# WATERVILLE CENTRAL SCHOOL DISTRICT

# MANAGEMENT'S DISCUSSION AND ANALYSIS

AND

# BASIC FINANCIAL STATEMENTS

For the Year Ended
June 30, 2025

**WATERVILLE CENTRAL SCHOOL DISTRICT**
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D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

## Independent Auditor's Report

Board of Education
Waterville Central School District

**Report on the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Waterville Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Waterville 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 Waterville Central School District, as of June 30, 2025, and the respective changes in financial position, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Waterville 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.

***Emphasis of Matter***

As discussed in Note 16 to the financial statements, a prior period adjustment with a net effect on net position of $996,644 to the General and Capital funds was made to account for a transfer of funds in prior years for the capital project. Our opinions are not modified with respect to this matter.

***Change in Accounting Principle***

As discussed in Notes 1 and 15 to the financial statements, the District changed its accounting policies related to the recognition and reporting of compensated absences by adopting Governmental Accounting Standards Board (GASB) Statement No.101, Compensated Absences. 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 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 Waterville Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Waterville Central School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Waterville 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 and other required supplementary information, as listed in the table of contents, 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 and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterville Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements.

The other supplementary 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2025, on our consideration of the Waterville 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 Waterville 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 Waterville Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

November 28, 2025

Utica, New York

The Waterville Central School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2025 and 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

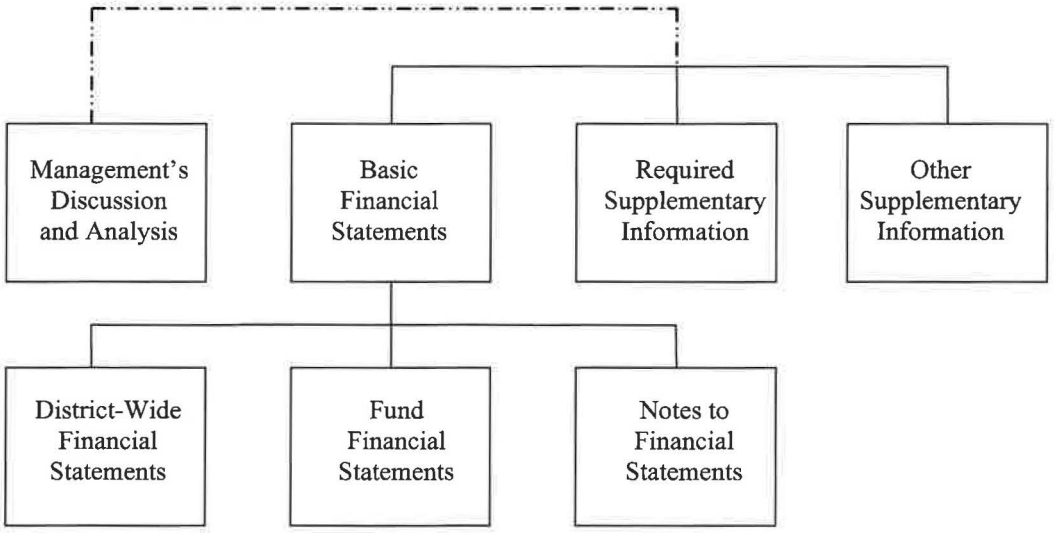
## 1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025, are as follows:

- The District's Liabilities and Deferred Inflows exceeded its Assets and Deferred Outflows at the close of the fiscal year by $19,149,248 Net Position (Deficit). This represents an increase of $746,643 from the prior year's Net Position (Deficit).
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled $22,803,731. Of this amount, $5,893 was offset by program charges for services and $975,645 by operating grants and contributions. General revenues of $22,568,836 amount to 95.8% of total revenues.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 15 and 17, increased by $126,505 to $5,978,561. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.
- State and federal revenue increased by $110,852 to $15,542,332 in 2025 from $15,431,480 in 2024, mainly due to an increase from Basic State Aid in the General Fund.
- Operating Grants and Contributions decreased by $834,256 in 2025 to $975,645 from $1,809,901 in 2024, mainly due to a decrease in grant revenue derived from the American Rescue Plan Elementary and Secondary School Relief Program in the Special Aid Fund.

## 2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of District-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



## A. District-wide Financial Statements

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference as net position. Increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

## B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds; general fund, school lunch fund, special aid fund, miscellaneous special revenue, debt service fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

## 3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### A. Net Position

The District's total net position (deficit) increased $746,643 between fiscal year 2024 and 2025. A summary of the District's Statement of Net Position for June 30, 2025 and 2024, is as follows:

| | 2025 | Restated 2024 | Increase (Decrease) | Percentage Change |
|---|---|---|---|---|
| Current and Other Assets | $ 9,755,400 | $ 8,670,814 | $ 1,084,586 | 12.5% |
| Capital Assets, (Net of Depreciation) | 39,904,273 | 40,222,419 | (318,146) | (0.8%) |
| Total Assets | 49,659,673 | 48,893,233 | 766,440 | 1.6% |
| Deferred Outflows of Resources - Pensions | 2,596,711 | 2,958,448 | (361,737) | (12.2%) |
| Deferred Outflows of Resources - OPEB | 3,333,045 | 4,774,710 | (1,441,665) | (30.2%) |
| Deferred Outflows of Resources - Refunding Bond | 22,198 | 33,598 | (11,400) | (33.9%) |
| Total Deferred Outflows | 5,951,954 | 7,766,756 | (1,814,802) | |
| Total Assets and Deferred Outflows | $ 55,611,627 | $ 56,659,989 | $ (1,048,362) | (1.9%) |
| Current Liabilities | $ 3,581,442 | $ 3,533,860 | $ 47,582 | 1.3% |
| Non-Current Liabilities | 60,541,505 | 63,335,232 | (2,793,727) | (4.4%) |
| Total Liabilities | 64,122,947 | 66,869,092 | (2,746,145) | (4.1%) |
| Deferred Inflows of Resources - OPEB | 9,294,422 | 9,022,527 | 271,895 | 3.0% |
| Deferred Inflows of Resources - Pensions | 1,343,506 | 664,261 | 679,245 | 102.3% |
| Total Deferred Inflows | 10,637,928 | 9,686,788 | 951,140 | |
| Total Liabilities and Deferred Inflows | 74,760,875 | 76,555,880 | (1,795,005) | (2.3%) |
| Net Position | | | | |
| Net Investment in Capital Assets | 23,019,171 | 21,208,442 | 1,810,729 | 8.5% |
| Restricted | 4,480,190 | 4,464,128 | 16,062 | 0.4% |
| Unrestricted (Deficit) | (46,648,609) | (45,568,461) | (1,080,148) | (2.4%) |
| Total Net Position (Deficit) | (19,149,248) | (19,895,891) | 746,643 | 3.8% |
| Total Liabilities, Deferred Inflows, and Net Position | $ 55,611,627 | $ 56,659,989 | $ (1,048,362) | (1.9%) |

Current assets increased by $1,084,586 from the prior year. This increase is mainly due to an increase the District's proportionate share of the TRS pension plan being an asset in the current year of $923,129 and a liability in the prior year.

Capital assets (net of depreciation) decreased by $318,146 as compared to the prior year. This decrease is primarily due to depreciation expense amounts exceeding capital outlays. Note 5 to the Financial Statements provides additional information.

Deferred Outflows decreased by $1,814,802 primarily due to amounts provided by the actuaries for OPEB and amounts provided by the TRS and ERS pension systems.

Current liabilities increased by $47,582 as compared to the prior year. This increase was primarily due to an increase in bond anticipation notes.

Non-Current liabilities decreased by $2,793,727 as compared to the prior year. This decrease was primarily due to the paydown of serial bonds and a decrease in the OPEB liability at the end of the year primarily due to changes in assumptions used by the actuaries.

Deferred inflows of resources increased by $951,140 due to changes in actuarial assumptions provided by the Retirement Systems and OPEB.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions and leases, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase and lease vehicles, equipment and furniture to support District operations.

The restricted portion of the net position at June 30, 2025 is $4,480,190, which represents the amount of the District's restricted funds in the General, Miscellaneous Special Revenue, Capital and Debt Service funds.

The unrestricted portion of the net position at June 30, 2025, is a deficit of $46,648,609, and represents the amount by which the District's total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources, excluding restricted assets, capital and leased assets and debt related to capital construction. This deficit is primarily a result of the requirement to accrue other postemployment benefits. The accrued liability for the OPEB obligation is $44,793,263 at June 30, 2025.

## B. Changes in Net Position

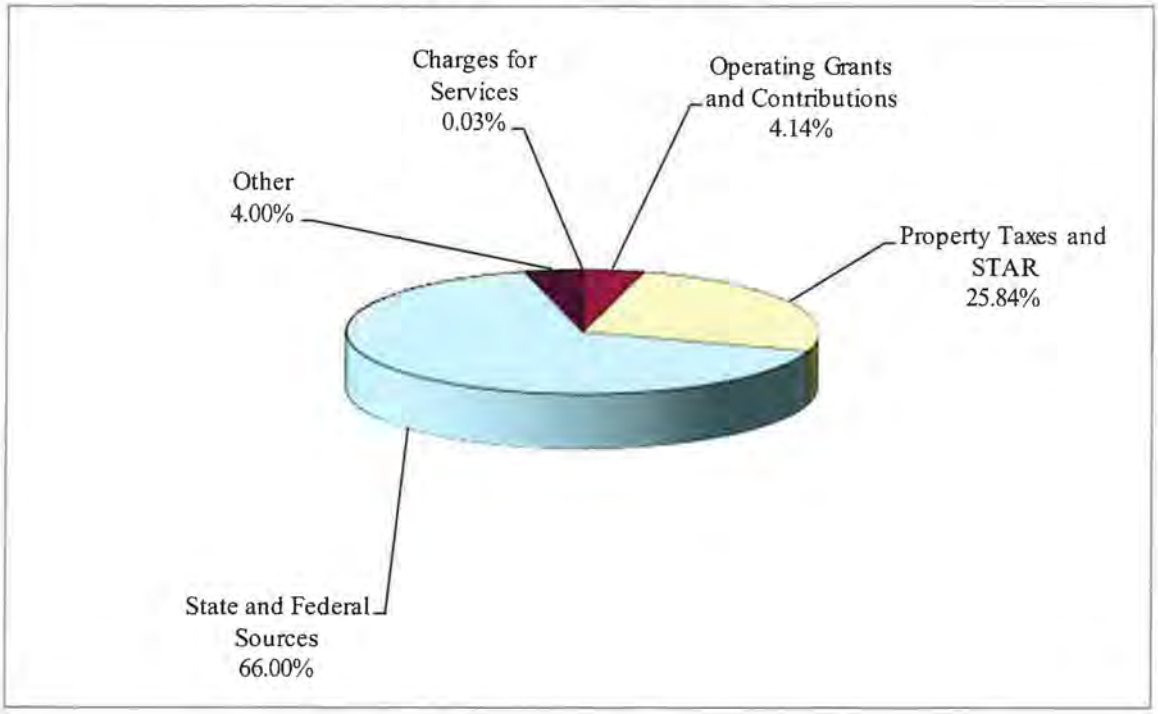
The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2025 and 2024 is as follows:

| **Revenues** | 2025 | 2024 | Increase (Decrease) | Percentage Change |
|---|---|---|---|---|
| Program Revenues | | | | |
| Charges for Services | $ 5,893 | $ 7,394 | $ (1,501) | (20.3%) |
| Operating Grants and Contributions | 975,645 | 1,809,901 | (834,256) | (46.1%) |
| General Revenues | | | | |
| Property Taxes and STAR | 6,084,426 | 5,931,289 | 153,137 | 2.6% |
| State and Federal Sources | 15,542,332 | 15,431,480 | 110,852 | 0.7% |
| Other | 942,078 | 861,490 | 80,588 | 9.4% |
| Total Revenues | 23,550,374 | 24,041,554 | (491,180) | (2.0%) |
| **Expenses** | | | | |
| General Support | 2,861,877 | 3,148,878 | (287,001) | (9.1%) |
| Instruction | 17,062,162 | 17,397,334 | (335,172) | (1.9%) |
| Pupil Transportation | 2,049,888 | 2,070,558 | (20,670) | (1.0%) |
| Debt Service-Unallocated Interest | 741,110 | 783,982 | (42,872) | (5.5%) |
| Food Service Program | 88,694 | 71,036 | 17,658 | 24.9% |
| Total Expenses | 22,803,731 | 23,471,788 | (668,057) | (2.8%) |
| Total Change in Net Position | $ 746,643 | $ 569,766 | $ 176,877 | 31.0% |

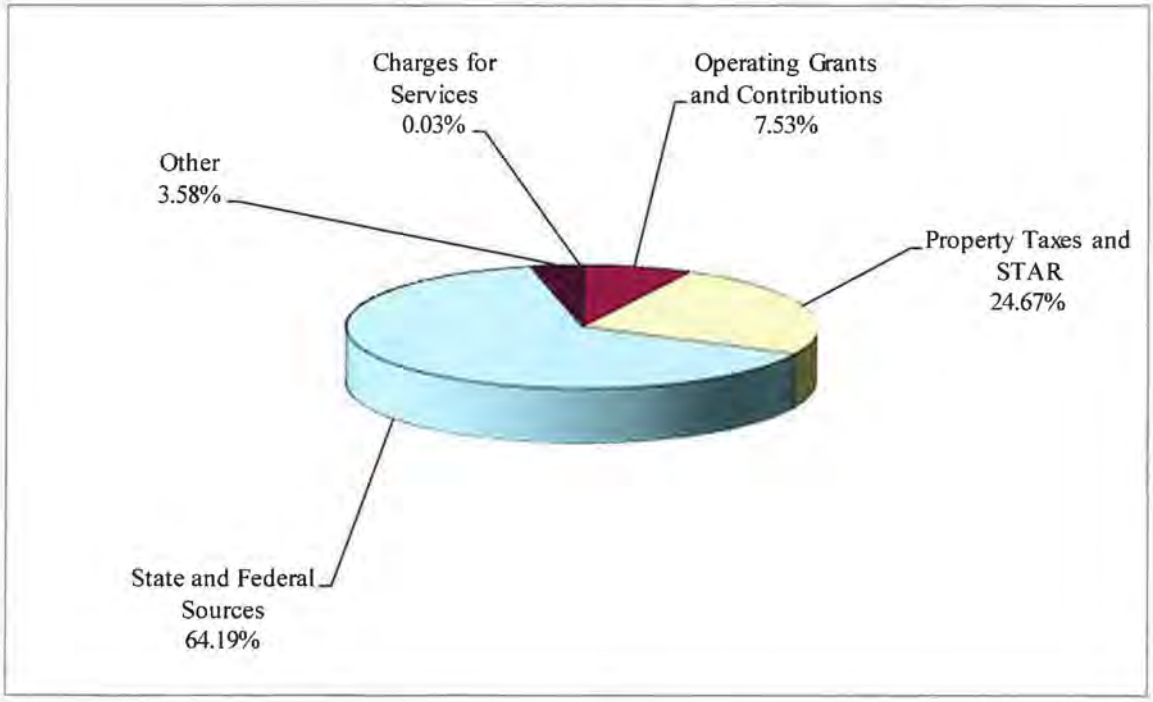
- The District's operating grants and contributions decreased by $834,256 in 2025 or 46.1%. The major factor that contributed to the decrease was the decrease in federal grants due to the ARPA grant ending in the prior year.
- The District's expenditures decreased by $668,057 compared to the prior year mainly due to decreases in the allocations for the pension and OPEB expenses.

A graphic display of the distribution of revenues for the two years follows:

**For the Year Ended June 30, 2025**

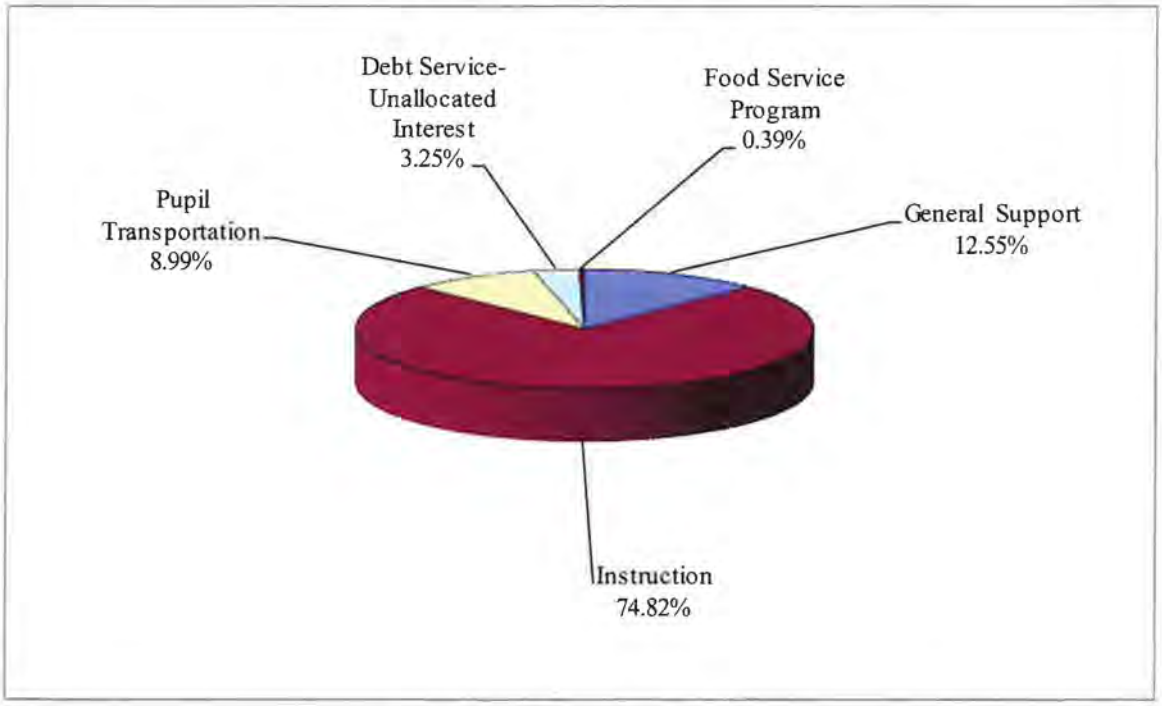



**For the Year Ended June 30, 2024**

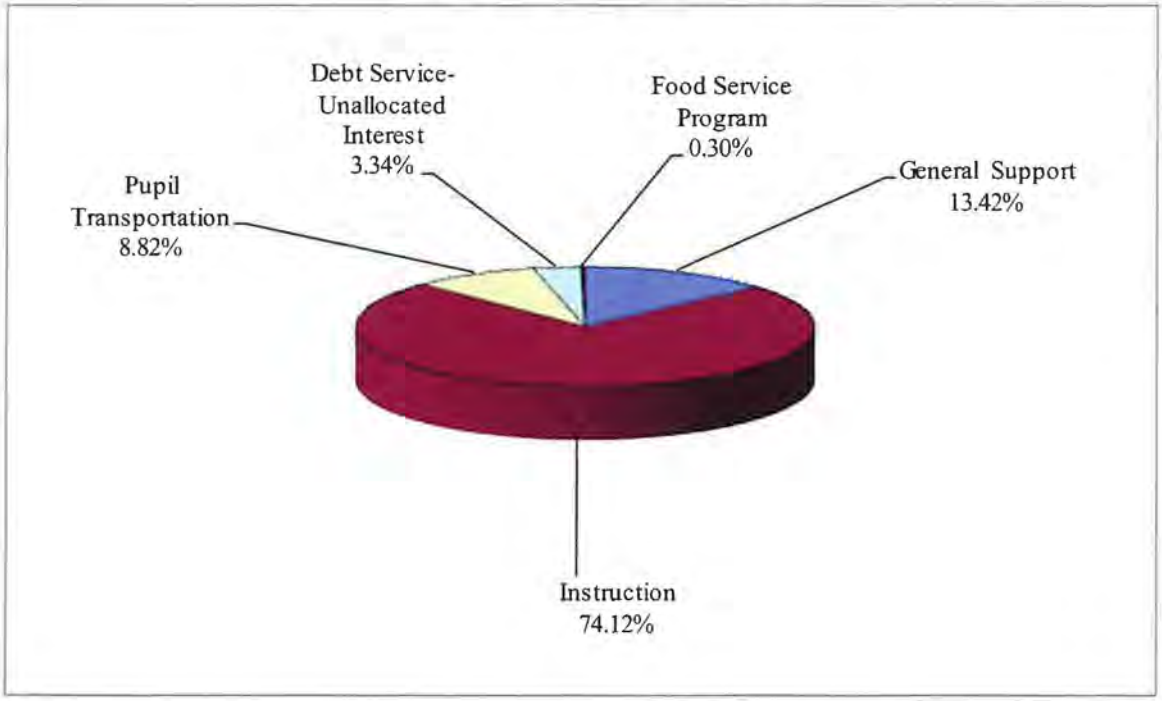


A graphic display of the distribution of expenses for the two years follows:

**For the Year Ended June 30, 2025**




**For the Year Ended June 30, 2024**



## 4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2025, the District's governmental funds reported a combined fund balance of $5,808,327 which is a decrease of $239,744 from the prior year. A summary of the change in fund balance by fund is as follows:

| | 2025 | Restated 2024 | Increase (Decrease) |
|---|---|---|---|
| **General Fund** | | | |
| Restricted | | | |
| Repair Reserve | 27,581 | 26,371 | 1,210 |
| Employee Benefit Accrued Liability Reserve | 84,049 | 80,361 | 3,688 |
| Liability Reserve | 109,033 | 103,188 | 5,845 |
| Retirement Contribution Reserve-ERS | 1,088,247 | 1,040,486 | 47,761 |
| Retirement Contribution Reserve-TRS | 224,177 | 219,605 | 4,572 |
| Workers' Compensation Reserve | 68,425 | 65,422 | 3,003 |
| Unemployment Insurance Reserve | 66,900 | 63,964 | 2,936 |
| Capital Reserve | 1,363,170 | 1,334,065 | 29,105 |
| Total Restricted | 3,031,582 | 2,933,462 | 98,120 |
| Assigned | | | |
| Encumbrances | 85,723 | 43,520 | 42,203 |
| Appropriated for Subsequent Year's Budget | 830,589 | | 830,589 |
| Total Assigned | 916,312 | 43,520 | 872,792 |
| Unassigned | 2,030,667 | 2,875,074 | (844,407) |
| Total General Fund | 5,978,561 | 5,852,056 | 126,505 |
| **School Lunch Fund** | | | |
| Assigned | 212,612 | 159,845 | 52,767 |
| **Miscellaneous Special Revenue Fund** | | | |
| Restricted | 908,364 | 864,746 | 43,618 |
| **Debt Service Fund** | | | |
| Restricted | 540,244 | 394,292 | 145,952 |
| **Capital Projects Fund** | | | |
| Restricted | | 271,628 | (271,628) |
| Unassigned (Deficit) | (1,831,454) | (1,494,496) | (336,958) |
| Total Capital Projects Fund | (1,831,454) | (1,222,868) | (608,586) |
| Total Fund Balance (Deficit)- All Funds | $ 5,808,327 | $ 6,048,071 | $ (239,744) |

## 5. GENERAL FUND BUDGETARY HIGHLIGHTS

### A. 2024-2025 Budget

The District's General Fund adopted budget for the year ended June 30, 2025, was $22,297,968. This is an increase of $1,338,349 over the prior year's adopted budget.

The budget was funded through a combination of revenues and assigned fund balance. The majority of this funding source was $6,072,769 in estimated property taxes and STAR and State Aid in the amount of $15,397,163.

### B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

| | |
|---|---|
| Opening, Unassigned Fund Balance | $ 2,875,074 |
| Revenues and Other Financing Sources Over Budget | 84,302 |
| Net Increase to Restricted Funds | (98,120) |
| Increase in Appropriated Fund Balance | (830,589) |
| Closing, Unassigned Fund Balance | $ 2,030,667 |

Opening, Unassigned Fund Balance

The $2,875,074 shown in the table above is the portion of the District's June 30, 2024, fund balance that was retained as unassigned. This was 17.36% of the District's 2024-2025 approved operating budget.

Revenues and Other Financing Sources Over Budget

The 2024-2025 final budget for revenues was $22,297,968. The actual revenues and other financing sources received for the year were $22,382,270. The actual revenue and other financing sources were over budget by $377,838. This variance contributes directly to the change to the unassigned portion of the General Fund, fund balance from June 30, 2024 to June 30, 2025.

Expenditures and Encumbrances Under Budget

The 2024-2025 final budget for expenditures and other financing uses was $22,341,488. The actual expenditures, other financing uses and encumbrances were $22,341,488. The final budget was fully expended.

Net Increase to Restricted Funds

In the current year the District's Restricted funds increased in the amount of $98,120. The increase is primarily due to interest earned on reserve balances.

Increase to Appropriated Fund Balance

The District chose to appropriate $830,589 towards the 2025-26 budget. This increase contributes directly to the change to the unassigned portion of the General Fund, fund balance from June 30, 2024 to June 30, 2025.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2025-2026 fiscal year with an unassigned fund balance of $2,030,667. This is a decrease of $844,407 from the unassigned fund balance from the prior year. This was 8.78% of the District's approved operating budget for 2025-2026.

## 6. CAPITAL ASSETS AND DEBT ADMINISTRATION

### A. Capital Assets

At June 30, 2025, the District had invested in a broad range of capital assets, including land, construction in progress, buildings and improvements, machinery and equipment, and licensed vehicles. The net decrease in capital assets is due to depreciation exceeding amounts expended for capital additions for the year ended June 30, 2025. A summary of the District's capital assests, net of depreciation at June 30, 2025 and 2024, is as follows:

| | 2025 | 2024 | Increase (Decrease) |
|---|---|---|---|
| Land | $ 84,705 | $ 84,705 | $ |
| Construction in Progress | 527,565 | | 527,565 |
| Land Improvements | 80,568 | 96,552 | (15,984) |
| Buildings and Improvements | 37,158,787 | 38,321,372 | (1,162,585) |
| Machinery and Equipment | 523,851 | 295,490 | 228,361 |
| Licensed Vehicles | 1,528,797 | 1,424,300 | 104,497 |
| Capital Assets, Net | $ 39,904,273 | $ 40,222,419 | $ (318,146) |

### B. Debt Administration

At June 30, 2025, the District had total bonds payable of $13,595,000. A summary of the outstanding bonds at June 30, 2025 and 2024, is as follows:

| Issue Date | Interest Rate | 2025 | 2024 | Increase (Decrease) |
|---|---|---|---|---|
| **Serial Bonds** | | | | |
| 2011 | 3.0-5.0% | $ 210,000 | $ 615,000 | $ (405,000) |
| 2017 | 2.00-4.00% | 410,000 | 705,000 | (295,000) |
| 2017 | 3.00-5.00% | 2,405,000 | 2,745,000 | (340,000) |
| 2020 | 5.00% | 820,000 | 885,000 | (65,000) |
| 2024 | 5.00% | 9,750,000 | 10,215,000 | (465,000) |
| | | $ 13,595,000 | $ 15,165,000 | $ (1,570,000) |

## 7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Expenses - The District successfully and fully utilized all federal COVID relief funding (American Rescue Plan Elementary and Secondary Relief program) by 2024, ensuring maximum benefit was delivered directly to student programs and needs. The District managed its entire budget for the 2024-2025 school year, fully expending allocated funds to support educational initiatives without requiring the use of any prior-year appropriated fund balance. The approved 2025-2026 budget reflects an obligated appropriated fund balance of $829,701 over the previous year, demonstrating the District's dedication to continuously enhancing its academic and co-curricular offerings.

Revenue-The District's financial model is built on stability, leveraging reliable State and local support. The district maintained a rigorous, proactive approach to maximizing expense-driven State aid categories. This includes fully utilizing BOCES programs and services to gain efficiencies and enhance specialized student services through collaborative partnerships. Approximately 27% of the budget is generated through local property taxes.
State Aid - There are two types of State aid, formula-based aid and expense driven aid. The District continues to maximize expense driven aid categories and takes advantage of BOCES programs and services. The district did not see an increase in its Foundation Aid from the 2023-2024 budget to the 2024-2025 budget.

Tax Levy - The Property Tax Cap Calculation under Chapter 97 of the Laws of 2011 enacted places restrictions on the District's ability to increase revenue through the levy. The District was legally allowed to increase the tax levy by 2.5% in 2021-22, 3.4% in 2022-23, and 2.5% in 2023-24 and 2% in the 2025-2025 school years. The District has stayed at or under the tax cap since the enactment of the law in 201I. In order to maintain the educational programs in the subsequent year, the District has obligated an amount to the appropriated fund balance from the reserve funds for 2020-21. No appropriated fund balance was allocated to the 2022-2023 and 2023-2024 school year budgets. The district did not have to use any of its appropriated fund balance obligated to the 24-25 year. To ensure the long-term continuity of core educational programs, the District has allocated a portion of its appropriated fund balance ($830,589) for the 2025-2026 school year.

## 8. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at 381 Madison Street, Waterville, NY 13480.

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**STATEMENT OF NET POSITION**
**June 30, 2025**

| | |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents | $ 2,168,394 |
| Restricted Cash and Cash Equivalents | 4,213,161 |
| Receivables | |
| Tax Receivables | 646 |
| Other Governments | 2,449,355 |
| Other Receivables | 715 |
| Net Pension Asset - Proportionate Share | 923,129 |
| Capital Assets (Net of Accumulated Depreciation) | 39,904,273 |
| Total Assets | 49,659,673 |
| **Deferred Outflows of Resources** | |
| Pensions | 2,596,711 |
| OPEB | 3,333,045 |
| Deferred Charge on Refunding of Debt (Net of Amortization) | 22,198 |
| Total Deferred Outflows of Resources | 5,951,954 |
| **Total Assets and Deferred Outflows of Resources** | $ 55,611,627 |
| **Liabilities** | |
| Accounts Payable | $ 68,147 |
| Accrued Liabilities | 421,370 |
| Accrued Interest Payable | 51,659 |
| Due To | |
| Other Governments | |
| Teachers' Retirement System | 681,540 |
| Employees' Retirement System | 65,960 |
| Short-Term Notes Payables | |
| Bond Anticipation Notes | 1,410,798 |
| Deferred Credits | |
| Net Pension Liability - Proportionate Share | 705,865 |
| Unearned Revenue | 176,103 |
| Noncurrent Liabilities | |
| Due Within One Year | |
| Compensated Absences | 262,867 |
| Bonds Payable | 1,425,000 |
| Unamortized Bond Premiums | 182,217 |
| Due in More Than One Year | |
| Unamortized Bond Premiums | 1,298,629 |
| Compensated Absences | 409,529 |
| Other Postemployment Benefits | 44,793,263 |
| Bonds Payable | 12,170,000 |
| Total Liabilities | 64,122,947 |
| **Deferred Inflows of Resources** | |
| OPEB | 9,294,422 |
| Pensions | 1,343,506 |
| Total Deferred Inflows of Resources | 10,637,928 |
| **Total Liabilities and Deferred Inflows of Resources** | 74,760,875 |
| **Net Position (Deficit)** | |
| Net Investment in Capital Assets | 23,019,171 |
| Restricted | 4,480,190 |
| Unrestricted (Deficit) | (46,648,609) |
| Total Net Position (Deficit) | (19,149,248) |
| **Total Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)** | $ 55,611,627 |

The Accompanying Notes are an Integral Part of These Financial Statements.

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**STATEMENT OF ACTIVITIES**
**For the Year Ended June 30, 2025**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|
| General Support | $ 2,861,877 | $ | $ | $ (2,861,877) |
| Instruction | 17,062,162 | 5,893 | 943,311 | (16,112,958) |
| Pupil Transportation | 2,049,888 | | | (2,049,888) |
| Food Service | 88,694 | | 32,334 | (56,360) |
| Interest on Debt | 741,110 | | | (741,110) |
| Total Functions/Programs | $ 22,803,731 | $ 5,893 | $ 975,645 | (21,822,193) |
| **General Revenues** | | | | |
| Real Property Taxes | | | | 5,305,541 |
| STAR and Other Real Property Tax Items | | | | 778,885 |
| Use of Money and Property | | | | 462,140 |
| Loss on Sale of Property and Compensation for Loss | | | | 41,000 |
| State and Federal Sources | | | | 15,542,332 |
| Miscellaneous | | | | 438,938 |
| Total General Revenues | | | | 22,568,836 |
| **Change in Net Position** | | | | 746,643 |
| **Net Position (Deficit), Beginning of Year** | | | | (19,353,564) |
| Cumulative Effect of Change in Accounting Principle | | | | (542,327) |
| **Net Position (Deficit), Beginning of Year (Restated)** | | | | (19,895,891) |
| **Net Position (Deficit), End of Year** | | | | $ (19,149,248) |

The Accompanying Notes are an Integral Part of These Financial Statements.

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**BALANCE SHEET - GOVERNMENTAL FUNDS**
**June 30, 2025**

| | General | School Lunch | Special Aid | Miscellaneous Special Revenue | Debt Service | Capital | Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and Cash Equivalents | $ 2,104,381 | $ 4,508 | $ 59,505 | $ | $ | $ | $ 2,168,394 |
| Restricted Cash and Cash Equivalents | 3,031,582 | | | 907,043 | 263,699 | 10,837 | 4,213,161 |
| Receivables | | | | | | | |
| Tax Receivables | 646 | | | | | | 646 |
| Other Governments | 1,822,119 | 108,631 | 518,605 | | | | 2,449,355 |
| Due from Other Funds | 3,326,247 | 99,701 | 1,764,509 | 677 | 276,545 | 1,460,797 | 6,928,476 |
| Other Receivables | | | | 715 | | | 715 |
| Total Assets | $ 10,284,975 | $ 212,840 | $ 2,342,619 | $ 908,435 | $ 540,244 | $ 1,471,634 | $ 15,760,747 |
| **Liabilities** | | | | | | | |
| Payables | | | | | | | |
| Accounts Payable | $ 59,036 | $ 228 | $ 8,883 | $ | $ | $ | $ 68,147 |
| Accrued Liabilities | 421,370 | | | | | | 421,370 |
| Unearned Revenue | | | 176,103 | | | | 176,103 |
| Due To | | | | | | | |
| Other Funds | 2,878,482 | | 2,157,633 | 71 | | 1,892,290 | 6,928,476 |
| Teachers' Retirement System | 681,540 | | | | | | 681,540 |
| Employees' Retirement System | 65,960 | | | | | | 65,960 |
| Bond Anticipation Note | | | | | | 1,410,798 | 1,410,798 |
| Total Liabilities | 4,106,388 | 228 | 2,342,619 | 71 | | 3,303,088 | 9,752,394 |
| **Deferred Inflow of Resources** | | | | | | | |
| Unavailable - State Aid | 200,026 | | | | | | 200,026 |
| **Fund Balance (Deficit)** | | | | | | | |
| Restricted | 3,031,582 | | | 908,364 | 540,244 | | 4,480,190 |
| Fund Balance - Unreserved | | | | | | | |
| Assigned | 916,312 | 212,612 | | | | | 1,128,924 |
| Unassigned (Deficit) | 2,030,667 | | | | | (1,831,454) | 199,213 |
| Total Fund Balance (Deficit) | 5,978,561 | 212,612 | | 908,364 | 540,244 | (1,831,454) | 5,808,327 |
| **Total Liabilities, Deferred Inflows, and Fund Balance** | $ 10,284,975 | $ 212,840 | $ 2,342,619 | $ 908,435 | $ 540,244 | $ 1,471,634 | $ 15,760,747 |

The Accompanying Notes are an Integral Part of These Financial Statements.

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**RECONCILIATION OF GOVERNMENTAL FUND BALANCES**
**TO THE STATEMENT OF NET POSITION**
**June 30, 2025**

| | | |
|---|---|---|
| Total Governmental Funds | | $ 5,808,327 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Revenues that do not provide current financial resources that are recognized in the Statement of Net Position but not the fund financial statements. | | |
| | Unavailable Revenue | 200,026 |
| The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives. | | |
| | Original Cost of Capital Assets | 75,028,006 |
| | Accumulated Depreciation | (35,123,733) |
| | | 39,904,273 |
| Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds. | | |
| | Net Pension Liability - Proportionate Share | (705,865) |
| | Deferred Outflows of Resources, Pensions | 2,596,711 |
| | Deferred Inflows of Resources, Pensions | (1,343,506) |
| | Net Pension Liability - Proportionate Share | 923,129 |
| | | 1,470,469 |
| A defeasance loss from refunding of debt is recorded as a deferred outflow of resources in the Statement of Net Position but recorded as an expenditure in the governmental funds. The defeasance loss is net of accumulated amortization. | | 22,198 |
| Long-term liabilities, 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: | | |
| | Bonds Payable | (13,595,000) |
| | Unamortized Bond Premiums | (1,480,846) |
| | Accrued Interest on Bonds Payable | (51,659) |
| | Deferred Outflows of Resources, OPEB | 3,333,045 |
| | Deferred Inflows of Resources, OPEB | (9,294,422) |
| | Other Post Employment Liabilities | (44,793,263) |
| | Compensated Absences Payable | (672,396) |
| | | (66,554,541) |
| Total Net Position (Deficit) | | $ (19,149,248) |

The Accompanying Notes are an Integral Part of These Financial Statements.

# WATERVILLE CENTRAL SCHOOL DISTRICT
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
## GOVERNMENTAL FUNDS
## For the Year Ended June 30, 2025

| | General | School Lunch | Special Aid | Miscellaneous Special Revenue | Debt Service | Capital | Total |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Real Property Taxes | $ 5,305,541 | $ | $ | $ | $ | $ | $ 5,305,541 |
| STAR and Other Real Property Tax Items | 778,885 | | | | | | 778,885 |
| Charges for Services | 5,893 | | | | | | 5,893 |
| Use of Money and Property | 341,936 | 108,631 | | | 11,573 | | 462,140 |
| Sale of Property and Compensation for Loss | 41,000 | | | | | | 41,000 |
| Miscellaneous | 366,683 | | 22,062 | 50,193 | | | 438,938 |
| State Aid | 15,403,620 | 32,334 | 311,334 | | | | 15,747,288 |
| Federal Aid | 138,712 | | 631,977 | | | | 770,689 |
| Total Revenues | 22,382,270 | 140,965 | 965,373 | 50,193 | 11,573 | | 23,550,374 |
| **Expenditures** | | | | | | | |
| General Support | 2,563,376 | | | 6,575 | | | 2,569,951 |
| Instruction | 11,035,676 | | 965,373 | | | | 12,001,049 |
| Pupil Transportation | 921,785 | | | | | 421,182 | 1,342,967 |
| Food Service Program | | 88,198 | | | | | 88,198 |
| Employee Benefits | 4,754,670 | | | | | | 4,754,670 |
| Capital Outlay | | | | | | 523,190 | 523,190 |
| Debt Service - Principal | 1,961,828 | | | | | | 1,961,828 |
| Debt Service - Interest | 940,093 | | | | | | 940,093 |
| Impairment Loss | | | | | | | |
| Total Expenditures | 22,177,428 | 88,198 | 965,373 | 6,575 | | 944,372 | 24,181,946 |
| Excess (Deficit) Revenues Over Expenditures | 204,842 | 52,767 | | 43,618 | 11,573 | (944,372) | (631,572) |
| **Other Financing Sources (Uses)** | | | | | | | |
| BANs Redeemed from Appropriations | | | | | | 391,828 | 391,828 |
| Transfers from Other Funds | | | | | 134,379 | 78,337 | 212,716 |
| Transfers to Other Funds | (78,337) | | | | | (134,379) | (212,716) |
| Total Other Financing Sources (Uses) | (78,337) | | | | 134,379 | 335,786 | 391,828 |
| **Excess (Deficit) Revenues Over Expenditures and Other Financing Sources** | 126,505 | 52,767 | | 43,618 | 145,952 | (608,586) | (239,744) |
| **Fund Balance (Deficit), Beginning of Year** | 6,848,700 | 159,845 | | 864,746 | 394,292 | (2,219,512) | 6,048,071 |
| **Transfer of Funds from a Prior Year** | (996,644) | | | | | 996,644 | |
| **Fund Balance (Deficit), Beginning of Year as Restated** | 5,852,056 | 159,845 | | 864,746 | 394,292 | (1,222,868) | 6,048,071 |
| **Fund Balance (Deficit), End of Year** | $ 5,978,561 | $ 212,612 | $ | $ 908,364 | $ 540,244 | $ (1,831,454) | $ 5,808,327 |

The Accompanying Notes are an Integral Part of These Financial Statements

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**RECONCILIATION OF THE STATEMENT OF REVENUES AND EXPENDITURES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**For the Year Ended June 30, 2025**

| | | | |
|---|---|---|---|
| Net Changes in Fund Balance - Total Governmental Funds | | | $ (239,744) |
| Capital Outlays to construct or purchase capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation expense in the statement of activities. This is the amount of capital outlays, depreciation expenses and loss on disposal in the period. | | | |
| | Depreciation Expense | (1,616,800) | |
| | Capital Outlays | 1,298,654 | (318,146) |
| Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of Bond repayments. | | | |
| | Repayment Bond Principal | 1,570,000 | 1,570,000 |
| Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | | |
| | Accrued Interest on Serial Bonds | 28,166 | |
| | Amortization of Bond Premium | 182,217 | |
| | Amortization of Deferred Charge | (11,400) | |
| | Change in Other Post Employment Liabilities and Deferred Outflows/Inflows | (617,818) | |
| | Change in Compensated Absences | (54,232) | |
| | Change in Pension Expense | 207,600 | (265,467) |
| Change in Net Position Governmental Activities | | | $ 746,643 |

The Accompanying Notes are an Integral Part of These Financial Statements.

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**STATEMENT OF FIDUCIARY NET POSITION**
**June 30, 2025**

| | Custodial |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents - Restricted | $ 42,642 |
| Total Assets | $ 42,642 |
| **Net Position** | |
| Restricted for Extraclassroom | $ 42,642 |
| Total Net Position | $ 42,642 |

The Accompanying Notes are an Integral Part of These Financial Statements.

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**
**For the Year Ended June 30, 2025**

| | Custodial |
|---|---|
| **Additions** | |
| Extraclassroom Fundraising | $ 78,579 |
| Total Additions | 78,579 |
| **Deductions** | |
| Extraclassroom Expenditures | 79,772 |
| Total Deductions | 79,772 |
| **Change in Net Position** | (1,193) |
| **Net Position, Beginning of Year** | 43,835 |
| **Net Position, End of Year** | $ 42,642 |

The Accompanying Notes are an Integral Part of These Financial Statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Waterville Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the School District are described below:

***Reporting Entity***

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all, activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal members.

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

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another 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 description of certain entities included in the School District's reporting entity.

***Extraclassroom Activity Funds***

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. The School District accounts for assets held as an agent for various student organizations in a custodial fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's administrative offices.

***Joint Venture***

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

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

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

During the year ended June 30, 2025, the District was billed $4,853,922 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $1,535,076. Financial statements for the BOCES are available from the Oneida-Herkimer-Madison BOCES administrative office.

***Basis of Presentation***

***(a) District-Wide Statements***

The Statement of Net Position and the Statement of Activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and 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 School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits and depreciation expense for the year, are allocated to functional areas in proportion to the payroll expended and total expenditures, respectively, for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

***(b) Fund Financial Statements***

The fund statements provide information about the School 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. All funds of the School District are displayed as major funds. The School District reports the following governmental funds:

***General Fund***: This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

***Special Revenue Funds:***

***School Lunch Fund***: This fund is used to account for and report transactions of the School District's food service operations.

***Special Aid Fund***: This fund accounts for and reports the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes.

***Miscellaneous Special Revenue***: These funds are used to account for and report arrangements in which principal and income benefits annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.

***Debt Service Fund***: This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest on debt. Debt service funds should be used to report resources if legally mandated.

***Capital Projects Fund***: This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

***(c) Fiduciary Funds***

This fund is used to account for and report activities on a custodial nature. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District, and are not available to be used. There is one class of fiduciary funds:

***Custodial Funds***: These funds are strictly custodial in nature. Assets are held by the School District as agent for various student groups or extraclassroom activity funds.

***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. Nonexchange transactions, in which the School 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 School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 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, other postemployment benefits, 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 capital leases are reported as other financing sources.

***Property Taxes***

Real property taxes are levied annually by the Board of Education and become a lien no later than September 1. Taxes are collected during the period September 1 to October 31. Uncollected real property taxes are subsequently enforced by the counties of Oneida and Madison. The Counties pays an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the School District no later than the following April 1.

***Interfund Transactions***

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

The amounts reported on the Statement of Net Position for due to and due 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 interfund transactions at year end is shown in Note 9 to the financial statements.

***Estimates***

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

***Cash and Cash Equivalents***

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

***Receivables***

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

***Deferred Outflow 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 three items that qualify for reporting in this category. The first is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability or asset and difference during the measurement period between the District's contributions and its proportionate share of total contributions not included in pension expense. The second item has to deal with the refunding of school district debt. These issuance costs associated with the refunding of debt are amortized over the life of the bond. The third item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of Net Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

***Capital Assets***

Capital assts are recorded at cost and donated assets are reported at estimated fair market value at the time received. The School District uses capitalization thresholds of $5,000, (the dollar value above which asset acquisitions are added to the capital asset accounts). The School District uses the straight-line method of depreciation over the following estimated useful lives of capital assets reported in the District-wide statements:

| | |
|---|---|
| Land Improvements | 20 Years |
| Machinery and Equipment | 5-20 Years |
| Buildings and Improvements | 25-50 Years |
| Licensed Vehicles | 8 Years |

***Deferred Inflows of Resources***

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability or asset and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of Net Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

***Vested Employee Benefits – Compensated Absences***

The School District employees are granted vacation in varying amounts, based primarily on length of service and employment classification. Some earned benefits may be forfeited if not used within designated timeframes, as specified in collective bargaining agreements and administrative policies.

Sick leave eligibility, accumulation, and payout provisions by negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may be eligible to receive a payment for unused accumulated sick leave, based on contractual provisions.

In accordance with GASB, a liability is recognized in the District-wide financial statements for vacation, sick leave, and other compensated absences when the benefit is earned by the employee and it more likely than not that the leave will be used or paid. The compensated absences liability is measured using the pay rates in effect at year-end, and includes salary-related payments such as applicable employer payroll taxes.

In the Funds financial statements, a liability is reported only for amounts that have matured – typically when payment is due upon resignation, retirement, or other termination – based on expendable and available financial resources.

***Other Benefits***

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 10).

***Short-Term Debt***

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

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

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

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

***Equity Classifications***

***(a) District-wide Financial Statements***

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

Net Investment in Capital Assets – consists of net capital and right to use leased assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, leasing, construction or improvements of those assets.

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

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

***(b) Fund Statements***

The following classifications describe the relative strength of the spending constraints:

***Non-spendable***

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District did not have any non-spendable fund balance at June 30, 2025.

***Restricted Resources***

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net assets are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The School District has established the following restricted fund balances:

- ***Reserve for Repairs***

  Repair Reserve (GML §6-d) is used to accumulate funds through voter approval to finance future costs of major repairs to capital improvements or equipment. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public hearing with approval of two-thirds of the Board of Education. The emergency expenditure must be repaid within the next two succeeding fiscal years. The reserve is accounted for in the General Fund.

- ***Reserve for Employee Benefit Accrued Liability***

  Employee Benefit Accrued Liability Reserve (GML §6-p) is used for the payment of any accrued employee benefit due to an employee upon termination of the employee's service. This reserve fund may be established by a majority vote of the board of education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

- ***Liability Reserve***

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

- ***Reserve for Retirement Contribution***

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

- ***Reserve for Workers' Compensation***

  Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

- ***Reserve for Unemployment Insurance***

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

- ***Reserve for Capital Projects***

  Capital reserve (Education law §3651) is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. Total expenditures over the life of each capital reserve may not exceed the voter approved maximum. Funds may be transferred to other reserves only with voter approval. The reserve is accounted for in the General Fund.

  - In May 2019, the Board and voters established a capital reserve fund to reserve up to $10 million for the purpose of capital improvements. The reserve was established with a probable term of ten years. The fund can be used to offset the local share of future capital project work. This proposition only establishes the capital reserve fund and does not obligate the district to fund it at any specific level at any time. The district will determine the level at which it is funded based on current and future financial conditions. As of June 30, 2025, the District has funded $1,290,988 of this reserve.

- ***Reserve for Endowment and Scholarships***

  This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the Miscellaneous Special Revenue fund.

- ***Debt Service Fund***

  This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.

- ***Capital Projects Fund***

  This fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities.

***Unrestricted Resources***

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

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

- ***Assigned*** – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the District's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than in the Capital Fund, are classified as Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year's budget of the General fund is also classified as Assigned Fund Balance in the General Fund.
- ***Unassigned*** – Includes all other fund balances that do not meet the definition of the above two classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

***(c) Reserve for Extraclassroom Activities***

This reserve is used to account for various student groups or extraclassroom activities. This reserve is accounted for in the custodial fund.

***(d) Order of Use of Fund Balance***

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of application of expenditures to which the fund balance classification will be charged.

***New Accounting Standards***

Effective for the fiscal year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard establishes recognition and measurement guidance for all types of compensated absences, including vacation leave, sick leave, personal leave, and other paid time off. Under GASB 101, a liability is recognized for compensated absences when earned by employees, provided the leave is attributable to services already rendered and is more likely than not to be used or paid.

Prior to the implementation of GASB 101, the District recognized compensated absences liabilities based primarily on vested amounts or payments due at termination. GASB 101 requires the recognition of these liabilities earlier, based on the accrual of leave and historical usage patterns, resulting in a change in the timing and methodology of liability recognition.

The District applied the provisions of GASB 101 prospectively as of July 1, 2024. As a result of the implementation, compensated absences liabilities were remeasured, and a restatement of beginning net position (deficit) was made to reflect the cumulative effect of applying the standard. The impact of this restatement is disclosed in Note 18.

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. This standard is effective for fiscal years beginning after June 15, 2024.

***Future Changes in Accounting Standards***

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

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

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

## 2. EXPLANATION OF 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 resource management focus of the Statement of Activities, compared with the current financial resource management focus of the governmental funds.

***Total Fund Balances of Governmental Funds Compared To Net Position of Governmental Activities***

Total fund balances of the School 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.

***Statement of Revenues, Expenditures, and Changes In Fund Balance Compared To 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 six broad categories.

***(a) 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.

***(b) Capital Related Differences***

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

***(c) Long-Term Debt Transaction Differences***

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

***(d) Employee Benefit Allocation***

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balances based on the requirements of New York State. These costs have been allocated based on total salary for each function.

***(e) Pension Differences***

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

***(f) OPEB Differences***

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

## 3. STEWARDSHIP AND COMPLIANCE

***Fund Balance Limitations***

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2025 the District's unassigned fund balance was 8.78% of the 2025-2026 budget which is not in compliance with laws and regulations.

***Statutory Debt Limit***

At June 30, 2025, the School District was in compliance with the statutory debt limit.

***Budgetary Procedures and Budgetary Accounting***

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which legal (appropriated) budgets are adopted.

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

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. During the year ended June 30, 2025, the District did not make any supplemental appropriations.

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

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

***Encumbrances***

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

***NYS Real Property Tax Cap***

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments (including school districts) can levy. The tax levy for the 2024-2025 school year was within the NYS Tax Cap Limit. The excess, including interest earned, must be deducted from the prior year levy to begin the calculation of the coming year's tax levy limit.

## 4. CASH AND CASH EQUIVALENTS

***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

A. Uncollateralized;
B. Collateralized by securities held by the pledging financial institution, or
C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

As of June 30, 2025, the School District's bank balances totaling $7,443,677 were fully collateralized by securities held by an agent of the pledging financial institution in the School District's name, and FDIC insurance and were not exposed to custodial credit risk.

***Restricted Cash and Cash Equivalents***

As of June 30, 2025, the School District's restricted cash consisted of the following:

| | General | Miscellaneous Special Revenue | Debt Service | Total |
|---|---|---|---|---|
| Repair Reserve | $ 27,581 | $ | $ | $ 27,581 |
| Employee Benefit Accrued Liability Reserve | 84,049 | | | 84,049 |
| Liability Reserve | 109,033 | | | 109,033 |
| Retirement Contribution Reserve-ERS | 1,088,247 | | | 1,088,247 |
| Retirement Contribution Reserve-TRS | 224,177 | | | 224,177 |
| Workers' Compensation Reserve | 68,425 | | | 68,425 |
| Unemployment Insurance Reserve | 66,900 | | | 66,900 |
| Restricted for Scholarships | | 907,043 | | 907,043 |
| Debt Service | | | 263,699 | 263,699 |
| Capital Reserve | 1,363,170 | | | 1,363,170 |
| Total Restricted | $ 3,031,582 | $ 907,043 | $ 263,699 | $ 4,202,324 |

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, is as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| **Capital Assets Not Being Depreciated** | | | | |
| Land | $ 84,705 | $ | $ | $ 84,705 |
| Construction in Progress | | 527,565 | | 527,565 |
| Total | 84,705 | 527,565 | | 612,270 |
| **Capital Assets Being Depreciated** | | | | |
| Land Improvements | 895,223 | | | 895,223 |
| Buildings and Improvements | 69,246,249 | 78,337 | | 69,324,586 |
| Machinery and Equipment | 1,056,818 | 271,570 | 38,346 | 1,290,042 |
| Licensed Vehicles | 2,484,703 | 421,182 | | 2,905,885 |
| Total | 73,682,993 | 771,089 | 38,346 | 74,415,736 |
| Accumulated Depreciation | | | | |
| Land Improvements | 798,671 | 15,984 | | 814,655 |
| Buildings and Improvements | 30,924,877 | 1,240,921 | | 32,165,798 |
| Machinery and Equipment | 761,328 | 43,211 | 38,346 | 766,193 |
| Licensed Vehicles | 1,060,403 | 316,684 | | 1,377,087 |
| Total | 33,545,279 | 1,616,800 | 38,346 | 35,123,733 |
| **Net Capital Assets Being Depreciated** | 40,137,714 | (845,711) | | 39,292,003 |
| **Net Capital Assets** | $ 40,222,419 | $ (318,146) | $ | $ 39,904,273 |

Depreciation expense of $1,616,800 was allocated based on estimated usage by function as follows:

| Function/Program | |
|---|---|
| General Support | $ 249,470 |
| Instruction | 1,071,266 |
| Pupil Transportation | 295,569 |
| Food Service Program | 495 |
| Total Depreciation | $ 1,616,800 |

## 6. SHORT-TERM DEBT

The following is a summary of BAN's outstanding at June 30,2025:

| Description | Date of Original Issue | Original Amount | Date of Final Maturity | Interest Rate (%) | Outstanding Amount |
|---|---|---|---|---|---|
| 2025 BAN | 08/24 | $ 1,410,798 | 08/25 | 3.90% | $ 1,410,798 |

Changes in the School District's short-term outstanding debt for the year ended June 30, 2025 are as follows:

| Description | Balance 07/01/24 | Issued | Paid | Balance 06/30/25 |
|---|---|---|---|---|
| 2024 BAN | $ 1,225,348 | $ | $ 1,225,348 | $ |
| 2025 BAN | | 1,410,798 | | 1,410,798 |
| Total | $ 1,225,348 | $ 1,410,798 | $ 1,225,348 | $ 1,410,798 |

Interest expense on short term debt for the year ended June 30,2025 is calculated as follows:

| | |
|---|---|
| Interest Paid | $ 54,987 |
| Less: Interest Accrued in the Prior Year | (48,796) |
| Plus: Interest Accrued in the Current Year | 48,796 |
| Total Interest Expense on Short-Term Debt | $ 54,987 |

## 7. NONCURRENT LIABILITIES

Noncurrent liability balances and activity are as follows:

| Description | Restated Beginning Balance | Additions | Deletions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Bonds Payable | | | | | |
| Serial Bonds | $ 15,165,000 | $ | $ 1,570,000 | $ 13,595,000 | $ 1,425,000 |
| Unamortized Bond Premiums | 1,663,063 | | 182,217 | 1,480,846 | 182,217 |
| Other Liabilities | | | | | |
| Compensated Absences (Net of Change) | 618,164 | 54,232 | | 672,396 | 262,867 |
| Other Postemployment Benefit Liability | 45,889,005 | 3,557,738 | 4,653,480 | 44,793,263 | |
| Total Long Term Liabilities | $ 63,335,232 | $ 3,611,970 | $ 6,405,697 | $ 60,541,505 | $ 1,870,084 |

***Serial Bonds***

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. In the event of a default in the payment of the principal and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

The following is a statement of the School District's serial bonds with corresponding maturity schedules:

| Payable From/Description | Date of Original Issue | Original Amount | Date of Final Maturity | Interest Rate (%) | Outstanding Amount |
|---|---|---|---|---|---|
| 2011 Serial Bonds | 12/11 | $ 4,160,000 | 07/25 | 3.00-5.00 | $ 210,000 |
| 2017 Refunding Bond | 04/17 | $ 5,400,000 | 06/27 | 2.00-4.00 | 410,000 |
| 2017 Bond | 06/17 | $ 4,675,000 | 06/31 | 3.00-5.00 | 2,405,000 |
| 2020 Bond | 06/20 | $ 1,215,000 | 06/35 | 5.00 | 820,000 |
| 2024 Bond | 06/24 | $ 10,215,000 | 06/39 | 5.00 | 9,750,000 |
| Total | | | | | $ 13,595,000 |

Total principal and interest payments due on long-term debt are as follows:

| Fiscal Year Ending June 30, | Serial Bonds Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 1,425,000 | $ 669,350 | $ 2,094,350 |
| 2027 | 1,275,000 | 606,400 | 1,881,400 |
| 2028 | 1,115,000 | 544,750 | 1,659,750 |
| 2029 | 1,175,000 | 489,000 | 1,664,000 |
| 2030 | 1,230,000 | 430,250 | 1,660,250 |
| 2031-2035 | 5,065,000 | 1,310,250 | 6,375,250 |
| 2036-2039 | 2,310,000 | 208,750 | 2,518,750 |
| Total | $ 13,595,000 | $ 4,258,750 | $ 17,853,750 |

Total interest for the year was as follows:

| | |
|---|---|
| Interest Paid | $ 885,106 |
| Less: Bond Premium Amortization | (182,217) |
| Plus: Deferred Charge Amortization | 11,400 |
| Less: Interest Accrued in the Prior Year | (79,825) |
| Plus: Interest Accrued in the Current Year | 51,659 |
| Total Interest Expense on Long-Term Debt | $ 686,123 |

***Prior-Year Defeasance of Debt***

In prior years, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On June 30, 2025, $460,000 of bonds outstanding are considered defeased.

***Deferred Charge from Refunding of Debt***

The cost of issuing the serial bonds has been capitalized and recorded as a deferred outflow on the District-wide financial statements. The cost is being amortized using a straight-line method over 10 years, the remaining time to maturity of the bonds. The current year amortization is $11,400 and is included as an addition to interest expense on the statement of activities.

| | |
|---|---|
| Deferred Charge from Refunding of Debt | $113,398 |
| Less: Amount Recognized | (91,200) |
| Net Deferred Charge from Refunding | $ 22,198 |

***Unamortized Premiums***

The original issue premiums on bonds has been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premiums are being amortized using the straight-line method over a period of 10 to 14 years, the remaining time to maturity of the respective bond issue. The current year amortization is $182,217 and is included as a reduction to interest expense on the statement of activities.

| | |
|---|---|
| Deferred Premium from Refunding of Debt | $448,150 |
| Deferred Premium from DASNY Bond | 662,484 |
| Deferred Premium from DASNY Bond | 153,849 |
| Deferred Premium from Serial Bond | 1,120,450 |
| Less: Amount Recognized | (904,087) |
| Unamortized Premiums | $1,480,846 |

## 8. PENSION PLANS

### A. New York State and Local Employees' Retirement System (ERS)

***(a) Plan Description***

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The Net Position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. 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 School 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.

***(b) Contributions***

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 but before April 1, 2012 are required to contribute 3% of their annual salary for their entire working career. Those who joined on or after April 1, 2012 contribute at a rate ranging from 3% to 6% based on their total annualized salary for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2025, were paid.

The required contributions for the current year and two preceding years were:

| | Amount | |
|---|---|---|
| 2023 | $ | 191,281 |
| 2024 | $ | 206,272 |
| 2025 | $ | 236,345 |

### *(c) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2025, the School District reported a liability of $705,865 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2024. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2025 and 2024, the School District's proportion was 0.0041169% and 0.0047108% respectively.

For the year ended June 30, 2025, the School District recognized a pension expense of $315,452. At June 30, 2025, the School District 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 |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 175,200 | $ 8,264 |
| Change of Assumptions | 29,603 | |
| Net Difference Between Projected and Actual Earnings on Pensions Plan Investments | 55,380 | |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 51,581 | 88,287 |
| Contributions Subsequent to the Measurement Date | 65,960 | |
| Total | $ 377,724 | $ 96,551 |

At June 30, 2024 $65,960 was reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset or liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | |
|---|---|
| 2026 | $ 114,823 |
| 2027 | $ 173,275 |
| 2028 | $ (72,053) |
| 2029 | $ (832) |

### *(d) Actuarial Assumptions*

The total pension liability at March 31, 2025 was determined by using an actuarial valuation as of April 1, 2024, with update procedures used to roll forward the total pension liability to March 31, 2025.

Significant actuarial assumptions used in the April 1, 2024 valuation are as follows:

| | |
|---|---|
| Investment Rate of Return (Net of Investment Expense, including Inflation) | 5.90% |
| Salary Scale | 4.30% |
| Decrement Tables | April 1, 2015 - March 31, 2020 System's Experience |
| Inflation Rate | 2.90% |

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' scale MP-2021.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic Equity | 25% | 3.54% |
| International Equity | 14% | 6.57% |
| Private Equity | 15% | 7.25% |
| Real Estate | 12% | 4.95% |
| Opportunistic/Absolute Return Strategies | 3% | 5.25% |
| Credit | 4% | 5.40% |
| Real Assets | 4% | 5.55% |
| Fixed Income | 22% | 2.00% |
| Cash | 1% | 0.25% |
| | 100% | |

** Real rates of return are net of the long-term inflation assumption of 2.90%*

***(e) Discount Rate***

The discount rate used to calculate the total pension asset/liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's 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.

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

The following presents the School District's proportionate share of the net pension (asset) liability calculated using the discount rate of 5.9 percent, as well as what the School 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 percent) or 1-percentage-point higher (6.9 percent) than the current rate:

| | Decrease (4.9%) | Assumption (5.9%) | Increase (6.9%) |
|---|---|---|---|
| Proportionate Share of the Net Pension Liability (Asset) | $ 2,042,861 | $ 705,865 | $ (410,528) |

***(g) Pension Plan Fiduciary Net Position***

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

***(h) Payables to the Pension Plan***

The School District has recorded an amount due to ERS in amount of $65,960 at June 30, 2025. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2025-2026 billing cycle and has been accrued as an expenditure in the current year.

**B. New York State Teachers' Retirement System (TRS)**

***(a) Plan Description***

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple- benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten-member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org.

**(b) Contributions**

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The required employer contributions for the current year and two preceding years were:

| | Amount | |
|---|---|---|
| 2023 | $ | 523,120 |
| 2024 | $ | 576,576 |
| 2025 | $ | 617,236 |

***(c) Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2025, the School District reported an asset of $923,129 for its proportionate share of the net pension asset. The Net Pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2023. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2024 and 2023, the School District's proportion was 0.030940% and 0.029530%, respectively.

For the year ended June 30, 2025, the School District recognized a pension expense of $964,660. At June 30, 2025, the School District 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 |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 994,041 | $ |
| Changes of Assumptions | 552,218 | 92,888 |
| Net Difference Between Projected and Actual Earnings on Pensions Plan Investments | | 1,025,675 |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 55,492 | 128,392 |
| Contributions Subsequent to the Measurement Date | 617,236 | |
| Total | $ 2,218,987 | $ 1,246,955 |

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from School District contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension asset or liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | |
|---|---|
| 2025 | $ (477,793) |
| 2026 | $ 1,123,749 |
| 2027 | $ (197,439) |
| 2028 | $ (233,613) |
| 2029 | $ 99,570 |
| Thereafter | $ 40,322 |

***(d) Actuarial Assumptions***

The total pension asset at June 30, 2024 measurement date was determined by using an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension asset to June 30, 2024.

Significant actuarial assumptions used in the June 30, 2023 valuation were as follows:

| | |
|---|---|
| Investment Rate of Return | 6.95 % Compounded Annually, Net of Pension Plan Investment Expense, Including Inflation. |
| Salary Scale | Rates of Increase Differ Based on Service.<br>They Have Been Calculated Based Upon Recent NYSTRS Member Experience. |

| Service | Rate |
|---|---|
| 5 | 5.18% |
| 15 | 3.64% |
| 25 | 2.50% |
| 35 | 1.95% |

| | |
|---|---|
| Projected COLAs | 1.3% Compounded Annually. |
| Inflation Rate | 2.40% |

Annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis.

The actuarial assumptions were based on the results of an actuarial experience study for the period of July 1, 2015 and June 30, 2021.

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2024 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return* |
|---|---|---|
| Domestic equity | 33.0% | 6.6% |
| International equity | 15.0% | 7.4% |
| Global equity | 4.0% | 6.9% |
| Real estate equity | 11.0% | 6.3% |
| Private equity | 9.0% | 10.0% |
| Domestic fixed income | 16.0% | 2.6% |
| Global bonds | 2.0% | 2.5% |
| Private debt | 2.0% | 5.9% |
| Real estate debt | 6.0% | 3.9% |
| High-yield bonds | 1.0% | 4.8% |
| Cash equivalents | 1.0% | 0.5% |
| | 100.0% | |

**Real rates of return are net of the long-term inflation assumption of 2.4% for 2024.*

***(e) Discount Rate***

The discount rate used to calculate the total pension asset/liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents School District's proportionate share of the net pension asset calculated using the discount rate of 6.95 percent, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease 5.95% | Current Assumption 6.95% | 1% Increase 7.95% |
|---|---|---|---|
| Proportionate Share of the Net Pension Liability (Asset) | $ 4,263,987 | $ (923,129) | $ (5,285,633) |

***(g) Pension Plan Fiduciary Net Position***

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

*(h) Payables to the Pension Plan*

The School District has recorded an amount due to TRS in amount of $617,236 in the General Fund, net of the employees portion at June 30, 2025. This amount represents employer contributions for the 2024-2025 fiscal year that will be made in 2025-2026 and has been accrued as an expenditure in the current year.

## 9. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

| | Interfund | | | |
|---|---|---|---|---|
| Fund | Receivables | Payables | Revenues | Expenditures |
| General | $ 3,326,247 | $ 2,878,482 | $ | $ 78,337 |
| School Lunch | 99,701 | | | |
| Special Aid | 1,764,509 | 2,157,633 | | |
| Debt Service | 276,545 | | 134,379 | |
| Capital Fund | 1,460,797 | 1,892,290 | 78,337 | 134,379 |
| Miscellaneous Special Revenue | 677 | 71 | | |
| Total | $ 6,928,476 | $ 6,928,476 | $ 212,716 | $ 212,716 |

- The interfund payables and receivables will be repaid within the next fiscal year and are for cash flow purposes.
- The District transferred money from Capital to Debt Service for unspent money from a capital project.
- The District transferred money from General to Capital for the 2024-25 capital outlay.

## 10. OTHER POSTRETIREMENT HEALTH CARE BENEFITS

*(a) Plan Description*

The School District administers a self-insured Minimum Premium Traditional Indemnity Plan to eligible retirees and dependents. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the School District subject to applicable collective bargaining and employment agreements as described below.

The Plan does not issue a stand-alone publicly available financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

*(b) Benefits Provided*

**Waterville Teachers Association who retired prior to July 1, 1978**

**Benefit Cost Sharing:** Retirees are required to contribute 50% of the individual plan premium.

**Spouse Benefit:** Spouses are required to contribute 65% of the difference between the individual and two-person or family plan premium amounts.

**Surviving Spouse:** Surviving spouses may continue coverage for two years at 65% of the cost of the individual plan premium.

**Medicare Part B:** The District reimburses 90% of the Medicare Part B premium to Medicare eligible retirees, spouses and surviving spouses only for members who had been Medicare eligible as of July 1, 2014.

**Waterville Teachers Association who retired between July 1, 1978 and July 1, 1998**

**Benefit Cost Sharing:** Retirees are required to contribute 45% of the individual plan premium.

**Spouse Benefit:** Spouses are required to contribute 60% of the difference between the individual and two-person or family plan premium amounts.

**Surviving Spouse:** Surviving spouses may continue coverage for two years at 60% of the cost of the individual plan premium.

**Medicare Part B:** The District reimburses 90% of the Medicare Part B premium to Medicare eligible retirees, spouses and surviving spouses only for members who had been Medicare eligible as of July 1, 2014.

**Waterville Teachers Association (WTA) who retire on or after July 1, 1998 under incentive***

**Eligibility:** Must reach the age of 55 with at least 10 years of service with the District and be eligible to retire as a member of the New York State Teachers' Retirement System (NYSTRS).

**Benefit Cost Sharing:** Retirees are required to contribute 10% of the individual plan premium.

**Spouse:** Spouses are required to contribute 10% of the difference between the individual and two-person or family plan premium amounts.

**Surviving Spouse:** Surviving spouses may continue coverage for two years at 10% of the cost of the individual plan premium.

**Medicare Part B:** The District reimburses same percentages of the Medicare Part B premium to Medicare eligible retirees, spouses and surviving spouses as it contributes towards health insurance premiums only for members who had been Medicare eligible as of July 1, 2014.

***Retirement Incentive:** As of July 1, 1998, all instructional employees who retire are offered a retirement incentive in the form of a lower contribution rate (10%) for retirees, dependents and surviving spouses throughout retirement. To be eligible for the incentive members must elect to retire within the first 2 years of full eligibility with the New York State Teachers' Retirement System (NYSTRS).

**Administration**

**Eligibility:** Must reach the age of 55 with at least 10 years of service with the District and be eligible to retire as a member of the New York State Teachers' Retirement System (NYSTRS).

**Benefit Cost Sharing:** Retirees are required to contribute 10% of the individual plan premium.

**Spouse:** Spouses are required to contribute 10% of the difference between the individual and two-person or family plan premium amounts.

**Surviving Spouse:** Surviving spouses may continue coverage for two years at 10% of the cost of the individual plan premium.

**Medicare Part B:** The District reimburses same percentages of the Medicare Part B premium to Medicare eligible retirees, spouses and surviving spouses as it contributes towards health insurance premiums only for members who had been Medicare eligible as of July 1, 2014.

**Service Employees International Union**

**Eligibility:** Must reach the age of 55 with at least 10 years of service with the District and be eligible to retire as a member of the New York State Employees' Retirement System (NYSERS).

**Benefit Cost Sharing:** Retirees are required to contribute 45% of the individual plan premium.

**Spouse:** Spouses are required to contribute 60% of the difference between the individual and two-person or family plan premium amounts.

**Surviving Spouse:** Surviving spouses may continue coverage for two years at 60% of the cost of the individual plan premium.

**Medicare Part B:** The District does not reimburse the Medicare Part B premium to Medicare eligible retirees, spouses and surviving spouses.

*(c) Employees Covered by Benefit Terms*

| | Total |
|---|---|
| Inactive employees currently receiving benefit payments | 89 |
| Inactive employees entitled to but not yet receiving benefit payments | 0 |
| Active employees | 132 |
| Total | 221 |

*(d) Total OPEB Liability*

The District's total OPEB liability of $44,793,263 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

*(e) Changes in the Total OPEB Liability*

Changes in the District's total OPEB liability were as follows:

| | Total OPEB Liability |
|---|---|
| Balances, June 30, 2024 | $ 45,889,005 |
| Changes recognized for the year: | |
| Service cost | 1,835,423 |
| Interest on Total OPEB Liability | 1,722,315 |
| Changes in Benefit Terms | (14,886) |
| Differences between expected and actual experience | (1,481,820) |
| Changes in Assumptions | (2,081,295) |
| Benefit payments | (1,075,479) |
| Net changes | (1,095,742) |
| Balances, June 30, 2025 | $ 44,793,263 |

*(f) Sensitivity of the total OPEB liability to changes in the discount rate*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current discount rate:

| | 1% Decrease (2.93%) | Current Assumption (3.93%) | 1% Increase (4.93%) |
|---|---|---|---|
| Total OPEB liability | $ 52,856,827 | $ 44,793,263 | $ 38,354,822 |

*(g) 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 than the current healthcare cost trend rate:

| | 1% Decrease | Current Assumption | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 37,659,585 | $ 44,793,263 | $ 54,018,284 |

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

***(h) OPEB Expense and Deferred Outflows of Resources Related to OPEB***

For the year ended June 30, 2025, the District recognized OPEB expense of $1,991,470. At June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ | $ 4,311,919 |
| Changes of assumptions or other inputs | 2,177,603 | 4,982,503 |
| Contributions subsequent to the measurement date | 1,155,442 | |
| Total | $ 3,333,045 | $ 9,294,422 |

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

| Year ended June 30: | Amount |
|---|---|
| 2026 | $ (1,351,525) |
| 2027 | $ (1,777,544) |
| 2028 | $ (2,149,885) |
| 2029 | $ (1,163,383) |
| 2030 | $ (627,595) |
| 2031 and Thereafter | $ (46,887) |

***(i) Actuarial Methods and Assumptions***

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025, the reporting date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

| | |
|---|---|
| Valuation Date | July 1, 2024 |
| Measurement Date | July 1, 2025 |
| Reporting Date | June 30, 2025 |
| Actuarial Cost Method | Entry Age Normal-Level Percent of Pay |
| Plan Type | Single Employer Defined Benefit Plan |
| Inflation rate | 2.60% |
| Healthcare Cost Trend Rates | 6.50% decreasing to an ultimate rate of 4.04% by 2095 |
| Discount Rate | 3.93% |
| Rate of Compensation Increase | 3.00% |
| Mortality | Pub-2010 adjusted for mortality improvements with scale mortality improvement scale on a generational basis |

The selected discount rate of 3.93% was based on the Bond Buyer Weekly 20-Bond GO Index.

The following changes in actuarial assumptions have been made since the prior measurement date:

- Changed the discount rate from 3.93% to 3.54% The discount rates are inputs taken from the rate for a 20-year high-quality tax-exempt municipal bond index as of each measurement date.
- Updated the mortality tables to the sex-distinct and job category-specific headcount weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis. This assumption was based on review of published mortality tables and the demographics of the plan.
- Updated the TRS turnover/retirement rates with the tables from the NYSTRS Office of the Actuary dated October 19, 2021 and the ERS turnover/retirement rates with the NYSERS Office of Actuary rates from their report dated August 2020.
- The Getzen trend table was updated for 2022 using model v2024_1F.

The following changes in experience have been made since the prior measurement date:

- Demographic (gain)/loss comes from many sources, such as rates of termination, retirement, and election of health care benefits. Some Demographic shifts occurred between 2020 and 2022. There are 8 more actives and 5 more retirees in this valuation.
- Age-adjusted pre-65 premiums are between 3.6% lower than the previously assumed trend and age-adjusted post-65 premiums are 8.7% lower than the assumed trend.

## 11. CONTINGENCIES

***Risk Financing and Related Insurance***

***(a) General Information***

The Waterville Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions and natural disasters. 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 three years.

***(b) Workers' Compensation Pool***

Waterville Central School District participates with 12 other school districts and BOCES in the Central New York Workers' Compensation Consortium administered by the Oneida-Herkimer-Madison BOCES for its workers' compensation insurance coverage. Voluntary withdrawal from the Plan is effective only once annually on the last day of the Plan year. Notice of intent to withdraw must be submitted in writing no later than March 30 of the plan year. Additional members may be admitted by a majority vote of the Plan's Board of Directors. Membership is effective on the first day of the month following the Board's resolution to accept a new participant. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The Plan insures against catastrophic losses for amounts over $600,000 up to $1,000,000 for claims during the lifetime of an eligible member. The Plan does not insure amounts in excess of $1,000,000 per lifetime. The plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims' costs depend on complex factors, the process used in computing claims' liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims' liabilities are charged or credited to expense in the periods in which they are made. The Consortium is a shared-risk public entity risk pool, whereby each district pays annual premiums based on the expected aggregate claims for all enrollees. Paid claims are also accounted for in the aggregate with individual district activity not being traced separately. Due to this arrangement, a possible contingent liability exists for Waterville Central School District as a result of the possibility that any participating school district may have actual claims less than the annual premium and try to recover its portion due to it through the Consortium participants. During the current year, the School District paid $40,812 in net fees.

*(c) Potential Grantor Liability*

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial

## 12. FUND BALANCE

(a) The following is a summary of the change in General Fund restricted reserve funds during the year ended June 30, 2025:

| | Beginning Balance | Additions | Ending Balance |
|---|---|---|---|
| Repair Reserve | $ 26,371 | $ 1,210 | $ 27,581 |
| Employee Benefit Accrued Liability | 80,361 | 3,689 | 84,049 |
| Liability Reserve | 103,188 | 5,845 | 109,033 |
| Retirement Contribution-ERS | 1,040,486 | 47,761 | 1,088,247 |
| Retirement Contribution-TRS | 219,605 | 4,572 | 224,177 |
| Capital Reserve | 1,334,065 | 29,105 | 1,363,170 |
| Workers' Compensation | 65,422 | 3,003 | 68,425 |
| Unemployment Insurance | 63,964 | 2,936 | 66,900 |
| Total | $ 2,933,462 | $ 98,121 | $ 3,031,582 |

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet:

| | General | School Lunch | Miscellaneous Special Revenue | Debt Service | Capital | Total |
|---|---|---|---|---|---|---|
| **Restricted** | | | | | | |
| Repair Reserve | $ 27,581 | $ | $ | $ | $ | $ 27,581 |
| Employee Benefit Accrued Liability Reserve | 84,049 | | | | | 84,049 |
| Liability Insurance Reserve | 109,033 | | | | | 109,033 |
| Retirement Contribution Reserve-ERS | 1,088,247 | | | | | 1,088,247 |
| Retirement Contribution Reserve-TRS | 224,177 | | | | | 224,177 |
| Workers' Compensation Reserve | 68,425 | | | | | 68,425 |
| Unemployment Insurance Reserve | 66,900 | | | | | 66,900 |
| Restricted for Scholarships | | | 908,364 | | | 908,364 |
| Debt Service | | | | 540,244 | | 540,244 |
| Capital Reserve | 1,363,170 | | | | | 1,363,170 |
| **Total Restricted** | 3,031,582 | | 908,364 | 540,244 | | 4,480,190 |
| **Assigned** | | | | | | |
| Encumbrances | 85,723 | | | | | 85,723 |
| Food Service Program | | 212,612 | | | | 212,612 |
| Appropriated for Subsequent Year's Budget | 830,589 | | | | | 830,589 |
| **Total Assigned** | 916,312 | 212,612 | | | | 1,128,924 |
| **Unassigned (Deficit)** | 2,030,667 | | | | (1,831,454) | 199,213 |
| **Total Fund Balance (Deficit)** | $ 5,978,561 | $ 212,612 | $ 908,364 | $ 540,244 | $ (1,831,454) | $ 5,808,327 |

## 13. NET POSITION DEFICIT

The District-wide net position had an unrestricted deficit at June 30, 2025 of $46,648,609 and a total Net Position deficit of $19,149,248. The deficit is the result of GASB Statement 75, *"Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,"* which requires the recognition of an unfunded liability of $44,793,263 at June 30, 2025. Since New York State Law provides no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.

## 14. DEFICIT FUND BALANCE

The Capital Fund had an unassigned deficit fund balance at June 30, 2025 in the amount of $1,831,454. The deficit is due to the current capital project being funded with a short-term bond anticipation note. The deficit will be eliminated when the note is refinanced with long-term debt.

## 15. CUMULATIVE EFFECT OF IMPLEMENTING CHANGE IN ACCOUTING PRINCIPLE

As a result of implementing GASB Statement No. 101, *Compensated Absences*, the District has restated the beginning net position in the Statement of Net position as of July 1, 2024, to reflect the additional liability for compensated absences required by this implementation as follows:

| | | |
|---|---|---|
| Net Position Beginning of Year, As Previously Stated | $ | (19,353,564) |
| Cummulative Effect of Change in Accounting Principle | | (542,327) |
| Net Position Beginning of Year, As Restated | $ | (19,895,891) |

## 16. RESTATEMENT FOR PRIOR-YEAR TRANSFER

During the year ended June 30, 2025, the District determined that certain amounts intended to be transferred from the General Fund to the Capital Projects Fund in prior fiscal years were not recorded. This omission resulted in an error in previously reported fund balance in both funds, and had no impact on the District-Wide Statements.

To correct this error, the District recorded the appropriate transfer as a restatement of beginning fund balances as of July 1, 2024. The General Fund beginning fund balance decreased by $996,644, and the Capital Projects Fund beginning fund balance increased by $996,644. This restatement had no effect on the District's current-year revenues, expenditures, or change in fund balance.

# WATERVILLE CENTRAL SCHOOL DISTRICT
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
## BUDGET AND ACTUAL - GENERAL FUND
## For the Year Ended June 30, 2025

| | Original Budget | Final Budget | Actual | Final Budget Variance With Actual |
|---|---|---|---|---|
| **Revenues** | | | | |
| Local Sources | | | | |
| Real Property Taxes | $ 5,255,269 | $ 5,255,269 | $ 5,305,541 | $ 50,272 |
| STAR and Other Real Property Tax Items | 817,500 | 817,500 | 778,885 | (38,615) |
| Charges for Services | 4,500 | 4,500 | 5,893 | 1,393 |
| Use of Money and Property | 105,000 | 105,000 | 341,936 | 236,936 |
| Sale of Property and Compensation for Loss | | | 41,000 | 41,000 |
| Miscellaneous | 310,000 | 310,000 | 366,683 | 56,683 |
| State Aid | 15,397,163 | 15,397,163 | 15,403,620 | 6,457 |
| Federal Aid | 115,000 | 115,000 | 138,712 | 23,712 |
| Total Revenues | 22,004,432 | 22,004,432 | 22,382,270 | 377,838 |
| **Other Financing Sources** | | | | |
| Transfers from Other Funds | 293,536 | 293,536 | | (293,536) |
| Premium on Obligations | | | | |
| Appropriated Fund Balance | 43,520 | 43,520 | | (43,520) |
| Total Revenues and Other Financing Sources | $ 22,341,488 | $ 22,341,488 | 22,382,270 | $ 40,782 |

| | Original Budget | Final Budget | Actual | Year-End Encumbrances | Final Budget Variance With Actual And Encumbrances |
|---|---|---|---|---|---|
| **Expenditures** | | | | | |
| General Support | | | | | |
| Board of Education | $ 27,188 | $ 21,645 | 20,119 | $ | $ 1,526 |
| Central Administration | 229,500 | 233,012 | 233,012 | | |
| Finance | 299,700 | 340,891 | 338,203 | | 2,688 |
| Staff | 80,000 | 94,012 | 93,093 | | 919 |
| Central Services | 1,689,931 | 1,635,939 | 1,553,667 | 42,274 | 39,998 |
| Special Items | 292,761 | 328,527 | 325,282 | | 3,245 |
| Total General Support | 2,619,080 | 2,654,026 | 2,563,376 | 42,274 | 48,376 |
| Instruction | | | | | |
| Instruction, Administration, and Improvement | 737,825 | 707,784 | 691,750 | | 16,034 |
| Teaching - Regular School | 4,803,685 | 4,806,945 | 4,785,543 | 673 | 20,729 |
| Programs for Children With Special Needs | 2,992,479 | 3,233,171 | 3,223,155 | | 10,016 |
| Occupational Education | 605,383 | 640,697 | 640,697 | | |
| Teaching - Special School | 154,835 | 72,353 | 51,791 | 19,180 | 1,382 |
| Instructional Media | 635,028 | 836,166 | 801,694 | 19,049 | 15,423 |
| Pupil Services | 964,924 | 983,842 | 841,046 | 313 | 142,483 |
| Total Instruction | 10,894,159 | 11,280,958 | 11,035,676 | 39,215 | 206,067 |
| Pupil Transportation | 983,633 | 979,330 | 921,785 | 4,234 | 53,311 |
| Community Services | | | | | |
| Employee Benefits | 4,838,726 | 4,813,112 | 4,754,670 | | 58,442 |
| Debt Service - Principal | 2,121,828 | 1,586,949 | 1,961,828 | | (374,879) |
| Debt Service - Interest | 784,062 | 927,113 | 940,093 | | (12,980) |
| Total Expenditures | 22,241,488 | 22,241,488 | 22,177,428 | 85,723 | (21,663) |
| **Other Financing Uses** | | | | | |
| Transfers to Other Funds | 100,000 | 100,000 | 78,337 | | 21,663 |
| Total Expenditures and Other Financing Uses | $ 22,341,488 | $ 22,341,488 | 22,255,765 | $ 85,723 | $ |
| **Net Change in Fund Balance** | | | 126,505 | | |
| **Fund Balance - Beginning of Year** | | | 5,852,056 | | |
| **Fund Balance - End of Year** | | | $ 5,978,561 | | |

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

See Independent Auditor's Report.

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**SCHEDULES OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY**
**AND RELATED RATIOS**
**For the Year Ended June 30, 2025**

| Measurement Date | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|---|
| Total OPEB Liability | | | | | | | |
| Service cost | $ 1,835,423 | $ 2,030,217 | $ 1,842,505 | $ 2,082,198 | $ 1,515,904 | $ 1,567,473 | $ 1,499,976 |
| Interest on Total OPEB Liability | 1,722,315 | 1,614,938 | 1,124,266 | 1,115,265 | 1,500,488 | 1,567,828 | 1,611,651 |
| Change in assumptions and other inputs | (2,081,295) | (845,833) | (5,081,907) | 127,010 | 9,387,550 | 163,246 | (5,473,019) |
| Change in benefit terms | (14,886) | | | | | | (1,384,193) |
| Differences between expected and actual experience | (1,481,820) | | (3,941,470) | | (4,452,376) | | 270,735 |
| Benefit payments | (1,075,479) | (999,601) | (1,094,759) | (932,211) | (916,724) | (859,788) | (836,954) |
| Net change in total OPEB Liability | (1,095,742) | 1,799,721 | (7,151,365) | 2,392,262 | 7,034,842 | 2,438,759 | (4,311,804) |
| Total OPEB Liability - Beginning | 45,889,005 | 44,089,284 | 51,240,649 | 48,848,387 | 41,813,545 | 39,374,786 | 43,686,590 |
| Total OPEB Liability - Ending | $ 44,793,263 | $ 45,889,005 | $ 44,089,284 | $ 51,240,649 | $ 48,848,387 | $ 41,813,545 | $ 39,374,786 |
| Covered payroll | $ 7,963,038 | $ 8,449,241 | $ 7,756,497 | $ 7,127,041 | $ 7,172,034 | $ 7,164,000 | $ 7,057,477 |
| Total OPEB Liability as a percentage of covered payroll | 562.51% | 543.11% | 568.42% | 718.96% | 681.10% | 583.66% | 557.92% |

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

**Notes to Required Supplementary Information:**

The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Actuarial Assumptions
The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 10 to the financial statements.

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**SCHEDULES OF DISTRICT'S CONTRIBUTIONS**
**For the Year Ended June 30, 2025**

## ERS Pension Plan
## Last 10 Fiscal Years

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 236,345 | $ 206,272 | $ 191,281 | $ 233,597 | $ 221,220 | $ 223,767 | $ 217,774 | $ 221,938 | $ 275,089 | $ 244,633 |
| Contributions in Relation to the Contractually Required Contribution | 236,345 | 206,272 | 191,281 | 233,597 | 221,220 | 223,767 | 217,774 | 221,938 | 275,089 | 244,633 |
| Contribution Deficiency (Excess) | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| School District's Covered- ERS Employee Payroll | $ 1,806,023 | $ 1,957,697 | $ 1,932,828 | $ 1,855,968 | $ 1,672,721 | $ 1,798,379 | $ 1,717,371 | $ 1,630,768 | $ 1,611,401 | $ 1,503,734 |
| Contributions as a Percentage of Covered-Employee Payroll | 13.1% | 10.5% | 9.9% | 12.6% | 13.2% | 12.4% | 12.7% | 13.6% | 17.1% | 16.3% |

## TRS Pension Plan
## Last 10 Fiscal Years

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 617,236 | $ 576,576 | $ 523,120 | $ 476,609 | $ 465,691 | $ 461,105 | $ 546,084 | $ 524,596 | $ 567,650 | $ 636,780 |
| Contributions in Relation to the Contractually Required Contribution | 617,236 | 576,576 | 523,120 | 476,609 | 465,691 | 461,105 | 546,084 | 524,596 | 567,650 | 636,780 |
| Contribution Deficiency (Excess) | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| School District's Covered- TRS Employee Payroll | $ 6,324,139 | $ 6,497,414 | $ 5,823,669 | $ 5,271,073 | $ 4,886,579 | $ 5,204,345 | $ 5,142,034 | $ 5,353,020 | $ 4,844,565 | $ 4,648,029 |
| Contributions as a Percentage of Covered-Employee Payroll | 9.8% | 9.8% | 10.3% | 9.8% | 9.5% | 8.9% | 10.6% | 9.8% | 11.7% | 13.3% |

See Independent Auditor's Report.

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**
**For The Year Ended June 30, 2025**

**ERS Pension Plan**
**Last 10 Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| District's proportion of the net pension (asset)/liability | 0.0041169% | 0.0047108% | 0.0052452% | 0.0049381% | 0.0049636% | 0.0049399% | 0.0045866% | 0.0048042% | 0.0047862% | 0.0049563% |
| District's proportionate share of the net pension (asset)/liability | $ 705,865 | $ 693,615 | $ 1,124,774 | $ (403,673) | $ 4,942 | $ 1,308,111 | $ 324,972 | $ 155,052 | $ 449,724 | $ 795,506 |
| District's covered-employee payroll | $ 1,806,023 | $ 1,957,697 | $ 1,932,828 | $ 1,855,968 | $ 1,672,721 | $ 1,798,379 | $ 1,717,371 | $ 1,630,768 | $ 1,611,401 | $ 1,503,734 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | -39.08% | -35.43% | -58.19% | 21.75% | 0.30% | 72.74% | 18.92% | 9.51% | 27.91% | 52.90% |
| Plan fiduciary net position as a percentage of total pension liability | 93.08% | 93.88% | 90.78% | 103.65% | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.70% |

**TRS Pension Plan**
**Last 10 Fiscal Years**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| District's proportion of the net pension asset/liability | 0.030940% | 0.029530% | 0.027625% | 0.027484% | 0.030662% | 0.030806% | 0.031369% | 0.030564% | 0.031121% | 0.031881% |
| District's proportionate share of the net pension (asset)/liability | $ (923,129) | $ 337,703 | $ 530,086 | $ (4,762,685) | $ 847,269 | $ (800,344) | $ (567,232) | $ (232,319) | $ 333,317 | $ (3,311,429) |
| District's covered-employee payroll | $ 6,324,139 | $ 6,497,414 | $ 5,271,073 | $ 4,886,579 | $ 5,204,345 | $ 5,142,034 | $ 5,353,020 | $ 4,844,565 | $ 4,648,029 | $ 4,788,971 |
| District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll | 14.60% | -5.20% | -10.06% | 97.46% | 16.28% | 15.56% | 10.60% | 4.80% | 7.17% | 69.15% |
| Plan fiduciary net position as a percentage of total pension asset/liability | 102.10% | 99.20% | 98.60% | 113.20% | 97.80% | 102.20% | 101.53% | 100.66% | 99.01% | 110.46% |

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET**
**AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**
**For the Year Ended June 30, 2025**

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### Change from Adopted Budget to Revised Budget

| | |
|---|---|
| Adopted Budget | $ 22,297,968 |
| Add: Prior Year's Encumbrances | 43,520 |
| Original and Final Budget | $ 22,341,488 |

### Section 1318 of Real Property Tax Law Limit Calculation

| | | |
|---|---|---|
| 2025-26 Voter-Approved Expenditure Budget | | $ 23,127,669 |
| **Maximum Allowed (4% of 2025-26 budget)** | | $ 925,107 |
| General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law : | | |
| Unrestricted Fund Balance: | | |
| Assigned Fund Balance | $ 916,312 | |
| Unassigned Fund Balance | 2,030,667 | |
| Total Unrestricted Fund Balance | | 2,946,979 |
| Less: | | |
| Appropriated Fund Balance | 830,589 | |
| Encumbrances Included in Assigned Fund Balance | 85,723 | |
| Total adjustments | | 916,312 |
| **General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law** | | $ 2,030,667 |
| **Actual Percentage** | | 8.78% |

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**
**For the Year Ended June 30, 2025**

| PROJECT TITLE | Original Authorization | Revised Authorization | Expenditures: Prior Years | Expenditures: Current Year | Expenditures: Total | Unexpended Balance | Methods of Financing: Proceeds of Obligations | Methods of Financing: Federal and State Aid | Methods of Financing: Local Sources | Methods of Financing: Total | Fund Balance (Deficit) June 30, 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2020 Renovation Project | $ 12,860,000 | $ 12,860,000 | $ 12,784,150 | $ 82,482 | $ 12,866,632 | $ (6,632) | $ 11,695,000 | $ | $ 1,171,632 | $ 12,866,632 | $ |
| 2024 SSBA | | | 178,410 | 352,702 | 531,112 | (531,112) | | 110,455 | | 110,455 | (420,657) |
| 2025 Capital Outlay | 100,000 | 100,000 | | 78,337 | 78,337 | 21,663 | | | 78,337 | 78,337 | |
| Total Projects | 12,960,000 | 12,960,000 | 12,962,560 | 513,521 | 13,476,081 | (516,081) | 11,695,000 | 110,455 | 1,249,969 | 13,055,424 | (420,657) |
| Buses | 2,602,166 | 2,602,166 | 1,913,825 | 430,851 | 2,344,676 | 257,490 | | | 933,879 | 933,879 | (1,410,797) |
| **Totals** | $ 15,562,166 | $ 15,562,166 | $ 14,876,385 | $ 944,372 | $ 15,820,757 | $ (258,591) | $ 11,695,000 | $ 110,455 | $ 2,183,848 | $ 13,989,303 | $ (1,831,454) |

**WATERVILLE CENTRAL SCHOOL DISTRICT**
**NET INVESTMENT IN CAPITAL ASSETS**
**June 30, 2025**

| | |
|---|---|
| Capital Assets, Net | $ 39,904,273 |
| Add: | |
| Deferred Charge on Refunding of Debt (Net of Amortization) | 22,198 |
| Capital Fund Assets, Net | (420,656) |
| | (398,458) |
| Deduct: | |
| Premium on Bonds Payable | 1,480,846 |
| Serial Bonds Payable | 13,595,000 |
| BAN Payable | 1,410,798 |
| | 16,486,644 |
| Net Investment in Capital Assets | $ 23,019,171 |

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants
120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

## Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Education
Waterville Central School District, 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, each major fund, and the aggregate remaining fund information of Waterville Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Waterville Central School District's basic financial statements, and have issued our report thereon dated November 28, 2025.

### Report on Internal Control Over Financial Reporting

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

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

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

### Report on Compliance and Other Matters

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

### Purpose of this Report

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

D'Arcangelo + Co., LLP

November 28, 2025

Utica, New York