses

Discount rate – 4.39% based on the Fidelity Municipal General Obligation AA 20-Year Bond rate as of the measurement date

Inflation rate – 2.3%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	<u>\$ (2,780,897)</u>
Changes for the year:	
Service cost	(92,259)
Interest	(107,360)
Changes of benefit terms	-
Differences between expected and actual experience	(799,627)
Changes of assumptions or other inputs	72,742
Benefit payments	<u>175,680</u>
Net changes	<u>(750,824)</u>
Balance at June 30, 2025	<u>\$ (3,531,721)</u>

The following presents the sensitivity of the District’s total OPEB liability to changes in the discount rate, including what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (3.39%)	Discount Rate (4.39%)	1.0% Increase (5.39%)
Total OPEB liability	\$ (3,788,258)	\$ (3,531,721)	\$ (3,297,718)

The following presents the sensitivity of the District’s total OPEB liability to changes in the healthcare cost trend rates, including what the District’s total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the projected healthcare cost trend rates:

	1.0% Decrease (4.3% to 2.71%)	Healthcare Cost Trend Rate (5.3% to 3.71%)	1.0% Increase (6.3% to 4.71%)
Total OPEB liability	\$ (3,236,661)	\$ (3,531,721)	\$ (3,870,477)

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$42,444. At June 30, 2025, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 856,975	\$ (260,655)
Changes of assumptions or other inputs	-	(178,511)
Benefits paid subsequent to the measurement date	43,920	-
	<u>\$ 900,895</u>	<u>\$ (439,166)</u>

Benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2026	\$ 32,633
2027	39,463
2028	39,463
2029	39,463
2030	39,463
Thereafter	227,324
	<u>\$ 417,809</u>

11. Risk Management

General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, workers’ compensation, and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Health Insurance

The District maintains a self-funded health insurance plan. The District makes monthly payments based on employee claims as well as payments for fees charged for administering the program and for excess insurance coverage. The District maintains excess insurance coverage that limits self-funded exposure to \$160,000 per individual participant in a given plan year and \$1,000,000 in the aggregate.

Claim activity is as follows:

	Beginning of Year	Current Claims and Changes in Estimates	Claims Paid	End of Year
2025	\$ (1,525,000)	\$ (6,740,000)	\$ 7,455,000	\$ (810,000)
2024	\$ (1,719,000)	\$ (8,005,000)	\$ 8,199,000	\$ (1,525,000)

The amount is included in the government-wide and governmental fund financial statements as it is expected to be paid with currently available financial resources.

12. Commitments and Contingencies

Grants

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and is subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects any such amounts to be immaterial.

Litigation

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of the District.

Separate from claims and lawsuits that arise in the ordinary course of business, legislation was put in place regarding historical claims that were previously time-barred. The Child Victims Act, as amended, allowed any individual who was a minor at the time they suffered any alleged sexual abuse to file a lawsuit before August 14, 2021 regardless of when the alleged abuse occurred. This has resulted in the filing of thousands of lawsuits State-wide. Management is aware of one lawsuit initiated against the District by a former student who alleged that inappropriate sexual contact occurred between him and an employee of the District over 50 years ago. The District has retained counsel and is not currently aware of any insurance coverage available for these claims. As of the report date of the financial statements, the District's exposure to this claim has not been determined.

Construction Commitments

The District has entered into contracts with various construction companies for the 2026 District Improvement capital project. District voters approved spending up to \$20,600,000 for the project, of which \$802,000 has been spent to date.

CLARENCE CENTRAL SCHOOL DISTRICT

**Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Net Pension Position
New York State Teachers' Retirement System**

As of the measurement date of June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.192969%	0.198142%	0.198513%	0.196619%	0.192254%	0.189438%	0.192700%	0.191122%	0.189694%	0.187325%
District's proportionate share of the net pension asset (liability)	\$ 5,757,443	\$ (2,265,922)	\$ (3,809,241)	\$ 34,072,110	\$ (5,312,510)	\$ 4,921,599	\$ 3,484,521	\$ 1,452,718	\$ (2,031,699)	\$ 19,457,074
District's covered payroll	\$ 36,843,084	\$ 36,597,765	\$ 35,167,041	\$ 33,641,133	\$ 32,900,677	\$ 32,033,898	\$ 31,704,082	\$ 30,546,075	\$ 29,532,428	\$ 28,138,722
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	15.63%	(6.19%)	(10.83%)	101.28%	(16.15%)	15.36%	10.99%	4.76%	(6.88%)	69.15%
Plan fiduciary net position as a percentage of the total pension liability	102.09%	99.17%	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%

The following is a summary of changes of assumptions:

Inflation	2.4%	2.4%	2.4%	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%
Salary increases	1.95%-5.18%	1.95%-5.18%	1.95%-5.18%	1.95%-5.18%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%
Investment rate of return	6.95%	6.95%	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%
Discount rate	6.95%	6.95%	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA

CLARENCE CENTRAL SCHOOL DISTRICT

Required Supplementary Information (Unaudited)
Schedule of District Contributions
New York State Teachers' Retirement System

For the years ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 3,858,861	\$ 3,595,885	\$ 3,765,910	\$ 3,446,370	\$ 3,206,000	\$ 2,915,000	\$ 3,402,000	\$ 3,107,000	\$ 3,580,000	\$ 3,916,000
Contribution in relation to the contractually required contribution	(3,858,861)	(3,595,885)	(3,765,910)	(3,446,370)	(3,206,000)	(2,915,000)	(3,402,000)	(3,107,000)	(3,580,000)	(3,916,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 38,168,754	\$ 36,843,084	\$ 36,597,765	\$ 35,167,041	\$ 33,641,133	\$ 32,900,677	\$ 32,033,898	\$ 31,704,082	\$ 30,546,075	\$ 29,532,428
Contributions as a percentage of covered payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%

CLARENCE CENTRAL SCHOOL DISTRICT

Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension position	0.0239484%	0.0271976%	0.0262744%	0.0251519%	0.0250316%	0.0245553%	0.0248766%	0.0267779%	0.0247145%	0.0262085%
District's proportionate share of the net pension asset (liability)	\$ (4,106,122)	\$ (4,004,585)	\$ (5,634,281)	\$ 2,056,063	\$ (24,925)	\$ (6,502,396)	\$ (1,762,585)	\$ (864,242)	\$ (2,322,226)	\$ (4,206,536)
District's covered payroll	\$ 9,787,955	\$ 9,997,657	\$ 9,443,813	\$ 9,108,886	\$ 8,962,780	\$ 8,635,937	\$ 8,671,445	\$ 8,681,134	\$ 8,020,367	\$ 7,822,156
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(41.95%)	(40.06%)	(59.66%)	22.57%	(0.28%)	(75.29%)	(20.33%)	(9.96%)	(28.95%)	(53.78%)
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

The following is a summary of changes of assumptions:

Inflation	2.9%	2.9%	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%
Salary increases	4.3%	4.4%	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%
Cost of living adjustments	1.5%	1.5%	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%
Investment rate of return	5.9%	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%
Discount rate	5.9%	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014

CLARENCE CENTRAL SCHOOL DISTRICT

Required Supplementary Information (Unaudited)
Schedule of District Contributions
New York State and Local Employees' Retirement System

For the years ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,452,683	\$ 1,256,105	\$ 1,058,562	\$ 1,429,628	\$ 1,277,665	\$ 1,229,181	\$ 1,259,291	\$ 1,301,754	\$ 1,225,625	\$ 1,453,657
Contribution in relation to the contractually required contribution	(1,452,683)	(1,256,105)	(1,058,562)	(1,429,628)	(1,277,665)	(1,229,181)	(1,259,291)	(1,301,754)	(1,225,625)	(1,453,657)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 9,787,955	\$ 9,997,657	\$ 9,443,813	\$ 9,108,886	\$ 8,962,780	\$ 8,635,937	\$ 8,671,445	\$ 8,681,134	\$ 8,020,367	\$ 7,822,156
Contributions as a percentage of covered payroll	14.84%	12.56%	11.21%	15.69%	14.26%	14.23%	14.52%	15.00%	15.28%	18.58%

CLARENCE CENTRAL SCHOOL DISTRICT

**Required Supplementary Information (Unaudited)
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios**

For the years ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ (2,780,897)	\$ (2,655,095)	\$ (3,137,575)	\$ (3,211,119)	\$ (5,010,086)	\$ (4,896,964)	\$ (3,802,685)	\$ (3,957,153)	\$ (3,704,357)
Changes for the year:									
Service cost	(92,259)	(99,031)	(116,022)	(125,248)	(195,269)	(188,647)	(146,114)	(162,118)	(155,052)
Interest	(107,360)	(97,931)	(86,707)	(73,038)	(123,683)	(168,499)	(137,786)	(151,517)	(125,084)
Changes of benefit terms	-	37,420	-	-	7,903	(49,523)	80,540	-	-
Differences between expected and actual experience	(799,627)	(160,542)	405,465	(83,054)	2,000,695	568,871	(1,015,579)	406,258	(250,489)
Changes of assumptions or other inputs	72,742	30,925	90,007	236,052	(108,799)	(462,697)	(7,345)	(70,125)	152,275
Benefit payments	175,680	163,357	189,737	118,832	218,120	187,373	132,005	131,970	125,554
Net change in total OPEB liability	(750,824)	(125,802)	482,480	73,544	1,798,967	(113,122)	(1,094,279)	154,468	(252,796)
Total OPEB liability - ending	\$ (3,531,721)	\$ (2,780,897)	\$ (2,655,095)	\$ (3,137,575)	\$ (3,211,119)	\$ (5,010,086)	\$ (4,896,964)	\$ (3,802,685)	\$ (3,957,153)
Covered-employee payroll	\$ 50,064,951	\$ 50,064,951	\$ 48,357,917	\$ 45,987,794	\$ 44,458,424	\$ 43,117,471	\$ 41,772,400	\$ 41,208,759	\$ 39,869,030
Total OPEB liability as a percentage of covered-employee payroll	7.05%	5.55%	5.49%	6.82%	7.22%	11.62%	11.72%	9.23%	9.93%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Differences between expected and actual experience are due to updated healthcare trend rates. Years of service eligibility requirements were increased for union and non-union employees. The difference in 2021 included the change from a premium equivalency rate to actual claims experience. The difference in 2020 included the impact of Congress' repeal of the Affordable Care Act's excise "Cadillac" taxes.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	5.30%-3.71%	5.10%-3.86%	5.50%-4.00%	6.10%-4.37%	4.00%-4.08%	5.20%-4.18%	5.20%-4.32%	6.20%-4.17%	5.30%-4.17%
Salary increases	3.30%	3.42%	3.53%	3.44%	3.11%	3.22%	3.36%	3.31%	3.31%
Discount rate	4.39%	3.98%	3.78%	2.83%	2.27%	2.48%	3.44%	3.61%	3.80%
Inflation	2.30%	2.42%	2.53%	2.44%	2.11%	2.22%	2.36%	2.31%	2.31%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2017	MP-2016

Data prior to 2017 is unavailable.

Supplementary Information
Schedule of Change from Original to Final Budget and
Calculation of Unrestricted Fund Balance Limit - General Fund

For the year ended June 30, 2025

Original expenditure budget	\$ 97,183,922
Budget amendment - use of reserves	205,000
Encumbrances carried over from prior year	<u>729,879</u>
Revised expenditure budget	<u>\$ 98,118,801</u>

* * *

Unrestricted Fund Balance

Assigned	\$ 3,400,912
Unassigned	<u>7,479,387</u>
	10,880,299
Encumbrances included in assigned fund balance	(900,912)
Appropriated fund balance used for tax levy	<u>(2,500,000)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 7,479,387</u>

§1318 of Real Property Tax Law - unrestricted fund balance limit calculation

2026 expenditure budget (unaudited)	\$ 98,927,712
4% of budget	<u>3,957,108</u>
Actual percentage of 2026 expenditure budget	<u>7.6%</u>

CLARENCE CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Capital Project Expenditures

For the year ended June 30, 2025

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
2020 District Improvement	\$ 27,200,000	\$ 27,903,321	\$ 27,220,022	\$ 342,912	\$ 27,562,934	\$ 340,387
2026 District Improvement	20,600,000	20,600,000	-	802,153	802,153	19,797,847
2025 Energy Performance Contract	8,600,000	8,600,000	-	14,249	14,249	8,585,751
	<u>\$ 56,400,000</u>	<u>\$ 57,103,321</u>	<u>\$ 27,220,022</u>	<u>\$ 1,159,314</u>	<u>\$ 28,379,336</u>	<u>\$ 28,723,985</u>

CLARENCE CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
<u>U.S. Department of Education:</u>			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-25-0221	\$ 1,031,083
Special Education Preschool Grants	84.173	0033-25-0221	24,039
Total Special Education Cluster			1,055,122
Title I Grants to Local Educational Agencies	84.010	0021-24-0770	187,873
Title I Grants to Local Educational Agencies	84.010	0021-25-0770	264,174
Supporting Effective Instruction State Grants	84.367	0147-24-0770	65,642
Supporting Effective Instruction State Grants	84.367	0147-25-0770	31,046
Student Support and Academic Enrichment Program	84.424	0204-24-0770	10,453
Student Support and Academic Enrichment Program	84.424	0204-25-0770	25,274
Education Stabilization Fund - American Rescue Plan			
Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0770	46,544
Total U.S. Department of Education			1,686,128
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	50,240
National School Lunch Program	10.555	N/A	365,697
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	80,207
Total Child Nutrition Cluster and U.S. Department of Agriculture			496,144
Total Expenditures of Federal Awards			\$ 2,182,272

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Clarence Central School District (the District), an entity as defined in Note 1 to the District’s basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

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

Indirect Costs

The District does not use the de minimis indirect cost rate permitted by the Uniform Guidance.

Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a “non-monetary program.” During the year ended June 30, 2025, the District used \$80,207 worth of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

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

The Board of Education
Clarence Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAP) 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 remaining fund information of Clarence 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, and have issued our report thereon dated October 6, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

October 6, 2025

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

The Board of Education
Clarence Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Clarence Central School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Symaden & McCormick, LLP

October 6, 2025

Schedule of Findings and Questioned Costs

For the year ended June 30, 2025

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

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

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Special Education Cluster:		
Special Education Grants to States	84.027	\$ 1,031,083
Special Education Preschool Grants	84.173	24,039
		\$ 1,055,122

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.

CLARENCE CENTRAL SCHOOL DISTRICT

EXTRACLASROOM ACTIVITY

JUNE 30, 2025

INDEPENDENT AUDITORS' REPORT

The Board of Education
Clarence Central School District

Qualified Opinion

We have audited the accompanying schedule of additions and deductions of Clarence Central School District (the District) extraclassroom activity for the year ended June 30, 2025, and the related notes to the schedule.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the schedule referred to in the first paragraph presents fairly, in all material respects, the additions and deductions of the District's extraclassroom activity for the year ended June 30, 2025, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Qualified Opinion

Certain accounting records of the District's extraclassroom activity were not adequate for us to form an opinion regarding the completeness of additions in the accompanying schedule stated at \$190,078.

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 Schedule 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 qualified audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with GAAP and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance 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 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 schedule, 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 schedule.
- 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 schedule.

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.



October 6, 2025

CLARENCE CENTRAL SCHOOL DISTRICT EXTRACURRICULAR ACTIVITY

Schedule of Additions and Deductions

For the year ended June 30, 2025

	July 1, 2024	Additions	Deductions	June 30, 2025
High School				
Class Clubs:				
2024	\$ 10,214	\$ -	\$ 10,214	\$ -
2025	959	61,176	49,439	12,696
2026	4,737	12,974	17,875	(164)
2027	623	2,378	1,734	1,267
2028	-	352	127	225
Academy of Finance	301	219	429	91
Art Club	386	436	436	386
Chrysalis Club	775	655	1,073	357
Clarence Calvary Club	390	263	234	419
Community Service Club	-	362	87	275
Dance Club	100	-	-	100
Drama Club	5,164	12,132	13,148	4,148
Empower Club	-	95	95	-
Engineering Club	1,728	1,150	597	2,281
Environmental Club	1,044	-	-	1,044
Future Business Leaders of America Club	14	-	-	14
Future Teachers of America Club	1,688	-	-	1,688
Garden Club	141	-	78	63
Gay Straight Alliance Club	367	-	143	224
Guitar Club	252	-	-	252
History Society Club	107	-	-	107
Interact Club	1	1,099	-	1,100
International Club	6,858	-	398	6,460
Latin Club	2,259	987	1,516	1,730
Leadership Club	1,166	3,005	3,030	1,141
Mock Trial Club	1,813	681	1,017	1,477
Model UN Club	53	8,800	8,614	239
Music Enrichment Club	10,768	2,763	3,017	10,514
National Art Honor Society	418	1,673	1,806	285
National Honor Society	7,610	19,824	17,932	9,502
Rifle Club	600	1,678	1,147	1,131
Saga Yearbook Club	1,735	10,446	8,694	3,487
Students Against Drunk Driving Club	1,386	2,642	2,776	1,252
Science Olympiad Club	1,140	1,130	825	1,445
Student Council	9,868	17,862	16,325	11,405
Scholastic Bowl Club	101	507	600	8
The Advocate Club	539	-	81	458
Unified Club	139	671	592	218
Varsity Club	134	1,231	830	535
Visual Media Arts Club	1,410	-	-	1,410
	\$ 76,988	\$ 167,191	\$ 164,909	\$ 79,270

See accompanying notes.

CLARENCE CENTRAL SCHOOL DISTRICT EXTRACURRICULAR ACTIVITY

Schedule of Additions and Deductions (continued)

For the year ended June 30, 2025

	July 1, 2024	Additions	Deductions	June 30, 2025
Middle School				
All Science Club	\$ 2,026	\$ 954	\$ 1,115	\$ 1,865
Drama Club	120	-	-	120
Student Council	14,544	20,194	17,353	17,385
Yearbook Club	4,976	1,739	2,864	3,851
	<u>21,666</u>	<u>22,887</u>	<u>21,332</u>	<u>23,221</u>
Total	<u>\$ 98,654</u>	<u>\$ 190,078</u>	<u>\$ 186,241</u>	<u>\$ 102,491</u>

Notes to the Schedule

1. Summary of Significant Accounting Policies

Financial Reporting Entity

Extraclassroom activity accounts are operated by and for the students. Proceeds are voluntarily collected by students and are spent by them, as they deem appropriate under established guidelines. The extraclassroom activity accounts are included in the financial statements of Clarence Central School District in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.