AVOCA CENTRAL SCHOOL DISTRICT

AUDIT REPORTING PACKAGE

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

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2026 REPORTING PACKAGE

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AVOCA CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Avoca Central School District

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B·W·B
BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the President and Members of
The Board of Education
Avoca Central School District
Avoca, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of ***Avoca Central School District*** as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise ***Avoca Central School District's*** basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the ***Avoca Central School District*** as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Report on Summarized Comparative Information

We have previously audited the ***Avoca Central School District's*** June 30, 2025 financial statements, and our report dated September 16, 2025, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

Member of American Institute of Certified Public Accountants
Private Companies Practice Section

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4-10) and budgetary comparison information (page 36) schedule of changes in District's net OPEB liability and related ratios (page 43), schedule of District contributions – OPEB (page 44), schedule of the District contributions for defined benefit pension plans (page 45) and the schedule of the District's proportionate share of the net pension asset/liability (page 46) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***Avoca Central School District's*** basic financial statements. The accompanying combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2026, on our consideration of the ***Avoca Central School District's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ***Avoca Central School District's*** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering ***Avoca Central School District's*** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 15, 2026

I. Discussion and Analysis

The following is a discussion and analysis of the ***Avoca Central School District's*** financial performance for the year ended June 30, 2026. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the ***Avoca Central School District*** during the fiscal year ended June 30, 2026:

- Overall net position of the District increased during the current year in the amount of $551,000 from operations as compared to an increase of $1,310,000 during the prior fiscal year.
- The District's total revenue decreased approximately 2% from $15,255,000 for the year ended June 30, 2025 to $14,910,000 for the year ended June 30, 2026. This decrease was primarily the result of recognizing revenue in the prior year from health insurance plan consortium which was terminated, along with a decrease in Pandemic related grant revenue. These decreases were partially offset by increases in interest income, state aid and taxes.
- The District's total expenses increased approximately 3% from $13,945,000 during the year ended June 30, 2025 to $14,359,000 during the year ended June 30, 2026. This increase was primarily related to an increase in health insurance and debt service interest costs, which was partially offset by a decrease in pension expense resulting from actuarial updates.
- The District had capital outlays during the current year in the amount of $7,834,000, which primarily related to costs associated with the 2023 capital project, vehicle purchases and right-to-use assets.

III. Overview of the Financial Statements

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

III. Overview of the Financial Statements (continued)

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

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

1. Statement of Net Position

   The Statement of Net Position (page 11) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

   The Statement of Activities (page 12) shows the amounts of program-specific and general District revenue used to support the District's various functions.

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

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

III. Overview of the Financial Statements (continued)

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

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

The District has two kinds of funds:

1. Governmental Funds

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

III. Overview of the Financial Statements (continued)

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

1. Governmental Funds (continued)

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

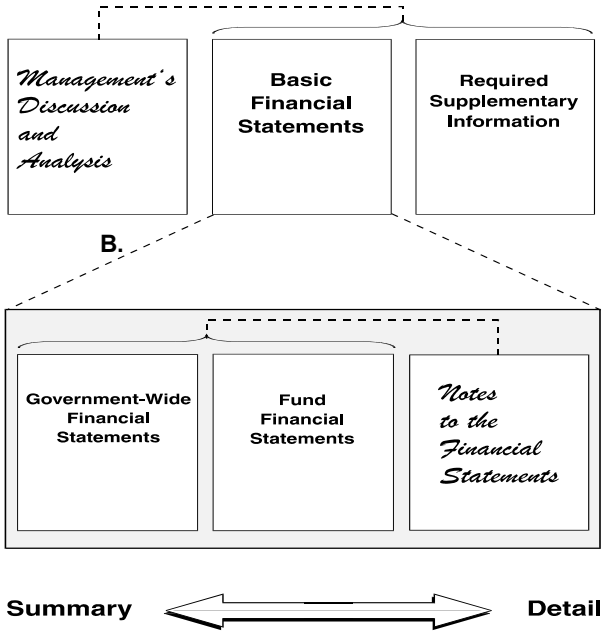
2. Fiduciary Funds

The District does not have activities that qualify for reporting as a fiduciary under GASB 84.

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

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

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



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately $10,716,000. The components of net position include: net investment in capital and right-to-use assets, of $20,011,000; restricted net position of $3,436,000; and unrestricted net deficit of $12,731,000.

Changes in Net Position

The District's total government-wide revenue decreased by approximately 2%, to $14,910,000. Approximately 18%, 7% and 69% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 6% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

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

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 3% to $14,359,000. The District's expenses cover a range of services, with 66% related to instruction and 15% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities decreased approximately 2%, while total expenses increased 3%. The District's total net position increased approximately $551,000 from operations during the fiscal year ended June 30, 2026.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled $14,910,000 for the fiscal year ended June 30, 2026. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 18% of the District's total revenue for governmental activities increased approximately 5% during the year ended June 30, 2026 as a result of an increase in the tax levy and an additional PILOT received in the current year.

- The District's most significant revenue is state sources which represent $10,321,000 or 69% of total governmental revenue. The District state sources increased 4% due to an increase in state aid.

- During the year ended June 30, 2026, the District saw a decrease in program revenue in the amount of $195,000, which mostly resulted from a decrease in operating grants and contributions which decreased $203,000 and an increase in charges for services which increased $8,000. The decrease in operating grants and contributions was primarily related to a decrease in Pandemic related grant revenue which ended in the prior year.

- Miscellaneous income decreased in the current year related to revenue from the health insurance consortium plan that was recognized in the prior year.

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

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were $14,359,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support decreased by approximately $9,000 or 0% as a result of pension expense related to actuarial updates, along with a decrease in salaries which was partially offset by an increase in health insurance costs.
- The District's instruction costs increased by approximately $11,000 or 0% which was the result of an increase in health insurance costs, which was partially offset by a decrease in pension expense related to actuarial updates.
- Debt service of the District increased approximately $329,000 during the year ended June 30, 2026 which related to an increase in interest expense.
- Transportation costs of the District increased 5% or $85,000 during the year ended June 30, 2026 due to an increase in health insurance which was partially offset by a decrease in pension expense related to actuarial updates.
- The District's cost of sales (food service fund) totaled $491,000 during the current year as compared to $493,000 during the fiscal year ended June 30, 2025. This decrease was the result of a decrease in food costs related to a decrease in participation which was partially offset by an increase in health insurance costs.
- The District received approximately $1,125,000 of operating grants and charges for services from its state and federal grants and tuition which subsidized certain programs of the District.
- Most of the District's net costs ($13 million) were financed by real property taxes and state aid.

Figure A-3 – Condensed Statement of Net Position

Avoca Central School District
Condensed Statement of Net Position (in thousands of dollars)

	Governmental Activities and Total District-wide		
	2026	2025	% Change
Assets			
Current and other assets	$ 9,755	$ 16,703	-42%
Capital and right-to-use assets	33,351	27,425	22%
Total assets	43,106	44,128	-2%
Deferred outflows of resources			
Deferred outflows related to bonds	16	31	-48%
Deferred outflows related to pensions and OPEB	4,647	5,585	-17%
Deferred outflows of resources and assets	**$ 47,769**	**$ 49,744**	**-4%**
Liabilities			
Other liabilities	$ 944	$ 9,456	-90%
Long-term liabilities	27,028	18,712	44%
Total liabilities	27,972	28,168	-1%
Deferred inflows of resources			
Deferred inflows related to pensions and OPEB	9,081	11,411	-20%
Deferred inflows of resources and liabilities	37,053	39,579	-6%
Net position			
Net investment in capital and right-to-use assets	20,011	20,999	-5%
Restricted	3,436	2,747	25%
Unrestricted (deficit)	(12,731)	(13,581)	-6%
Total net position	10,716	10,165	5%
Total liabilities, deferred inflows of resources and net position	**$ 47,769**	**$ 49,744**	**-4%**

Figure A-4 – Changes in Net Position

Avoca Central School District
Changes in Net Position from Operating Results (in thousands of Dollars)

	Governmental Activities and Total District-wide		
	2026	2025	% Change
Revenue			
Program revenue			
Charges for services	$ 151	$ 143	5%
Operating grants and contributions	974	1,177	-17%
General revenue			
Real property taxes	2,624	2,508	2%
Use of money & property	465	197	133%
Sale of property & comp for loss	34	2	1608%
State sources	10,321	9,949	6%
Federal sources	66	52	27%
Miscellaneous	275	1,227	-78%
Total revenue	14,910	15,255	-2%
Expenses			
General support	2,185	2,194	0%
Instruction	9,395	9,384	0%
Transportation	1,773	1,688	5%
Debt service - interest	515	186	177%
Cost of sales	491	493	0%
Total expenses	14,359	13,945	3%
Change in net position	**$ 551**	**$ 1,310**	

Figure A-5 – Sources of Revenue

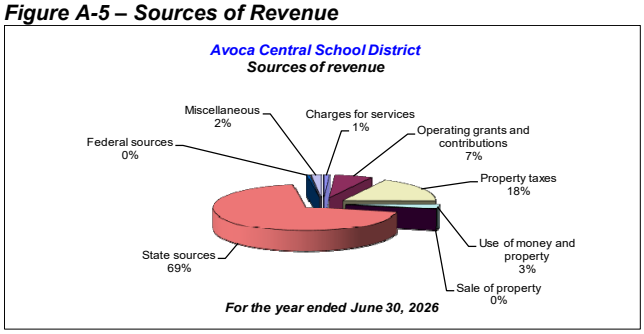


Figure A-6 – Expenses

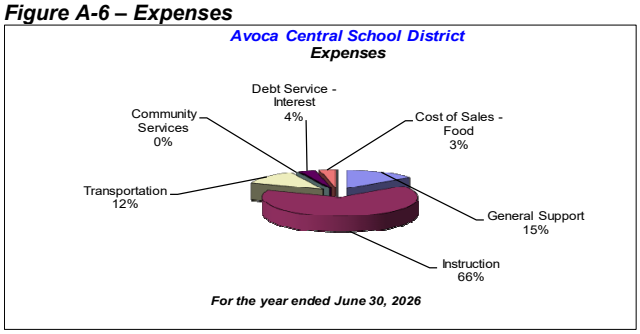


Figure A-7 – Expenditures Supported with Program Revenue

Avoca Central School District
Expenditures supported with program revenue (in thousands of dollars)

	Governmental Activites & Total District			
	2026		2025	
Expenditures supported with general revenue (from taxes & other sources)	$ 13,234	92%	$ 12,625	91%
Expenditures supported with program revenue	1,125	8%	1,320	9%
Total expenditures related to governmental activities	**$ 14,359**	**100%**	**$ 13,945**	**100%**

Figure A-8 – Net Cost of Governmental Activities

Avoca Central School District
Net Cost of Governmental Activities (in thousands of dollars)

	Total cost of services			Net cost of services		
	2026	2025	Change	2026	2025	Change
General support	$ 2,185	$ 2,194	$ (9)	$ 2,186	$ 2,194	$ (8)
Instruction	9,395	9,384	11	8,798	8,630	168
Transportation	1,773	1,688	85	1,729	1,662	67
Debt service - interest	515	186	329	515	186	329
Cost of sales - food	491	493	(2)	6	(47)	53
Total	**$ 14,359**	**$ 13,945**	**$ 414**	**$ 13,234**	**$ 12,625**	**$ 609**

V. Financial Analysis of the School District's Funds

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

General Fund

- The District's general fund revenue and other sources exceeded its expenditures and other uses by approximately $260,000.
- The District's general fund unassigned fund balance equated to approximately $2,249,000 as of June 30, 2026.
- The District has many fund balance reserves during the year ended June 30, 2026, and had a total restricted fund balance of approximately $2,527,000.
- The District's total assets increased approximately $216,000 as of June 30, 2026, primarily due to an increase in cash partially offset by a decrease in due from other governments. The District's liabilities decreased approximately $44,000, primarily from a decrease in accounts payable.
- Total revenue in the District's general fund increased $787,000, which was primarily related to increases in interest income, state aid and taxes, along with an increase in interfund transfers.
- Total expenditures in the District's general fund increased $463,000 which was primarily due to an increase in health insurance costs and BOCES expenditures, which was partially offset by a decrease in interfund transfers to the capital project fund.

Food Service Fund

- The District's food service fund experienced a $10,000 decrease in fund equity during the current fiscal year.
- Revenue in the District's food service fund was $485,000 during 2026 as compared with $539,000 in 2025. Expenditures in the food service fund decreased approximately $17,000. Revenue decreases related to BOCES aid and a decline in Federal and State reimbursement of breakfasts from a decline in participation, while expenditures decreased as a result of a decrease in food costs, which was partially offset by an increase in health insurance costs.

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

Special Aid Fund

- The District's special aid fund revenue and expenditures decreased approximately $133,000 which primarily resulted from a decrease in Pandemic related Federal grants expended during the current year.

Capital Projects Fund

- The District had expenditures in the amount of approximately $7,849,000 in capital projects during the year ended June 30, 2026, which was primarily related to costs associated with the capital outlay project, 2023 capital project, and vehicle purchases. Expenditures decreased in the current year due to less expenditures with the 2023 project and fewer bus purchases. During the current year, the District transferred funds from the capital project fund to the general fund to pay for interest on the 2023 project.

Debt Service Fund

- The District had revenue in the current year in the amount of approximately $511,000 related to interest earnings and a premium on bonds issued in the current year, as compared to revenue of approximately $134,000 in the prior year. During the current year, the District transferred $150,000 to the general fund towards debt service costs. There were no such transfers in the prior year.

Miscellaneous Special Revenue Fund

- The District accounts for student activity funds and its private purpose trust fund in the miscellaneous special revenue fund. Revenue in the current year totaled approximately $101,000, which increased approximately $11,000 resulting from addition donations and receipts for student activities. Expenditures totaled approximately $81,000 and decreased approximately $29,000 mostly from a decrease in expenditures for the graduating class.

VI. Capital and Right-to-Use Assets and Debt Administration

Capital Assets and Right-to-Use Assets

As depicted in Figure A-9, as of June 30, 2026, the District had invested approximately $33,351,000 in a broad range of capital and right-to use assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2026, totaled approximately $7,834,000 and consisted primarily of the 2023 capital project, vehicle purchases and right-to-use assets. More detailed information about the District's capital and right-to-use assets is presented in the notes of the financial statements.

VI. Capital and Right-to-Use Assets and Debt Administration (continued)

Long-term Debt

As depicted in Figure A-10, as of June 30, 2026, the District had approximately $27,029,000 in bonds, other post-employment benefits, net pension liabilities and compensated absences, an increase of approximately 44% as compared with the previous year. The increase in bonds payable and installment purchase debt was the result of the District issuing new bonds in the current year related to the 2023 capital project, which was partially offset by regularly schedule principal payments. Other post-employment benefits liability increased during the year related to a calculation performed by the third-party actuary. The District's net pension liability for the NYS Employees Retirement System decreased as a result of an actuarial update. The NYS Teacher's Retirement System was reported as a net pension asset in the current and prior year. Compensated absences increased as a result of additional days earned.

Figure A-9 – Capital and Right-to-Use Assets

Avoca Central School District
Capital and Right-to-Use Assets (net of depreciation/amortization)

	Governmental Activities & Total District-wide		
	2026	2025	Change
Land	$ 75,792	$ 75,792	0%
Cost basis	66,069,148	58,309,475	13%
Accumulated depreciation/amortization	(32,794,328)	(30,959,873)	6%
Total Capital and Right-to-Use Assets, net	**$ 33,350,612**	**$ 27,425,394**	**22%**

Figure A-10 – Outstanding Long-term Liabilities

Avoca Central School District
Outstanding Long-Term Debt and Liabilities

	Governmental Activities & Total District-wide		
	2026	2025	Change
Bonds payable	$ 13,337,098	$ 5,678,413	135%
Installment purchase debt	537,283	588,988	-9%
Net pension liabilities	180,351	617,422	100%
Other post-employment benefits	12,032,195	10,946,331	10%
Compensated absences	941,604	880,262	7%
Total Long-Term Debt	**$ 27,028,531**	**$ 18,711,416**	**44%**

VII. Currently Known Facts, Decisions, or Conditions

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

- The District relies heavily on NYS aid, which accounts for approximately 75% of its total revenue. Uncertainty surrounding future Federal and State funding levels, along with the potential for limited increases, may affect future educational and financial decisions.

- The District has an ongoing $9.1 million 2023 capital improvement project of which $8.9 million has been spent to-date. The District anticipates the Project to be completed during the fiscal year ending June 30, 2027.

VIII. Contacting the District's Financial Management

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

Avoca Central School District
17-29 Oliver Street
District Administrative Offices
Attention: Ms. Theresa Stopka
School Business Executive
Avoca, New York 14809

	2026	2025
Assets		
Cash and cash equivalents		
Unrestricted	$ 2,971,965	$ 2,602,571
Restricted	3,435,548	2,746,507
Receivables		
State and federal aid	499,377	423,673
Other receivables	473,180	894,393
Due from other governments	559,754	880,143
Inventories	37,486	26,340
Net pension asset - NYS Teachers' Retirement System	1,222,342	662,342
Cash to be used towards capital projects	557,182	8,466,473
Capital assets and right-to-use assets, net	33,350,612	27,425,394
Total assets	43,107,446	44,127,836
Deferred Outflows of Resources		
Deferred outflows related to bond refunding	15,810	30,669
Deferred outflows related to pensions	1,872,110	1,911,123
Deferred outflows related to OPEB	2,774,431	3,673,915
Total deferred outflows of resources	4,662,351	5,615,707
Total assets and deferred outflows of resources	$ 47,769,797	$ 49,743,543
Liabilities		
Current liabilities		
Accounts payable	$ 80,376	$ 584,578
Accrued liabilities	347,048	245,737
Accrued interest	26,000	16,000
Due to other governments	213	1,676
Due to retirement systems	490,866	502,729
Bond anticipation notes payable	-	8,105,000
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,465,000	635,000
Installment purchase debt	53,184	51,705
Portion due or payable after one year		
Bonds payable	11,872,098	5,043,413
Installment purchase debt	484,099	537,283
Net pension liability - NYS Employees' Retirement System	180,351	617,422
Other post-employment benefits	12,032,195	10,946,331
Compensated absences	941,604	880,262
Total liabilities	27,973,034	28,167,136
Deferred Inflows of Resources		
Deferred inflows related to pensions	1,349,024	849,487
Deferred inflows related to OPEB	7,731,727	10,561,901
Total deferred inflows of resources	9,080,751	11,411,388
Total liabilities and deferred inflows of resources	37,053,785	39,578,524
Net Position		
Net investment in capital assets and right-to-use assets	20,011,092	20,998,554
Restricted	3,435,548	2,746,507
Unrestricted (deficit)	(12,730,628)	(13,580,042)
Total net position	10,716,012	10,165,019
Total liabilities, deferred inflows of resources and net position	$ 47,769,797	$ 49,743,543

	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants	2026 Net (Expense) Revenue and Changes in Net Position	2025 Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	$ 1,946,620	$ 238,224	$ -	$ -	$ (2,184,844)	$ (2,193,681)
Instruction	8,439,933	955,141	69,259	527,628	(8,798,187)	(8,630,791)
Pupil transportation	1,057,218	715,648	35,945	7,829	(1,729,092)	(1,661,789)
Debt service	515,327	-	-	-	(515,327)	(185,624)
Food service program	491,130	-	46,177	439,040	(5,913)	46,780
Depreciation and amortization	1,909,013	(1,909,013)	-	-	-	-
Total functions and programs	$ 14,359,241	$ -	$ 151,381	$ 974,497	(13,233,363)	(12,625,105)
General Revenues						
Real property taxes and tax items					2,623,661	2,508,187
Use of money and property					464,748	196,765
Sale of property and compensation for loss					34,116	2,457
Miscellaneous					274,425	1,226,948
State sources					10,321,327	9,948,899
Federal sources					66,079	52,107
Total general revenues					13,784,356	13,935,363
Change in net position					550,993	1,310,258
Net position - beginning of year					10,165,019	9,332,323
Prior period adjustment					-	(477,562)
Net position - end of year					$ 10,716,012	$ 10,165,019

COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2026

	Governmental Funds							
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	*2026* (Memo only) Total	*2025* (Memo only) Total
Assets								
Unrestricted cash and cash equivalents	$ 2,726,000	$ 4,108	$ 167,450	$ -	$ -	$ 84,456	$ 2,982,014	$ 2,675,585
Restricted cash and cash equivalents	2,527,123	-	-	879,331	557,182	19,045	3,982,681	11,139,966
Due from other funds	263,207	-	-	10,049	-	-	273,256	369,075
State and federal aid receivable	229,479	228,546	41,352	-	-	-	499,377	423,673
Other receivables	310,209	-	-	-	-	-	310,209	421,403
Due from other governments	559,754	-	-	-	-	-	559,754	880,143
Inventories	-	-	37,486	-	-	-	37,486	26,340
Total assets	$ 6,615,772	$ 232,654	$ 246,288	$ 889,380	$ 557,182	$ 103,501	$ 8,644,777	$ 15,936,185
Liabilities and Fund Equity								
Liabilities								
Accounts payable	$ 80,376	$ -	$ -	$ -	$ -	$ -	$ 80,376	$ 584,578
Accrued liabilities	341,730	-	5,318	-	-	-	347,048	245,737
Bond anticipation notes payable	-	-	-	-	-	-	-	8,105,000
Due to other funds	-	232,654	18,281	-	22,321	-	273,256	369,075
Due to other governments	-	-	213	-	-	-	213	1,676
Due to Teachers' Retirement System	421,480	-	-	-	-	-	421,480	440,996
Due to Employees' Retirement System	64,204	-	5,182	-	-	-	69,386	61,733
Total liabilities	907,790	232,654	28,994	-	22,321	-	1,191,759	9,808,795
Fund Equity								
Nonspendable	-	-	37,486	-	-	-	37,486	26,340
Restricted	2,527,123	-	-	889,380	-	19,045	3,435,548	2,746,507
Committed	-	-	-	-	-	84,456	84,456	70,354
Assigned	931,991	-	179,808	-	534,861	-	1,646,660	1,133,627
Unassigned	2,248,868	-	-	-	-	-	2,248,868	2,150,562
Total fund equity	5,707,982	-	217,294	889,380	534,861	103,501	7,453,018	6,127,390
Total liabilities and fund equity	$ 6,615,772	$ 232,654	$ 246,288	$ 889,380	$ 557,182	$ 103,501	$ 8,644,777	$ 15,936,185

COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	Governmental Funds							
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	2026 (Memo only) Total	2025 (Memo only) Total
Revenue								
Real property taxes	$ 2,623,661	$ -	$ -	$ -	$ -	$ -	$ 2,623,661	$ 2,508,187
Charges for services	105,204	-	-	-	-	-	105,204	112,237
Use of money and property	264,281	-	69	199,548	-	919	464,817	196,814
Sale of property and compensation for loss	34,116	-	-	-	-	-	34,116	2,457
Miscellaneous	484,285	-	25,814	311,304	-	100,159	921,562	764,806
State sources	10,321,327	178,980	120,701	-	-	-	10,621,008	10,321,878
Federal sources	66,079	356,477	294,117	-	-	-	716,673	826,304
Surplus food	-	-	24,222	-	-	-	24,222	29,333
Sales (school food service)	-	-	20,294	-	-	-	20,294	20,197
Total revenue	13,898,953	535,457	485,217	510,852	-	101,078	15,531,557	14,782,213
Expenditures								
General support	1,702,902	-	127,320	-	-	-	1,830,222	1,828,923
Instruction	6,427,609	548,488	-	-	-	-	6,976,097	6,908,209
Pupil transportation	871,078	7,829	-	-	712,428	-	1,591,335	1,242,379
Employee benefits	3,152,989	-	69,156	-	-	-	3,222,145	2,974,804
Debt service								
Principal	686,705	-	-	-	-	-	686,705	655,266
Interest	613,087	-	-	-	-	-	613,087	300,313
Capital outlay	-	-	-	-	7,011,777	-	7,011,777	1,881,348
Cost of sales	-	-	176,626	-	-	-	176,626	200,250
Other expenses	-	-	121,628	-	-	81,307	202,935	243,289
Total expenditures	13,454,370	556,317	494,730	-	7,724,205	81,307	22,310,929	16,234,781
Excess (deficiency) of revenue over expenditures	444,583	(20,860)	(9,513)	510,852	(7,724,205)	19,771	(6,779,372)	(1,452,568)
Other sources and uses								
Issuance of serial bonds	-	-	-	-	8,105,000	-	8,105,000	-
Operating transfers in	275,000	20,860	-	-	438,505	-	734,365	869,006
Operating transfers out	(459,365)	-	-	(150,000)	(125,000)	-	(734,365)	(869,006)
Total other sources	(184,365)	20,860	-	(150,000)	8,418,505	-	8,105,000	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	260,218	-	(9,513)	360,852	694,300	19,771	1,325,628	(1,452,568)
Fund equity (deficit), beginning of year	5,447,764	-	226,807	528,528	(159,439)	83,730	6,127,390	7,579,958
Fund equity, end of year	$ 5,707,982	$ -	$ 217,294	$ 889,380	$ 534,861	$ 103,501	$ 7,453,018	$ 6,127,390

AVOCA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2026

Total fund balances - governmental funds		$ 7,453,018
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets and right-to-use assets consist of the following at year-end:		
Cost of the assets	66,144,940	
Accumulated depreciation/amortization	(32,794,328)	33,350,612
District's proportionate share of the net pension assets are reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions.		1,222,342
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(26,000)
In the fund financial statements, revenue is recognized when measureable and available, whereas in the governmental activities statements revenue is recognized when earned and collectible. The District was a participant in a health insurance consortium plan that was terminated effective June 30, 2025 and anticipates distributions over the next few years.		162,971
Deferred outflows from the refunding of debt is reported on the statement of net position and is amortized over the refunded debt. In the governmental funds the total sources and payments related to the refunding are recognized in the combined statement of revenue, expense and changes in fund equity.		15,810
District's proportionate share of actuarial calculated pension expense and net amortization of deferred outflows and inflows related to pension are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.		523,086
Deferred inflows/outflows of resources relatedto acturial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds OPEB expense is based on required contributions.		(4,957,296)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Bonds payable	(13,337,098)	
Installment purchase debt	(537,283)	
Net pension liability - ERS	(180,351)	
Other post-employment benefits	(12,032,195)	
Compensated absences	(941,604)	(27,028,531)
Total net position - governmental activities		$ 10,716,012

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

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	$ 6,964,695	$ -	$ -	$ (557,182)	$ 6,407,513
Due from other funds	273,256	-	-	(273,256)	-
State and federal aid receivable	499,377	-	-	-	499,377
Other receivables	310,209	162,971	-	-	473,180
Due from other governments	559,754	-	-	-	559,754
Inventories	37,486	-	-	-	37,486
Net pension assets	-	1,222,342	-	-	1,222,342
Cash to be used towards capital projects	-	-	-	557,182	557,182
Capital assets and right-to-use assets, net	-	33,350,612	-	-	33,350,612
Total assets	8,644,777	34,735,925	-	(273,256)	43,107,446
Deferred Outflows of Resources					
Deferred outflows related to bond refunding	-	15,810	-	-	15,810
Deferred outflows related to pensions	-	1,872,110	-	-	1,872,110
Deferred outflows related to OPEB	-	2,774,431	-	-	2,774,431
Total assets and deferred outflows of resources	$ 8,644,777	$ 39,398,276	$ -	$ (273,256)	$ 47,769,797
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	$ 80,376	$ -	$ -	$ -	$ 80,376
Accrued liabilities	347,048	-	-	-	347,048
Accrued interest	-	-	26,000	-	26,000
Due to other funds	273,256	-	-	(273,256)	-
Due to other governments	213	-	-	-	213
Due to retirement systems	490,866	-	-	-	490,866
Bonds payable	-	-	13,337,098	-	13,337,098
Installment purchase debt	-	-	537,283	-	537,283
Net pension liability-ERS	-	-	180,351	-	180,351
Other post-employment benefits	-	-	12,032,195	-	12,032,195
Compensated absences	-	-	941,604	-	941,604
Total liabilities	1,191,759	-	27,054,531	(273,256)	27,973,034
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	1,349,024	-	1,349,024
Deferred inflows related to OPEB	-	-	7,731,727	-	7,731,727
Total liabilities and deferred inflows of resources	1,191,759	-	36,135,282	(273,256)	37,053,785
Fund equity and net position	7,453,018	39,398,276	(36,135,282)	-	10,716,012
Total liabilities, deferred inflows of resources, and fund equity and net position	$ 8,644,777	$ 39,398,276	$ -	$ (273,256)	$ 47,769,797

AVOCA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2026

Total net change in fund balances - governmental funds		$ 1,325,628
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:		
Capital outlays	$ 7,834,231	
Depreciation/amortization expense	(1,909,013)	5,925,218
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds, such as refunds from health insurance plan. Collection on long-term receivables recorded in a previous year related to the health insurance plan is recorded as revenue in the governmental funds, whereas they are applied against the receivable in governmental activities.		(310,019)
Repayment of bond (including refunding) and bond anticipation notes redeemed from appropriations are recorded as an expenditure in the governmental funds, but the repayment reduces long-term and short-term liabilities in the statement of net position.		686,705
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when its due, and thus required the use of current financial resources. In the state of acitivities, however, interest expense is recognized as it accrues, regardless of when it is due. In adddition, premiums on bond anticipation notes and bonds are recorded as revenue in the governmental funds, whereas in the statement of activities, premiums are amortized into interest expense. Lastly, amortization of deferred outflows related to bond refundings are also reflected in the statement of activities.		97,760
District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.		458,521
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows realted to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to OPEB plan.		844,826
Proceeds from issuance of bonds (including bond premiums) and installment purchase debt are recorded as revenue in the governmental funds. However, in the statement of activities, proceeds from the issuance of bonds and installment purchase debt is not recorded as revenue but rather the amount is recorded as a liability in the statement of net position.		(8,416,304)
In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned udring the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences changed by this amount.		(61,342)
Change in net position of governmental activities		$ 550,993

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

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	$ 2,623,661	$ -	$ -	$ -	$ 2,623,661
Charges for services	105,204	-	-	(105,204)	-
Use of money and property	464,817	-	-	(69)	464,748
Sale of property and compensation for loss	34,116	-	-	-	34,116
Miscellaneous	921,562	(310,019)	(311,304)	(25,814)	274,425
State sources	10,621,008	-	-	(299,681)	10,321,327
Federal sources	716,673	-	-	(650,594)	66,079
Surplus food	24,222	-	-	(24,222)	-
Sales (school food service)	20,294	-	-	(20,294)	-
Total revenue	15,531,557	(310,019)	(311,304)	(1,125,878)	13,784,356
Expenditures					
General support	1,830,222	229,018	-	125,604	2,184,844
Instruction	6,976,097	867,916	61,342	892,832	8,798,187
Pupil transportation	1,591,335	(6,775)	-	144,532	1,729,092
Employee benefits	3,222,145	-	(1,303,347)	(1,918,798)	-
Debt service	1,299,792	-	(784,465)	-	515,327
Capital outlay	7,011,777	(7,011,777)	-	-	-
Cost of sales and other expense	379,561	(3,600)	-	(370,048)	5,913
Total expenditures	22,310,929	(5,925,218)	(2,026,470)	(1,125,878)	13,233,363
Excess (deficiency) of revenue over expenditures	(6,779,372)	5,615,199	1,715,166	-	550,993
Other sources and uses					
Issuance of serial bonds	8,105,000	-	(8,105,000)	-	-
Operating transfers in	734,365	-	-	(734,365)	-
Operating transfers out	(734,365)	-	-	734,365	-
Total other sources	8,105,000	-	(8,105,000)	-	-
Net change for year	$ 1,325,628	$ 5,615,199	$ (6,389,834)	$ -	$ 550,993

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

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

A. Reporting Entity

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

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

1. The Extraclassroom Activity Funds

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

B. Joint Venture

The ***Avoca Central School District*** is a component of the Supervisory District of the Steuben and Allegany Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

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

During the year, the District was billed approximately $2,368,000 for BOCES administration, program and capital costs. The District's share of BOCES aid and refunds amounted to approximately $1,158,000 for the year ended June 30, 2026. Financial statements for the Steuben and Allegany Counties BOCES are available at the BOCES administrative offices.

C. Basis of Presentation

1. District-wide Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Miscellaneous Special Revenue – is used to account for and report those revenues that are restricted and committed to expenditures for specified purposes including the extraclassroom activity funds and scholarships.

3. Fiduciary Fund Types

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are not included in the District-wide financial statements because their resources do not belong to the District and are not available to be used. The District does not have any activities that qualify for reporting as a fiduciary.

D. Measurement Focus and Basis of Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Cash Equivalents

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

F. Inventory

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

G. Investments

Investments are stated at current market value.

H. Due To/From Other Funds

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

I. Capital Assets

Capital assets are reported at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 2,500	Straight-line	15-50 years
Land improvements	$ 2,500	Straight-line	15-50 years
Furniture and equipment	$ 2,500	Straight-line	5-25 years
Transportation vehicles	$ 2,500	Straight-line	5-7 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Unearned Revenue

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

K. Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick, personal and vacation time. Eligibility and the accumulation of time is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated time through payment upon retirement, termination or death up at rates and subject to limits as specified in employment agreements. In the district-wide financial statements, the District recognizes a liability for compensated absences, including sick and vacation leave, when employees have earned the right to leave and it is more than likely than not that the leave will be used for time off or otherwise paid at retirement. The liability is measured at the employee's rate of pay at the reporting date, including salary related payments such as social security and Medicare taxes. The District has recorded an estimated liability in the District-wide financial statement amounting to $941,604 to recognize the cost of compensated absences.

L. Post-Employment Benefits

The District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. The cost of providing retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums (for retirees and their dependents) as an expenditure in the general fund in the year paid.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has several items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the governmental wide Statement of Net Position. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the actuarial changes in assumptions and other inputs, along with benefits paid subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has several items that qualify for reporting in this category. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS and TRS Systems) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The next item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the actuarial changes in assumptions.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). The District had nonspendable fund balance in the food service fund in the amount of $37,486 as of June 30, 2026.

B. Restricted

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

1. Reserve for Unemployment

   This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may be either transferred to another reserve or the excess applied to the appropriations next succeeding fiscal year's budget. If the District elects to convert to tax basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is recorded in the General Fund.

2. Reserve for Employee Benefits

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

3. Reserve for Debt Service

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. These reserves are accounted for in the Debt Service Fund.

4. Reserve for Insurance Recoveries

This reserve contains the difference between the insurance recovery received for the destruction of District property and the cost of replacement. This reserve is recorded in the in the General Fund.

5. Reserve for Retirement Contribution

The purpose of this reserve is to reserve funds to finance the cost of future retirement contributions. This reserve fund may be established by a majority vote of the board of education. This reserve is recorded in the General Fund.

6. Reserve for TRS Contributions Sub-Fund

This reserve is used to accumulate funds for teachers' retirement system contributions. The reserve is limited annually by 2% and in total 10% of teachers' retirement system salaries. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

7. Tax Certiorari Reserve

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

8. Reserve for Workers' Compensation

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program.

Excess reserve amounts may be either transferred to another reserve or applied to the appropriations for the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

9. Capital Reserve

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

10. Capital Reserve - Transportation

This reserve is used to accumulate funds to finance all or a portion of future transportation equipment purchases. Voter authorization is required for both the establishment of the reserves and payments from the reserves. This reserve is accounted for in the General Fund.

11. Reserve for Scholarships

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

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the outstanding balance of the extraclassroom activities as committed fund balance as of June 30, 2026.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned

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

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Encumbrance reserve totaled $37,237 as of June 30, 2026.

2. Appropriated Fund Balance

General Fund – The amount of $894,754 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2027 as allowed by section 1318 of the Real Property Tax Law.

E. Unassigned

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

2. Government-wide Financial Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

2. Government-wide Financial Statements (continued)

B. Restricted

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

C. Unrestricted

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

3. Order of Fund Balance Spending Policy

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

a. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation;

b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;

c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);

d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;

e. Unassigned fund balance.

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

a. The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

b. The proposed appropriations budget is approved by the voters within the District.

c. Appropriations are adopted at the program level.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Budgetary Procedures and Budgetary Accounting (continued)

1. Budget Policies (continued)

d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had supplemental appropriations during the year ended June 30, 2026 in the amount of $338,506 related to bus purchases.

2. Budget Basis for Accounting

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

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

P. Property Taxes

1. Calendar

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

2. Enforcement

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Interfund Transfers

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

R. Deferred Compensation Plan

Avoca Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) - Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

S. Estimates

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

T. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

U. New Accounting Standard

Effective for the year ended June 30, 2026, the District implemented the provisions of GASB Statement No. 103, Financial Reporting Model Improvements. The new Standard's objective is to improve key components of the financial reporting model to enhance its effectiveness.

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

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

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

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

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

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

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

1. Long-term Revenue Differences

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

2. Long-term Asset Transactions Differences

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

3. Long-term Liability Transaction Differences

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

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

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

4. Pension differences

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

5. OPEB differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A. Cash

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

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies and as of June 30, 2026, the District's bank deposits were fully collateralized.

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.

B. Deposits

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

(1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B. Deposits (continued)

(2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or

(3) Uncollateralized

Total financial institution (bank) balances at June 30, 2026 per the bank (including certificates of deposits) were approximately $8,082,000 Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
$ 427,000	$ 7,655,000	$ -	$ 8,082,000

C. Interfund Transactions

Interfund balances as of June 30, 2026 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 263,207	$ -
School Lunch Fund	-	18,281
Special Aid Fund	-	232,654
Debt Service Fund	10,049	-
Capital Fund	-	22,321
Total	$ 273,256	$ 273,256

	Interfund Revenue	Interfund Expense
General Fund	$ 275,000	$ 459,365
Debt Service Fund	-	150,000
Special Aid Fund	20,860	-
Capital Fund	438,505	125,000
Total	$ 734,365	$ 734,365

During the year ended June 30, 2026, the District transferred $438,505 from the general fund to the capital projects fund to finance the capital outlay project ($99,999) and bus purchases ($338,506). The District transferred $20,860 from the general fund to the special aid fund related to local funds towards the summer school and school for the deaf tuition. The District transferred $125,000 from the capital project fund to the general fund to related to capitalized interest on the new capital project. Lastly the District transferred $150,000 from the debt service fund to the general fund towards debt service.

D. Receivables

Receivables at June 30, 2026 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

D. Receivables (continued)

Fund	Description	Amount
Special Aid	State and Federal Aid	$ 228,546
General	State and Federal Aid	229,479
General	Other receivables	310,209
Food Service	State and Federal Aid	41,352
Food Service	Other receivables	-
Food Service	Due from Other Governments	-
General	Due from Other Governments	559,754
		$ 1,369,340

In the statement of net position an additional amount of approximately $163,000 of receivables related to a health insurance plan refund is included as other receivables as described in Note 3.H.I.2.

E. Capital and Right-to-Use Assets

I. Capital Assets

Capital asset balances and activity for the year ended June 30, 2026 were as follows:

	Beginning Balance 06/30/25	Net Change	Ending Balance 06/30/26
Governmental activities:			
Capital assets that are not depreciated:			
Land	$ 75,792	$ -	$ 75,792
Construction in Progress	2,587,621	(2,587,621)	-
Capital assets that are depreciated:			
Buildings and improvements	51,688,614	9,531,392	61,220,006
Furniture, equipment, and vehicles	3,796,473	738,724	4,535,197
Total historical cost	58,148,500	7,682,495	65,830,995
Less accumulated depreciation:			
Buildings and improvements	28,490,571	1,699,585	30,190,156
Furniture, Equipment, and Vehicles	2,403,738	97,572	2,501,310
Total accumulated depreciation	30,894,309	$ 1,797,157	32,691,466
Total net book value	$ 27,254,191		$ 33,139,529

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

E. Capital and Right-to-Use Assets (continued)

II. Right-to-Use Assets

The District reported right-to-use assets net of amortization as of June 30, 2026 and 2025 in the amount of $211,083 and $171,203, respectively. More information related to the right-to-use assets is disclosed in Note 5.

III. Depreciation and Amortization

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

General support	$	238,224
Instruction		955,141
Pupil transportation		715,648
	$	1,909,013

IV. Additions

During the current year, the District had additions in the amount of $7,834,231.

F. Liabilities

I. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS)

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

2. Contributions

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

F. Liabilities (continued)

I. Pension Plans (continued)

2. Contributions (continued)

For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

Year	TRS	ERS
2026	$ 388,000	$ 215,000
2025	410,000	194,000
2024	414,000	155,000

The School District contributions made to the Systems were equal to 100% of the contributions required for each year.

Since 1989, the TRS' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis.

Over the years, State Legislature authorized local governments to make available retirement incentive programs to qualifying employees. The District had no expenditures incurred or liability accrued related to the retirement incentive liabilities as of and for the year ended June 30, 2026.

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

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

At June 30, 2026, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2026 for ERS and June 30, 2025 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

Actuarial measurement date	ERS 3/31/2026	TRS 6/30/2025
Net pension asset/(liability)	$ (180,351)	$ 1,222,342
District's portion of the Plan's total net pension asset/(liability)	.0031967%	.020644%

For the year ended June 30, 2026, the District recognized pension expense (benefit) of $204,675 for ERS and $(50,084) for TRS. At June 30, 2026 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 103,208	$ 640,780	$ -	$ -
Changes of assumptions	30,958	483,887	-	13,179
Net difference between projected and actual earnings on pension plan investments	-	-	323,380	954,646
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	71,015	85,155	53,209	4,610
District's contributions subsequent to the measurement date	69,386	387,721	-	-
Total	$ 274,567	$ 1,597,543	$ 376,589	$ 972,435

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

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

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, including contributions subsequent to the measurement date, will be recognized in pension expense as follows:

	ERS	TRS
Year ending:		
2027	$ 79,101	$ 639,527
2028	(116,238)	(244,605)
2029	(60,536)	(260,843)
2030	(73,735)	(41,916)
2031	-	119,229
Thereafter	-	25,995

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/26	6/30/25
Actuarial valuation date	4/1/25	6/30/24
Interest rate	5.9%	6.95%
Salary scale	4.3% average	2.04% - 5.80%
	4/1/20 – 3/31/25 System's	7/1/19 – 6/30/24 System's
Decrement tables	Experience	Experience
Inflation rate	2.9%	2.5%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

4. Actuarial Assumptions (continued)

For ERS, annuitant mortality rates are based on April 1, 2020 – March 31, 2025 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

For ERS, the actuarial assumptions used in the April 1, 2025 valuation are based on the results of an actuarial experience study for the period April 1, 2020 – March 31, 2025. For TRS, the actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2024.

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

Measurement date	ERS 3/31/26	Expected Rate of Return	TRS 6/30/25	Expected Rate of Return
Asset Type:				
Domestic equity	25%	3.29%	33%	6.70%
International equity	14%	5.85%	15%	7.40%
Global equity	-%	-%	4%	7.00%
Private equity	15%	7.00%	9%	9.80%
Real Estate	12%	5.20%	11%	6.50%
Opportunistic/ARS portfolio	3%	5.13%	-%	-%
Credit	4%	5.10%	-%	-%
Real assets	4%	5.54%	-%	-%
Domestic fixed income securities	-%	-%	16%	2.60%
Global fixed income securities	-%	-%	2%	2.40%
Real estate debt	-%	-%	6%	3.80%
Private debt	-%	-%	2%	6.10%
High-yield fixed income	-%	-%	1%	4.70%
Fixed Income	22%	1.75%	-%	-%
Cash	1%	.25%	1%	.60%
Total:	100%		100%	

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

5. Discount Rate

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

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

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

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset/ (liability)	$ (1,231,750)	$ (180,351)	$ 698,664

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of net pension asset/ (liability)	$ (2,348,747)	$ 1,222,342	$ 4,227,228

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

I. Pension Plans (continued)

7. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measured dates, were as follows:

(In thousands)

	ERS	TRS
Measurement date	3/31/26	6/30/25
Employers' total pension liability	$ 253,773,040	$ 148,272,068
Plan Net Position	$ 248,131,290	$ 154,193,125
Employers' net pension asset/ (liability)	$ (5,641,750)	$ 5,921,057
Ratio of plan net position to be Employers' total pension liability	97.78%	104.0%

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2026 represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to $69,386.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2026 are paid to the System in September, October and November 2026 through a state aid intercept. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the fiscal year ended June 30, 2026 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2026 amounted to $421,480 (employer contributions $387,721 and employee contributions of $33,759).

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

II. Other Post-Employment Benefits

Plan Description

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

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2025, the plan had total active employees of 85 and retirees of 58.

Total OPEB Liability

The District's total OPEB liability of $12,032,195 was measured as of December 31, 2025 and was determined by an actuarial valuation as of January 1, 2025.

Actuarial Methods and Other Inputs

The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70% per year
Salary increases	Vary by pension retirement system membership (New York State Teachers Retirement System (TRS) or Employees Retirement System (ERS))
Discount rate	4.43% as of December 31, 2025
Healthcare cost trend rates	2025 – 6.60% reduced to an ultimate rate of 4.04% by 2075.
Retirees' share of benefit-related costs	District pays 50% for single and 50% for family – based on years of service and credited months

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

Mortality rates were based on the Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2021.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

II. Other Post-Employment Benefits (continued)

Changes in the Total OPEB Liability

Service cost	$ 428,971
Interest	478,278
Change in benefit terms	42,942
Differences between expected and actual experience	773,760
Changes in assumptions	(232,666)
Benefit payments	(405,421)
Net changes	1,085,864
Net OPEB liability – beginning of year	10,946,331
Net OPEB liability – end of year	$ 12,032,195

Changes in benefit terms in the current year was related to vision and dental coverage added to the Superintendent contract. Changes in assumptions since the last valuation include a change in the discount rate from 4.28% in December 2024 to 4.43% in December 2025 which was updated based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of December 31, 2025. In addition, the healthcare cost trend changed from changed from 6.75% decreasing gradually to 4.14% in 2075 to 6.60% decreasing gradually to 4.04% in 2075.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.43%) or 1 percentage point higher (5.43%) that the current discount rate:

	1% Decrease (3.43%)	Current Assumption (4.43%)	1% Increase (5.43%)
Total OPEB liability	$ 14,043,493	$ 12,032,195	$ 10,423,825

F. Liabilities (continued)

II. Other Post-Employment Benefits (continued)

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

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

	1% Decrease (5.60%-3.04%)	Current Assumption (6.60%-4.04%)	1% Increase (7.60%-5.04%)
Total OPEB liability	$ 10,157,381	$ 12,032,195	$ 14,447,074

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

For the year ended June 30, 2026, the District recognized OPEB expense (benefit) of $(222,920). At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 663,223	$ 3,279,434
District's contributions subsequent to the measurement	398,976	-
Changes in assumptions	1,712,232	4,452,293
Total	$ 2,774,431	$ 7,731,727

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

Measurement Period Ending December:	
2027	$ (1,454,793)
2028	(1,665,018)
2029	(1,995,522)
2030	(323,902)
2031	5,663
Thereafter	77,300

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

III. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes (BANs)

The District may issue Bond Anticipation Notes, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will receive the proceeds from the issuance of bonds. Such notes may be classified as part of the financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

On June 25, 2025, the District issued bond anticipation notes in the amount of $8,105,000 to finance its 2023 capital improvement project. Th notes had an interest rate of 4.25% and matured on June 25, 2026 at which time serial bonds were issued in the amount of $8,105,000.

b. Short-term Interest

The District's short-term interest totaled $344,463 during the year ended June 30, 2026.

2. Long-Term Debt

a. Debt Limit

At June 30, 2026, the total indebtedness represents approximately 49% of its debt limit.

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets.

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2026 are summarized as follows:

F. Liabilities (continued)

III. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Changes (continued)

	Balance June 30, 2026	Balance June 30, 2025	Amounts Due Within One Year
Serial bonds	$ 13,337,098	$ 5,678,413	$ 1,465,000
Installment Purchase Debt	537,283	588,988	53,184
Other post-employment benefits	12,032,195	10,946,331	-
Compensated absences	941,604	880,262	-
Net pension liability-ERS	180,351	617,422	-
	$ 27,028,531	$ 18,711,416	$ 1,518,184

During the current year, the District issued new bonds in the amount of $8,105,000 which had premiums of $311,304. The District made principal payments in the amount of $635,000, as well as amortization of premiums in the amount of $122,619. The District had principal payments on installment purchase debt of $51,705. The net change in compensated absences was an increase of $61,342. The net change in other post-employment benefits was an increase of $1,085,864. The net pension liability related to ERS had a decrease in the amount of $437,071. TRS was reported as a net pension asset during the current and prior year.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

III. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Summary

The following is a summary of maturity of the District's serial bonds and installment purchase debt:

Description of Issue	Outstanding June 30, 2026
Serial Bonds, issued in 2016 with a maturity date of June, 2028, bonds carry interest at 2.00% - 5.00%.	$ 440,000
Plus: Unamortized premium on bonds	20,336
Serial Bonds, issued in 2020 through DASNY Serial Bond, issued in 2020 with a maturity date of June, 2035, bonds carry interest of 2.736%.	3,990,000
Plus: Unamortized premium on bonds	470,458
Serial Bonds, issued in 2026 with a maturity date of June, 2041, bonds carry interest of 4%.	8,105,000
Plus: Unamortized premium on bonds	311,304
Installment Purchase Debt related to energy performance project, issued in 2020 with a maturity date of June 2035, carries interest of 2.842%.	537,283
	$ 13,874,381

e. Maturity

The following is a summary of maturing debt service requirements for serial bonds and installment purchase debt.

	Serial Bonds – 2016	
Year	Principal	Interest
2027	$ 215,000	$ 22,000
2028	225,000	11,250
Total	$ 440,000	$ 33,250

	DASNY Serial Bonds – 2020	
Year	Principal	Interest
2027	$ 460,000	$ 199,500
2028	475,000	176,500
2029	400,000	152,750
2030	415,000	132,750
2031	435,000	112,000
2032-2035	1,805,000	231,000
Total	$ 3,990,000	$ 1,004,500

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

III. Indebtedness (continued)

2. Long-Term Debt (continued)

e. Maturity (continued)

Year	Serial Bonds - 2026 Principal	Interest
2027	$ 790,000	$ 345,813
2028	505,000	292,600
2029	560,000	272,400
2030	585,000	250,000
2031	610,000	226,600
2032-2036	2,785,000	785,200
2037-2041	2,270,000	247,000
Total	$ 8,105,000	$ 2,419,613

Year	Installment Purchase Debt – 2020 Principal	Interest
2027	$ 53,184	$ 14,894
2028	54,707	13,372
2029	56,273	11,806
2030	57,883	10,196
2031	59,540	8,539
2032-2035	255,696	16,620
Total	$ 537,283	$ 75,427

f. Long-Term Debt Interest

Interest expense on long-term debt amounted to $268,624 for the year ended June 30, 2026.

3. Advanced Bond Refunding

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

As a result of a difference between the carrying value of the refunded debt and reacquisition price of the new debt, a deferred outflows of resources in the amount of $1,275,000 was recognized, of which $14,859 was amortized during the current year, with the remaining balance of $15,810 as of June 30, 2026 to be amortized through June 30, 2028.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

F. Liabilities (continued)

III. Indebtedness (continued)

4. Premiums, Debt Issuance Costs and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs related to the bonds were expensed in accordance with GASB 65.

G. Fund Equity

I. Fund Equity Components

The District's fund equity is comprised of various components. The District's fund equity includes reserves established for the following purposes:

Category/ Fund	Reservation Purposes	Balance June 30, 2026
Nonspendable		
Food Service	Reserve for inventory	$ 37,486
Restricted:		
General	Reserve for insurance recoveries	$ 50,000
	Reserve for employee benefits	490,402
	Capital reserve	556,810
	Capital reserve – transportation	549,892
	Reserve for unemployment	98,066
	Reserve for tax certiorari	-
	Reserve for workers' compensation	169,943
	Reserve for TRS retirement contributions sub fund	75,348
	Reserve for retirement contributions	536,662
		$ 2,527,123
Debt Service	Reserve for debt service	$ 889,380
Miscellaneous Special Revenue	Reserve for Scholarships	$ 19,045
Committed:		
Miscellaneous Special Revenue	Fund balance for extraclassroom activities	$ 84,456
Assigned:		
General	Appropriated fund equity	$ 894,754
	Reserve for encumbrances	37,237
		$ 931,991
Food Service	Fund equity	$ 179,808
Capital Projects	Fund equity	$ 534,861

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

G. Fund Equity

II. District-wide Net Position

Net position of the District includes restricted net position of $3,435,548 which represent restricted amounts in the general fund, debt service fund and miscellaneous special revenue fund as presented above.

H. Commitments and Contingencies

I. Risk Financing and Related Insurance

1. General Information

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

2. Risk Sharing Pools

For its employee health coverage, ***Avoca Central School District*** was a participant in the Steuben Area Schools Plan, a public entity risk pool operated for the benefit of 9 individual school districts. The School District paid monthly premiums to the Plan for this health coverage. During the current year, the participating schools made the decision to dissolve the Plan effective June 30, 2025. Funds remaining in the plan will be distributed to the participating schools on a proportionate basis. The District received $310,019 and $418,010 in August 2026 and 2025, respectively, which was recognized as a receivable and revenue in the general fund as of and for the year ended June 30, 2026 and 2025, respectively. The District anticipates receiving future distributions from the Plan of approximately $163,000 which was recorded as other receivable and miscellaneous revenue in the District-wide financial statement.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

H. Commitments and Contingencies (continued)

I. Risk Financing and Related Insurance (continued)

2. Risk Sharing Pools

The District entered into a contract with a private insurance carrier for health coverage during 2025-26 fiscal year.

The District participates in the Steuben-Allegany Area Schools Self-Insured Workers' Compensation Plan, a risk-sharing pool, to insure Worker's Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risk related to workers' compensation.

The ***Avoca Central School District*** has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees.

II. Grants

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

III. Litigation

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

I. Tax Abatements

The Steuben County Industrial Development Agency entered into a property tax abatement programs (Payment in Lieu of Taxes – PILOT) with corporations in the Avoca Central School District's tax jurisdiction for the purpose of an alternative energy projects. The term of the PILOTs is 20 years Total PILOTS received in the current year totaled $55,404. At this time, the District is unable to quantify the amount of taxes that have been abated under this program.

NOTE 4 - CAPITAL PROJECTS

On December 12, 2023, the District's voters authorized a new capital improvement project in the amount of $9,105,000. During the current year, District had costs related to the project in the amount of $7,036,778.

The District also had a capital outlay project during the current year and incurred expenditures totaling $99,999.

During the current year, the District purchased transportation vehicles totaling $712,428. These purchases were related to bus resolutions approved by District taxpayers in May 2024 ($301,047), May 2025 ($366,929), and May 2026 ($44,452).

NOTE 5 – RIGHT-TO-USE ASSETS/LEASES

The District has entered into various agreements with Erie 1 BOCES to acquire IT and computer equipment. The equipment is owned by Erie 1 BOCES, however the District has recognized a right-to-use asset in accordance with Governmental Accounting Standards Board Statement No. 87, Leases. The District paid cash for the equipment rather than through an installment purchase agreement. The District amortizes its right-to-use assets over a period of 5 years. Below is a summary of the activity of the District's right-to-use assets during the year ended June 30, 2026:

	Balance 7/1/2025	Additions
Right-to-use asset	$ 236,767	$ 87,225
Accumulated amortization	(65,564)	(47,345)
	$ 171,203	$ 39,880

	Deletions	Balance 6/30/2026
Right-to-use asset	$ (10,047)	$ 313,945
Accumulated amortization	10,047	(102,862)
	$ -	$ 211,083

NOTE 6 – PRIOR PERIOD ADJUSTMENT

During the prior year, the District recorded a prior period adjustment in the district-wide financial statements in the amount of $477,562. The adjustment was related to adopting GASB 101, Compensated Absences, resulting in a restatement of beginning net position.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 15, 2026, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

AVOCA CENTRAL SCHOOL DISTRICT

COMBINING REQUIRED SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND AND RELATED NOTES FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Current Year's Actual Revenue	Variance with Final Budget Over (Under) Actual Revenue
Revenues					
Local Sources:					
Real property taxes and tax items	$ 2,562,260	$ 2,562,260	$ -	$ 2,562,260	$ -
Real property tax items	19,500	19,500	-	61,401	41,901
Charges for services	80,000	80,000	-	105,204	25,204
Use of money and property	53,000	53,000	-	264,281	211,281
Sale of property and compensation for loss	5,000	5,000	-	34,116	29,116
Miscellaneous	160,500	160,500	-	484,285	323,785
State Sources:					
Basic formula	9,197,774	9,197,774	-	9,285,178	87,404
BOCES	950,000	950,000	-	995,298	45,298
Textbooks	21,553	21,553	-	21,203	(350)
All other aid	15,266	15,266	-	19,648	4,382
Federal Sources:					
Medicaid reimbursement	60,000	60,000	-	66,079	6,079
Total revenue	13,124,853	13,124,853	-	13,898,953	774,100
Other Sources:					
Operating transfer in	135,000	135,000	-	275,000	140,000
Total revenue and other sources	13,259,853	13,259,853	$ -	$ 14,173,953	$ 914,100
Supplemental appropriation - bus purchases	-	338,506			
Use of reserves	400,000	400,000			
Appropriated fund equity and carryover encumbrances	903,042	933,160			
Total revenue, other sources and appropriated fund equity	$ 14,562,895	$ 14,931,519			

See accompanying independent auditor's report.

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Current Year's Expenditures	Encumbrances	Variance with Final Budget (less encumbrances) Over (Under) Actual Expenditures
Expenditures						
General Support:						
Board of education	$ 33,786	$ 33,786	$ -	$ 32,620	$ -	$ 1,166
Central administration	231,991	231,991	-	225,992	-	5,999
Finance	324,568	332,118	(7,550)	319,018	-	13,100
Staff	73,278	81,378	(8,100)	80,981	-	397
Central services	799,505	837,550	(38,045)	782,718	18,048	36,784
Special items	265,503	264,813	690	261,573	-	3,240
Instructional:						
Instruction, administration and improvement	321,660	327,100	(5,440)	320,965	-	6,135
Teaching - regular school	3,116,619	3,083,656	32,963	2,972,114	-	111,542
Programs for children with handicapping conditions	1,623,521	1,623,686	(165)	1,393,287	-	230,399
Teaching - special schools	74,175	54,327	19,848	16,885	-	37,442
Occupational education	504,159	506,671	(2,512)	504,781	-	1,890
Instructional media	506,066	520,695	(14,629)	554,024	463	(33,792)
Pupil services	721,385	747,735	(26,350)	665,553	18,126	64,056
Pupil Transportation	950,315	970,215	(19,900)	871,078	600	98,537
Employee Benefits	3,581,310	3,542,238	39,072	3,152,989	-	389,249
Debt Service:						
Debt service principal	686,705	686,705	-	686,705	-	-
Debt service interest	633,349	633,349	-	613,087	-	20,262
Total expenditures	14,447,895	14,478,013	(30,118)	13,454,370	37,237	986,406
Other Uses:						
Transfer to other funds	115,000	453,506	(338,506)	459,365	-	(5,859)
Total other uses	115,000	453,506	(338,506)	459,365	-	(5,859)
Total expenditures and other uses	$ 14,562,895	$ 14,931,519	$ (368,624)	13,913,735	$ 37,237	$ 980,547
Excess (deficiency) of revenue and other sources over expenditures and other uses				$ 260,218		

NOTES TO BUDGETARY RSI

Budgetary Procedures and Budgetary Accounting

See Note 1 Section O for further information.

Significant Variances in Budgetary Comparison Schedule

Original Budget vs Final Budget:

1. Differences in budgeted expenditure categories were primarily the result of prior year carryover encumbrances, budget transfers from one expenditure category to another, and the supplemental appropriation for the transfer of transporation reserve funds to the capital project fund towards the purchase of buses.

Final Budget vs Actual:

1. Use of money and property was higher than originally anticipated as a result of higher interest earnings.
2. Miscelleneous revenue was higher than originally anticipated as a result of funds received from prior health insurance consortium which is being dissolved.
3. Operation transfers in were more than what was originally planned as the District transferred funds from its debt service fund towards debt service costs.
4. Teaching - regular school actual expenditures were less than originally anticipated mostly related to contractual costs and materials and supplies.
5. Programs for children with handicapping conditions actual expenditures were less than originally anticipated primarily related to tuiton and BOCES expenditures.
6. Employee benefits actual expenditures were less than originally anticipated. Employee Retirement System costs and health insurance costs were the leading contributors to the difference.

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	$ 152,294	$ 120,701	$ (31,593)
Federal sources	332,925	294,117	(38,808)
Sales	21,059	20,294	(765)
Miscellaneous	10,310	25,814	15,504
Surplus food	50,000	24,222	(25,778)
Use of money and property	-	69	69
Total revenue	566,588	485,217	(81,371)
Expenditures			
General support	136,145	127,320	8,825
Employee benefits	80,332	69,156	11,176
Cost of sales	234,865	176,626	58,239
Other expenses	164,945	121,628	43,317
Total expenditures	616,287	494,730	121,557
Excess (deficiency) of revenue over expenditures	$ (49,699)	(9,513)	$ 40,186
Fund equity, beginning of year		226,807	
Fund equity, end of year		$ 217,294	

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET	
Adopted budget	$ 14,562,895
Additions:	
Prior year encumbrances	30,118
Original Budget	14,593,013
Budget Revisions: Supplemental Appropriation - purchase of buses in capital fund	338,506
Final budget	$ 14,931,519
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION	
2026-27 voter-approved expenditure budget	**$ 15,952,634**
Maximum allowed (4% of 2026-27 budget)	**$ 638,105**
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Committed fund balance	$ -
Assigned fund balance	931,991
Unassigned fund balance	2,248,868
Total unrestricted fund balance	3,180,859
Less:	
Appropriated fund balance	894,754
Enumbrances included in committed and assigned fund balance	37,237
Total adjustments	931,991
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	**$ 2,248,868**
Actual percentage	**14.1%**

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

Project Title	Original Appropriation	Revised Appropriation	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Unexpended (Overexpended) Balance	Methods of financing: Proceeds of Obligations	Methods of financing: State Sources	Methods of financing: Local Sources	Methods of financing: Total	Fund Balance June 30, 2026
Smart School Bond Act Project	$ 723,986	$ 723,986	$ 710,191	$ -	$ 710,191	$ 13,795	$ -	$ 710,191	$ -	$ 710,191	$ -
2023 Capital Improvement Project *	9,105,000	9,105,000	1,827,413	7,036,778	8,864,191	240,809	8,105,000	-	1,000,000	9,105,000	240,809
HVAC Project	700,000	700,000	700,001	-	700,001	(1)	-	-	700,000	700,000	(1)
Capital Outlay - 25-26	100,000	100,000	-	99,999	99,999	1	-	-	99,999	99,999	-
Transportation vehicles - Prior years	1,485,000	1,485,000	785,153	667,975	1,453,128	31,872	-	-	1,453,128	1,453,128	-
Transportation vehicles - Current year	420,000	420,000	-	44,453	44,453	375,547	-	-	338,506	338,506	294,053
	$ 12,533,986	$ 12,533,986	$ 4,022,758	$ 7,849,205	$ 11,871,963	$ 662,023	$ 8,105,000	$ 710,191	$ 3,591,633	$ 12,406,824	$ 534,861

* Expenditures in the current year include $125,000 of capitalized interest which was recorded as an interfund transfer from the capital project fund to the general fund.

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school *	N/A	25-26	N/A	$ 34,220	$ 34,220
Universal pre-kindergarten	0409-26-7026	25-26	$ 95,540	95,540	95,540
Section 4201 School for the Deaf **	N/A	25-26	N/A	70,080	70,080
BOCES aid - food service fund	N/A	25-26	N/A	49,337	49,337
School breakfast programs	N/A	25-26	N/A	16,259	16,259
School lunch programs	N/A	25-26	N/A	55,105	55,105
				$ 320,541	$ 320,541

* Revenue includes interfund transfer in the amount of $6,844 which represents the local share.
** Revenue includes interfund transfer in the amount of $14,016 which represents the local share.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2026

Note 1 – **Summary of Significant Accounting Policies**

Basis of Presentation

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

Basis of Accounting

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

Note 2 - **Non-monetary Federal Program**

The accompanying ***Avoca Central School District*** is the recipient of a non-monetary federal award program. During the year ended June 30, 2026, the District reported in the Schedule of Federal Awards $24,222 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

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

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Direct Grant:					
Small, Rural School Achievement Program	84.358A	S358A207656	$ 23,349	$ 23,349	$ 23,349
Passed through NYS Department of Education:					
Title I	84.010A	0021-26-2840	$ 155,634	$ 155,634	$ 155,634
Title II, Part A	84.367A	0147-26-2840	19,406	19,406	19,406
Title IV - SSAE	84.424A	0204-26-2840	12,062	12,062	12,062
IDEA, Part B Public Law 94-142 *	84.027A	0032-26-0854	139,078	139,078	139,078
IDEA, Pre-school Public Law 99-457 *	84.173A	0033-26-0854	6,948	6,948	6,948
Total U.S. Department of Education				356,477	356,477
US Department of Agriculture:					
Passed through NYS Department of Education:					
National School Lunch Program **	10.555	N/A	N/A	212,269	212,269
National School Breakfast Program **	10.553	N/A	N/A	68,333	68,333
National School Snack Program **	10.555	N/A	N/A	13,515	13,515
Passed through NYS Office of General Services:					
National School Lunch Program					
Noncash assistance (Donated Commodities) **	10.555	N/A	N/A	24,222	24,222
Total U.S. Department of Agriculture				318,339	318,339
Total expenditures and revenue				$ 674,816	$ 674,816
* Constitutes a cluster of Federal programs names Special Education Cluster with revenues and expenditures of					$ 146,026
** Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of					$ 318,339

Capital Assets and Right-to-Use Assets, net	$	33,350,612
Less:		
Serial bonds		(13,337,098)
Installment purchase debt		(537,283)
Plus:		
Assets to be used for capital improvements, net of related liabilities		534,861
Net investment in capital assets and right-to-use assets	$	20,011,092

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS FOR THE YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2026

For the year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability									
Service cost	$ 428,971	$ 444,281	$ 407,296	$ 786,868	$ 1,164,115	$ 920,349	$ 251,780	$ 485,287	$ 465,898
Interest	478,278	446,498	551,747	381,345	504,558	540,562	278,986	559,014	514,017
Change in benefits	42,942	-	-	-	-	-	-	-	-
Differences between expected and actual experience	773,760	(35,655)	(3,035,419)	(34,452)	(2,879,925)	(28,870)	(5,844,855)	-	-
Changes in assumptions	(232,666)	(465,803)	728,495	(6,240,787)	(3,321,400)	2,672,928	8,527,410	939,645	(712,795)
Benefit payments	(405,421)	(319,173)	(336,844)	(293,309)	(282,348)	(272,004)	(105,950)	(213,090)	(560,098)
Net change in total OPEB liability	1,085,864	70,148	(1,684,725)	(5,400,335)	(4,815,000)	3,832,965	3,107,371	1,770,856	(292,978)
Total OPEB liability - beginning	10,946,331	10,876,183	12,560,908	17,961,243	22,776,243	18,943,278	15,835,907	14,065,051	3,347,548
Prior period adjustment	-	-	-	-	-	-	-	-	11,010,481
Total OPEB liability - ending	$ 12,032,195	$ 10,946,331	$10,876,183	$ 12,560,908	$ 17,961,243	$ 22,776,243	$ 18,943,278	$ 15,835,907	$ 14,065,051
Plan fiduciary net position									
Contributions - employer	$ 405,421	$ 319,173	$ 336,844	$ 293,309	$ 282,348	$ 272,004	$ 105,950	$ 213,090	$ 560,098
Benefit payments	(405,421)	(319,173)	(336,844)	(293,309)	(282,348)	(272,004)	(105,950)	(213,090)	(560,098)
Plan fiduciary net position - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's net OPEB liability	$ 12,032,195	$ 10,946,331	$10,876,183	$ 12,560,908	$ 17,961,243	$ 22,776,243	$ 18,943,278	$ 15,835,907	$ 14,065,051
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 4,673,894	$ 5,683,473	$ 5,233,055	$ 5,143,695	$ 4,587,952	$ 4,625,173	$ 4,767,202	$ 4,219,321	$ 4,336,344
District's net OPEB liability as a percentage of covered-employee payroll	257.43%	192.60%	207.84%	244.20%	391.49%	492.44%	397.37%	375.32%	324.35%

Notes to Schedule:

Benefit Changes: A 100% District subsidy for vision and dental coverage in retirement has been added for the Superintendent.

Changes in assumptions: Discount rate 4.28% as of December 31, 2024 and 4.43% as of December 31, 2025.
Health care trend rate changed from 6.75% decreasing gradually to 4.14 in 2075 to 6.60% decreasing gradually to 4.04%.
Inflation factor changed from 2.70% per year to 2.60% per year.

Change in measurement date: The District opted to change their measurement date from June 30 to December 31 after the fiscal year ended June 30, 2019.

For the year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	$ 405,421	$ 319,173	$ 336,844	$ 293,309	$ 282,348	$ 272,004	$ 105,950	$ 213,090	$ 560,098
Contributions in relation to the actuarially determined contribution	(405,421)	(319,173)	(336,844)	(293,309)	(282,348)	(272,004)	(105,950)	(213,090)	(560,098)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,673,894	$ 5,683,473	$ 5,233,055	$ 5,143,695	$ 4,587,952	$ 4,625,173	$ 4,767,202	$ 4,219,321	$ 4,336,344
Contributions as a percentage of District's covered-employee payroll	8.67%	5.62%	6.44%	5.70%	6.15%	5.88%	2.22%	5.05%	12.92%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 2025 and measured as of December 31, 2025.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	4.43% as of December 31, 2025
Inflation	2.60% per year
Healthcare cost trend rates	2025 - 6.60%. Rates expected to decrease each year thereafter with an ultimate rate of 4.04% after 2075.
Salary increases	Based on NYSTRS and NYS ERS assumptions
Mortality	Pub-2010 Headcount-Weighted table projected fully generationally using MP-2021.
Retiree Cost Sharing	District pays 50% for single and 50% for family - based on years of service.
Participants	85 Active and 58 Retirees

New York State Teachers' Retirement System

For the year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	$ 387,721	$ 409,804	$ 413,713	$ 428,968	$ 396,444	$ 371,993	$ 350,426	$ 423,488	$ 373,998	$ 443,003
Contributions in relation to the contractually required contribution	(387,721)	(409,804)	(413,713)	(428,968)	(396,444)	(371,993)	(350,426)	(423,488)	(373,998)	(443,003)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,042,972	$ 4,053,452	$4,238,863	$4,168,785	$ 4,045,347	$3,903,389	$3,955,147	$3,987,646	$3,816,306	$3,779,889
Contributions as a percentage of District's covered-employee payroll	9.59%	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%

New York State Local Employees' Retirement System

For the year ended March 31,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	$ 215,197	$ 193,706	$ 154,798	$ 132,490	$ 150,731	$ 137,473	$ 128,440	$ 125,004	$ 133,509	$ 144,864
Contributions in relation to the contractually required contribution	(215,197)	(193,706)	(154,798)	(132,490)	(150,731)	(137,473)	(128,440)	(125,004)	(133,509)	(144,864)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,360,074	$ 1,331,298	$1,244,929	$1,209,486	$ 991,079	$1,012,402	$ 961,264	$ 928,431	$ 905,059	$1,000,675
Contributions as a percentage of District's covered-employee payroll	15.82%	14.55%	12.43%	10.95%	15.21%	13.58%	13.36%	13.46%	14.75%	14.48%

SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE NET PENSION ASSET – NYSTRS AND PROPORTIONATE SHARE OF NET PENSION LIABILITY - NYSLERS

FOR THE YEARS ENDED JUNE 30, 2017 THROUGH JUNE 30, 2026

New York State Teachers' Retirement System - Net Pension Asset (Liability)

As of the measurement date of June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension liability/asset	n/a	0.020644%	0.022199%	0.022572%	0.022835%	0.022673%	0.022823%	0.023695%	0.023060%	0.023370%
District's proportionate share of the net pension asset/(liability)	n/a	$ 1,222,342	$ 662,342	$ (258,126)	$ (438,186)	$ 3,928,946	$ (630,663)	$ 615,609	$ 416,979	$ 177,363
District's covered-employee payroll	n/a	$ 4,053,452	$ 4,238,863	$ 4,168,785	$ 4,045,347	$ 3,903,389	$ 3,955,147	$ 3,987,646	$ 3,816,306	$ 3,779,889
District's proportionate share of the net pension liability/asset as a percentage of its covered employee payroll	n/a	30.16%	15.63%	6.19%	10.83%	100.65%	15.95%	15.44%	10.93%	4.70%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	104.00%	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%

New York State Local Employees' Retirement System - Net Pension (Liability)

As of the measurement date of March 31,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension asset (liability)	0.0031967%	0.0036010%	0.0034681%	0.0039255%	0.0031779%	0.0032183%	0.0033510%	0.0032104%	0.0030684%	0.0033788%
District's proportionate share of the net pension asset (liability)	$ (180,351)	$ (617,422)	$ (510,647)	$ (841,792)	$ 259,783	$ (3,205)	$ (887,368)	$ (227,462)	$ (99,032)	$ (317,484)
District's covered-employee payroll	$ 1,360,074	$ 1,331,298	$ 1,244,929	$ 1,209,486	$ 991,079	$ 1,012,402	$ 961,264	$ 928,431	$ 905,059	$ 1,000,675
District's proportionate share of the net pension (liability) as a percentage of its covered employee payroll	13.26%	46.38%	41.02%	69.60%	26.21%	0.32%	92.31%	24.50%	10.94%	31.73%
Plan fiduciary net position as a percentage of the total pension (liability)	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

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

To the President and
Members of the Board of Education
Avoca Central School District
Avoca, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of ***Avoca Central School District*** as of and for the year ended June 30, 2026, and the related notes to the financial statements which collectively comprise ***Avoca Central School District's*** basic financial statements and have issued our report thereon dated September 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ***Avoca Central School District's*** internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***Avoca Central School District's*** internal control. Accordingly, we do not express an opinion on the effectiveness of ***Avoca Central School District's*** internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item II.A. 2026-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ***Avoca Central School District's*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2026-002.

Avoca Central School District's Responses to Findings

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 15, 2026

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		yes	x	no
Significant deficiency(ies) identified?	x	yes		none reported
Noncompliance material to financial statements noted?	x	yes		no

A single audit was not required in the current year, as the District's Federal expenditures did not exceed $1,000,000.

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2026-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2026

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to recording interfund transfers and converting to the full accrual method for government-wide financial statement purposes. In addition, a draft of the financial statements was prepared by the auditors.

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

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

School District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements. This will be implemented by Theresa Stopka, School Business Executive, and completed by 6/30/2027.

B. COMPLIANCE AND OTHER MATTERS

2026-002 Unassigned Fund Balance

Year ended June 30, 2026

Conditions and criteria: ***Avoca Central School District's*** unassigned fund balance as of June 30, 2026 amounted to $2,248,868. This amount constitutes approximately 14% of the 2026-2027 school budget.

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

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

School District's Response: As a result of the audit, ***Avoca Central School District*** realizes its unassigned fund balance as of June 30, 2026 is in excess of the NYS mandated 4% level. The District will continue to review its options with regards to reservation and designation of fund balance. This will be implemented by Theresa Stopka, School Business Executive, and completed by 6/30/2027.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2025-001 **Adjusting Journal Entries and Required Disclosures to the Financial Statements**

Year ended June 30, 2025

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

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2026, as identified as finding 2026-001.

B. COMPLIANCE AND OTHER MATTERS

2025-002 **Unassigned Fund Balance**

Year Ended June 30, 2025

Summary of Prior Year Finding: ***Avoca Central School District's*** unassigned fund balance as of June 30, 2025 amounted to approximately $2,310,000. This amount constitutes approximately 16% of the 2025-2026 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2026, as identified as finding 2026-002.

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

To the President and Members of the
Board of Education
and School Administration
Avoca Central School District
Avoca, New York

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2026 of the District's financial statements and have issued our reports thereon dated September 15, 2026. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the ***Avoca Central School District*** for the year ended June 30, 2026, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

We have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. ***Avoca Central School District's*** has provided responses to the additional comments; however, we did not audit these responses and, accordingly, we express no opinion on them.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 15, 2026

Financial Plan

As the District continues to experience inflationary increases in expenditures and modest increase in revenue sources, we recommend that the District consider preparing projections of future revenue, expenditures and expected fund balance and should consider developing a three to five-year financial plan. We realize that such a plan will require the use of estimates and assumptions of information such as the amount of expected Federal and State Aid, expected rate increase in retirement systems and health insurance, potential increase in salaries, etc. However, we believe this plan could be a very useful tool that the District can utilize when negotiating employee contracts, setting future tax rates, purchasing future equipment, and determining how much fund balance will be utilized towards the capital project. The forecast would also be beneficial in the budgeting process, whereby the District would have an indication as to whether current year operations are running at an overall surplus or deficit.

District response: The District recognizes that preparing multi-year projections of revenues, expenditures, and fund balance will provide valuable information for long-term financial planning and decision-making.

The District also recognizes the importance of incorporating reasonable assumptions regarding Federal and State aid, retirement system and health insurance costs, employee salaries and benefits, anticipated tax revenues, and other significant expenditures. While recognizing that these projections will necessarily involve estimates and assumptions that may change over time, the District believes that a multi-year financial plan will provide a useful framework for evaluating the District's financial position and identifying potential future surpluses or deficits.

The District believes that a financial plan would be a valuable planning tool in considering employee contracts, future tax rates, equipment purchases, capital projects, and the appropriate use of fund balance and reserves.

Finally, the District agrees with the recommendation to develop a three to five-year financial plan and has previously coordinated with Bernie Donegan Inc., the District's current financial analyst, in April of 2026 to assist the District in developing the said plan. The District plans to roll out this plan in conjunction with the annual budgeting process.

AVOCA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANT

AVOCA CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the President and
Members of the Board of Education
Avoca Central School District
Avoca, New York

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the ***Avoca Central School District*** for the year ended June 30, 2026, and the related notes to the financial statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of ***Avoca Central School District*** for the year ended June 30, 2026 on the basis of accounting described in Note 1.

Basis for Opinion

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

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial 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 Extraclassroom Activity Fund of ***Avoca Central School District's*** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2026, on our consideration of the ***Avoca Central School District's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ***Avoca Central School District's*** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering ***Avoca Central School District's*** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 15, 2026

Extraclassroom activities:	Balances June 30, 2025	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2026
Art Club	$ 7,382	$ 2,505	$ 9,887	$ 2,967	$ 6,920
Athletic Club	13,931	9,218	23,149	10,548	12,601
Chorus & Co	2,713	211	2,924	997	1,927
Class of 2025	1,435	-	1,435	1,435	-
Class of 2026	6,240	5,274	11,514	10,131	1,383
Class of 2027	10,184	12,701	22,885	7,619	15,266
Class of 2028	7,309	18,505	25,814	10,353	15,461
Class of 2029	-	9,830	9,830	5,586	4,244
FFA	2,582	11,747	14,329	11,349	2,980
Modern Language Club	6,187	1,682	7,869	1,086	6,783
Music Guild	79	-	79	-	79
National Junior Honor Society	893	229	1,122	58	1,064
SADD	1,966	616	2,582	489	2,093
Sales Tax	517	1,514	2,031	1,392	639
Science Club	4,631	739	5,370	378	4,992
Ski Club	199	-	199	-	199
Student Council	3,857	13,622	17,479	10,362	7,117
Yearbook	-	4,539	4,539	4,062	477
Tiger All Nighter	249	1,326	1,575	1,344	231
Total activity fund	$ 70,354	$ 94,258	$ 164,612	$ 80,156	$ 84,456

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are part of the reporting entity of ***Avoca Central School District*** and are included in the government-wide financial statements of the School District. The activity of the Extraclassroom Activity Fund is included in the Miscellaneous Special Revenue Fund.

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

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

To the President and
Members of the Board of Education
Avoca Central School District
Avoca, New York

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of ***Avoca Central School District*** as of and for the year ended June 30, 2026, in accordance with auditing standards generally accepted in the United States of America, we considered ***Avoca Central School District's*** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***Avoca Central School District's*** internal control. Accordingly, we do not express an opinion on the effectiveness of ***Avoca Central School District's*** internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the following deficiency in internal control to be a material weakness:

Point of Sale Records

We noted several instances where the receipt of cash lacked point of sale records. Each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer or teacher advisor and be verified or reviewed by the central treasurer.

District's response: The District will continue to emphasize, with the faculty advisors, the need for complete point of sale records for all fundraising events. This will be implemented by Theresa Stopka, School Business Executive, and completed by 6/30/2027.

This communication is intended solely for the information and use of management, Board of Education, and others within ***Avoca Central School District*** and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 15, 2026

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

September 15, 2026

To the Audit Committee
and Board of Education
Avoca Central School District
Avoca, New York

We have audited the financial statements of Avoca Central School District as of and for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 1, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Avoca Central School District are described in Note 1 to the financial statements. During the current year the District implemented a new accounting standard, GASB 103, *Financial Reporting Model Improvements*, which enhanced presentation and disclosures of the District's general fund budgetary comparison schedule and management discussion and analysis section. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were:

Management's estimate of depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension asset/liability (TRS & ERS) and any other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3IV to the financial statements, due to its significance.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 15, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, Schedule of changes in the District's net OPEB liability and related ratios, schedule of contributions-OPEB, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, including combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board and management of Avoca Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.