

**SWEET HOME CENTRAL
SCHOOL DISTRICT**

**Financial Statements as of and
for the Year Ended June 30, 2026
Together with
Independent Auditor's Report**

SWEET HOME CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

October 9, 2026

To the Board of Education of the
Sweet Home Central School District:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of contributions - pension plans, schedule of proportionate share of net pension liability (asset), and schedule of changes in total other postemployment benefit liability and related ratios 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Original Budget to Revised Budget and Schedule of Section 1318 of Real Property Tax Law Limit Calculation - General Fund, Schedule of Project Expenditures - Capital Project Fund, and the Schedule of Net Investment in Capital Assets, as required by the New York State Education Department, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bonardis & Co. LLP

SWEET HOME CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (UNAUDITED) June 30, 2026

The following is a discussion of Sweet Home Central School District (the District) financial performance for the year ended June 30, 2026. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements (including footnotes) and supplementary information, both required and not required. The basic financial statements include two kinds of statements that are presented using different methods of accounting.

- The first few statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the District, reporting the District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the District's most significant funds with all other Nonmajor Funds listed in total in one column.

District-wide Financial Statements

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

The two District-wide financial statements report the District's net position and how they have changed. Net Position - the difference between the District's assets and deferred outflows of resources and the District's liabilities and deferred inflows of resources - is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

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

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

Overview of the Financial Statements (Continued)

Governmental Fund Financial Statements

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

- **Governmental Funds:** Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out (2) the balances left at year end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Summary

Our analysis below focuses on the net position (Figure 1) and changes in net position (Figure 2) of the School District's Governmental Activities.

Figure 1 – Sweet Home Central School District's Net Position (in 000's)

	<u>2026</u>	<u>2025</u>	<u>\$</u>	<u>Change</u> <u>%</u>
Current assets	\$ 22,175	\$ 26,135	\$ (3,960)	-15.2%
Non-current assets	<u>126,719</u>	<u>122,855</u>	<u>3,864</u>	<u>3.1%</u>
Total assets	<u>148,894</u>	<u>148,990</u>	<u>(96)</u>	<u>-0.1%</u>
Deferred outflows of resources	<u>19,808</u>	<u>19,023</u>	<u>785</u>	<u>4.1%</u>
Long-term liabilities	66,168	72,319	(6,151)	-8.5%
Current liabilities	<u>7,535</u>	<u>7,608</u>	<u>(73)</u>	<u>-1.0%</u>
Total liabilities	<u>73,703</u>	<u>79,927</u>	<u>(6,224)</u>	<u>-7.8%</u>
Deferred inflows of resources	<u>13,673</u>	<u>9,359</u>	<u>4,314</u>	<u>46.1%</u>
Net position				
Net investment in capital assets	68,622	67,199	1,423	2.1%
Restricted	9,431	11,186	(1,755)	-15.7%
Unrestricted	<u>3,275</u>	<u>343</u>	<u>2,932</u>	<u>854.8%</u>
Total net position	<u>\$ 81,327</u>	<u>\$ 78,728</u>	<u>\$ 2,599</u>	<u>3.3%</u>

Financial Summary (Continued)

Figure 2 – Change in Sweet Home Central School District's Net Position (in 000's)

	<u>2026</u>	<u>2025</u>	<u>\$</u>	<u>Change</u> <u>%</u>
Revenues				
Program revenues				
Charges for services	\$ 925	\$ 677	\$ 248	36.6%
Operating grants and contributions	8,938	9,470	(532)	-5.6%
Capital grants	1,435	337	1,098	325.8%
General revenue:				
Taxes and related items	61,473	60,364	1,109	1.8%
State aid	39,802	36,413	3,389	9.3%
Other	<u>2,821</u>	<u>2,611</u>	<u>210</u>	<u>8.0%</u>
Total revenues	<u>115,394</u>	<u>109,872</u>	<u>5,522</u>	<u>5.0%</u>
Expenses				
Instruction	79,119	78,598	521	0.7%
Support services -				
General support	16,357	13,014	3,343	25.7%
Pupil transportation	11,635	11,113	522	4.7%
Community service	6	18	(12)	-66.7%
School food service	3,884	3,510	374	10.7%
Interest and other	<u>1,796</u>	<u>1,834</u>	<u>(38)</u>	<u>-2.1%</u>
Total expenses	<u>112,797</u>	<u>108,087</u>	<u>4,710</u>	<u>4.4%</u>
Change in net position	<u>2,599</u>	<u>1,786</u>	<u>813</u>	<u>45.5%</u>
Net position – beginning of year	<u>78,728</u>	<u>76,942</u>	<u>1,786</u>	<u>2.3%</u>
Net position – ending	<u>\$ 81,327</u>	<u>\$ 78,728</u>	<u>\$ 2,599</u>	<u>3.3%</u>

Detailed Analysis

Analysis of the Primary Government's Financial Position and Results of Operations

Figure 1 shows that, as of June 30, 2026, the District's total net position – assets and deferred outflows minus liabilities and deferred inflows – was approximately \$81.3 million, an increase of \$2.6 million, or 3.3% from June 30, 2025. The increase is primarily due to an increase of \$5.7 million in net pension asset in the current year. As a result unrestricted net position increased \$2.9 million.

Detailed Analysis (Continued)

Analysis of the Primary Government's Financial Position and Results of Operations (Continued)

Figure 2 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. All of the District's activity is governmental in nature, and various events contributed to the overall increase in net position. However, the primary 3 factors affecting the change in net position are as follows:

1. Increases in capital grants and related contributions related to reimbursements for capital project work in the current year.
2. Increases in real property tax and tax item related revenues due to increases in assessments on real property within the District and the related tax levy.
3. Increases in state aid not restricted for a specific purpose related to basic formula general aid for the District.

Increases in Capital Grants and Related Contributions

There were notable increases in capital grants and contributions in 2026. Capital grants and contributions increased by 325.8% to \$1.4 million from 2025 to 2026. This increase was specifically caused by funding received in relation to the District's ongoing capital projects.

Increases in Real Property Tax Revenue

The District experienced growth in their real property tax revenue in 2026. In the current year, the District's real property tax revenue increased by 1.5% due to increase in the tax levy from the prior year.

Increase in State Aid Not Restricted for a Specific Purpose

The District experienced growth in their state sourced revenue in 2026. In the current year, the District's state sourced revenue significantly increased, specifically due to the District's reimbursements for basic formula general aid, which increased \$2 million in the current year. Additionally, state aid from mobile sports wagering increased by \$530 thousand and other miscellaneous state aid increased by \$387 thousand.

Analysis of the Fund Balance or Net Position and Results of Operations of Each Major Fund

The District reports five major funds individually in the governmental fund financial statements. These funds are the General Fund, the Capital Projects Fund, the Special Aid Fund, the School Lunch Fund and the Miscellaneous Special Revenue Fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than the government-wide financial statements.

Detailed Analysis (Continued)

Figure 3 – Revenues, Expenditures, and Change in Fund Balances (in 000's)

	<u>General Fund</u>		<u>Capital Projects Fund</u>	
	Fiscal Year <u>2026</u>	Fiscal Year <u>2025</u>	Fiscal Year <u>2026</u>	Fiscal Year <u>2025</u>
Total Revenues	\$ 104,475	\$ 99,276	\$ 1,436	\$ 337
Total Expenditures	<u>110,527</u>	<u>100,668</u>	<u>2,099</u>	<u>172</u>
Excess (deficiency) of revenues over expenditures	<u>(6,052)</u>	<u>(1,392)</u>	<u>(663)</u>	<u>165</u>
Other Financing Sources (Uses)				
Proceeds from issuance of leases	623	227	-	-
Proceeds from issuance of debt	2,000	-	-	-
Premiums on BANS	84	-	-	-
Transfers in	228	195	100	100
Transfers out	<u>(353)</u>	<u>(475)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,582</u>	<u>(53)</u>	<u>100</u>	<u>100</u>
Change in fund balance	(3,470)	(1,445)	(563)	265
Fund balance – beginning of year	<u>13,397</u>	<u>14,843</u>	<u>141</u>	<u>(124)</u>
Fund balance – end of year	<u>\$ 9,927</u>	<u>\$ 13,397</u>	<u>\$ (422)</u>	<u>\$ 141</u>

Detailed Analysis (Continued)

Figure 3 – Revenues, Expenditures, and Change in Fund Balances (Continued)

	<u>Special Aid Fund</u>		<u>School Lunch Fund</u>	
	<u>Fiscal Year 2026</u>	<u>Fiscal Year 2025</u>	<u>Fiscal Year 2026</u>	<u>Fiscal Year 2025</u>
Total Revenues	\$ 4,615	\$ 5,589	\$ 4,599	\$ 4,422
Total Expenditures	<u>4,868</u>	<u>5,965</u>	<u>3,815</u>	<u>3,256</u>
Excess (deficiency) of revenues over expenditures	<u>(253)</u>	<u>(376)</u>	<u>784</u>	<u>1,166</u>
Other Financing Sources (Uses)				
Transfers in	253	376	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(228)</u>	<u>(195)</u>
Total other financing sources (uses)	<u>253</u>	<u>376</u>	<u>(228)</u>	<u>(195)</u>
Change in fund balance	-	-	556	971
Fund balance – beginning of year	<u>-</u>	<u>-</u>	<u>4,497</u>	<u>3,526</u>
Fund balance – end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,053</u>	<u>\$ 4,497</u>
	<u>Miscellaneous Special Revenue Fund</u>			
	<u>Fiscal Year 2026</u>	<u>Fiscal Year 2025</u>		
Total Revenues	\$ 270	\$ 248		
Total Expenditures	<u>245</u>	<u>248</u>		
Excess (deficiency) of revenues over expenditures	<u>25</u>	<u>-</u>		
Change in fund balance	25	-		
Fund balance – beginning of year	<u>136</u>	<u>136</u>		
Fund balance – end of year	<u>\$ 161</u>	<u>\$ 136</u>		

Analysis of the Fund Balance or Net Position and Results of Operations of Each Major Fund

General Fund:

The General Fund revenues increased overall in 2026. Expenditures outpaced revenues again in the fiscal year, which resulted in the use of reserves. Tax cap limitations did not allow for any significant increase in tax revenue, therefore the only increase in revenues was driven by State Aid. The District had significant increases in health care costs, contracted transportation costs, and out of district tuitions. The previously mentioned areas cause the majority of the gap between revenues and expenditures in the General Fund.

Capital Projects Fund:

The Capital Projects Fund revenues and expenditures were up over \$1 million in 2026 due to the receipt of funding to aid in the transition to a fully electric bus fleet. The District also received reimbursement revenue for the door swipe project at the high school through Smart School Bonds in the current year.

Special Aid Fund:

The Special Aid Fund revenues and expenditures were down in 2026 due to a decrease in Federal Title Grant funding and IDEA Grant allocations and awards to the District. The District also received one-time National Grid and NYSERD funding in 2025 which was recorded in the Special Aid Fund.

School Lunch Fund:

The School Lunch Fund revenues are up by \$177 thousand in 2026. The District added an additional Summit Center location in the current year, which accounts for the increase in reimbursements for student meals.

Miscellaneous Special Revenue Fund:

The Miscellaneous Special Revenue Fund houses the District extracurricular accounts which are managed by faculty advisors, students and the central treasurer. Balances are always fluctuating year-over-year depending on the amount of fundraising done by the individual clubs.

Significant Capital Asset and Long-Term Financing Activity

Capital Asset Activity

The District had significant construction-in-progress additions in the current year, approximately \$2.1 million. This was largely due to the capital outlay expenditures in the Capital Projects Fund for the Smart School Bonds and 2025 Capital Project Phases 1 through 3, that are currently ongoing at the District.

Long-Term Financing Activity

Total bonds payable outstanding decreased \$3.4 million. The decrease is due to scheduled principal payments of \$5.4 million, offset by the issuance of a serial bond in the amount of \$2.0 million to finance approved legal settlements.

Currently Known Facts, Decisions, or Conditions

The District has seen a fairly steady increase in enrollment, and will potentially see more in coming years with the Town of Amherst entering into their Boulevard Mall project which the town anticipates will bring 500 residential units within the District boundaries.

The District has two outstanding legal matters which could result in the issuance of additional long-term financing.

Due to the itinerant tendencies out District populations, it will continue to be difficult to budget for specific areas such as transportation and out of district tuitions. The District is continually following budgetary trends in those areas during the budget development process.

GASB 87 standards required the District to report the entirety of leases in the year in which the lease agreement is entered, which inflates both expenses and revenues beyond the actual budget each year.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Donald Feldmann, Assistant Superintendent for Finance and Plant Services, Sweet Home Central School District, 1901 Sweet Home Road, Amherst, New York 14228.

SWEET HOME CENTRAL SCHOOL DISTRICT

Statement of Net Position June 30, 2026

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 8,245,117
Cash and equivalents - restricted	4,660,352
Investments	2,033,583
Accounts receivable	1,044,265
Due from other governments	1,293,624
State and federal aid receivable	4,767,218
Inventory	130,425
Total current assets	<u>22,174,584</u>

NON-CURRENT ASSETS:

Net pension asset - TRS	11,786,257
Capital assets, not being depreciated or amortized	3,517,933
Capital assets, net of depreciation and amortization	111,415,069
Total non-current assets	<u>126,719,259</u>
Total assets	<u>148,893,843</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related - TRS	14,844,514
Pension related - ERS	2,692,029
Other postemployment benefits related	2,271,956
Total deferred outflows of resources	<u>19,808,499</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	678,627
Accrued liabilities	1,979,567
Due to teachers' retirement system	4,097,386
Due to employees' retirement system	619,435
Unearned revenue	159,731
Total current liabilities	<u>7,534,746</u>

LONG-TERM LIABILITIES:

Due and payable within one year -	
Compensated absences	1,045,573
Employee retirement longevity liability	638,225
Total other postemployment benefits liability	699,318
Bonds payable	5,045,000
Lease liability	393,740
Energy performance contract	405,019
Total long-term liabilities due and payable within one year	<u>8,226,875</u>

Due and payable after one year -

Compensated absences	3,123,612
Employee retirement longevity liability	4,449,200
Total other postemployment benefits liability	7,687,788
Bonds payable	35,095,000
Premium on bonds	3,760,543
Lease liability	705,448
Energy performance contract	844,125
Judgments and claims	515,039
Net pension liability - ERS	1,760,316
Total long-term liabilities due and payable after one year	<u>57,941,071</u>
Total long-term liabilities	<u>66,167,946</u>
Total liabilities	<u>73,702,692</u>

DEFERRED INFLOWS OF RESOURCES

Pension related - TRS	9,671,160
Pension related - ERS	3,236,897
Other postemployment benefits related	764,641
Total deferred inflows of resources	<u>13,672,698</u>

NET POSITION

Net investment in capital assets	68,621,682
Restricted	9,430,642
Unrestricted	3,274,628
Total net position	<u>\$ 81,326,952</u>

The accompanying notes are an integral part of these financial statements.

SWEET HOME CENTRAL SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	
Governmental activities:					
General support	\$ 16,356,637	\$ -	\$ -	\$ -	\$ (16,356,637)
Instruction	79,118,777	829,204	4,560,113	1,435,017	(72,294,443)
Pupil transportation	11,635,079	-	-	-	(11,635,079)
Community service	5,557	-	-	-	(5,557)
Interest expense	1,795,557	-	-	-	(1,795,557)
School food service	3,883,993	95,519	4,378,145	-	589,671
Total functions/programs	<u>\$ 112,795,600</u>	<u>\$ 924,723</u>	<u>\$ 8,938,258</u>	<u>\$ 1,435,017</u>	(101,497,602)
General revenues:					
Real property taxes and tax items					61,473,029
Use of money and property					1,378,378
Sale of property and compensation for loss					134,071
State and federal aid not restricted for a specific purpose					39,802,005
Miscellaneous					902,757
Medicaid reimbursement					406,361
Total general revenues					<u>104,096,601</u>
CHANGE IN NET POSITION					2,598,999
NET POSITION - beginning of year					<u>78,727,953</u>
NET POSITION - end of year					<u>\$ 81,326,952</u>

The accompanying notes are an integral part of these financial statements.

SWEET HOME CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds June 30, 2026

	General	Capital Projects	Special Aid	School Lunch	Miscellaneous Special Revenue	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 8,039,241	\$ 27,538	\$ 15,193	\$ 163,145	\$ -	\$ 8,245,117
Cash and cash equivalents - restricted	4,499,809	-	-	-	160,543	4,660,352
Investments	2,033,583	-	-	-	-	2,033,583
Accounts receivable	1,044,265	-	-	-	-	1,044,265
Due from other governments	1,293,624	-	-	-	-	1,293,624
State and federal aid receivable	1,282,789	635,017	2,400,922	448,490	-	4,767,218
Due from other funds	4,221,687	852,710	43,368	4,682,103	-	9,799,868
Inventory	-	-	-	130,425	-	130,425
Total assets	<u>\$ 22,414,998</u>	<u>\$ 1,515,265</u>	<u>\$ 2,459,483</u>	<u>\$ 5,424,163</u>	<u>\$ 160,543</u>	<u>\$ 31,974,452</u>
LIABILITIES						
Accounts payable	\$ 616,182	\$ 62,445	\$ -	\$ -	\$ -	\$ 678,627
Accrued liabilities	1,832,571	-	14,499	53,941	196	1,901,207
Due to teachers' retirement system	4,097,386	-	-	-	-	4,097,386
Due to employees' retirement system	619,435	-	-	-	-	619,435
Due to other funds	5,322,197	1,874,268	2,285,253	318,150	-	9,799,868
Unearned revenue	-	-	159,731	-	-	159,731
Total liabilities	<u>12,487,771</u>	<u>1,936,713</u>	<u>2,459,483</u>	<u>372,091</u>	<u>196</u>	<u>17,256,254</u>
FUND BALANCES						
Nonspendable	-	-	-	130,425	-	130,425
Restricted	4,348,648	-	-	4,921,647	160,347	9,430,642
Assigned	2,746,594	-	-	-	-	2,746,594
Unassigned	2,831,985	(421,448)	-	-	-	2,410,537
Total fund balances	<u>9,927,227</u>	<u>(421,448)</u>	<u>-</u>	<u>5,052,072</u>	<u>160,347</u>	<u>14,718,198</u>
Total liabilities and fund balances	<u>\$ 22,414,998</u>	<u>\$ 1,515,265</u>	<u>\$ 2,459,483</u>	<u>\$ 5,424,163</u>	<u>\$ 160,543</u>	<u>\$ 31,974,452</u>

The accompanying notes are an integral part of these financial statements.

SWEET HOME CENTRAL SCHOOL DISTRICT

Reconciliation of the Governmental Funds - Balance Sheet to the Statement of Net Position June 30, 2026

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - total governmental funds	\$ 14,718,198
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds	114,933,002
Deferred outflows/inflows of resources are applicable to future periods and therefore, are not reported in the funds:	
Deferred outflows - TRS	14,844,514
Deferred outflows - ERS	2,692,029
Deferred inflows - TRS	(9,671,160)
Deferred inflows - ERS	(3,236,897)
Deferred outflows - OPEB	2,271,956
Deferred inflows - OPEB	(764,641)
Net pension liabilities and assets are not due and payable in the current period and; therefore, are not reported in the funds:	
Net pension asset - TRS	11,786,257
Net pension liability - ERS	(1,760,316)
Long-term liabilities are not due and payable in the current period and; therefore, are not reported in the funds:	
Compensated absences	(4,169,185)
Employee retirement longevity liability	(5,087,425)
Lease liability	(1,099,188)
Bonds payable	(40,140,000)
Premium on bonds	(3,760,543)
Total other postemployment benefits liability	(8,387,106)
Energy performance contract	(1,249,144)
Judgments and claims	(515,039)
Accrued interest	(76,029)
Accrued lease interest	(2,331)
Net position of governmental activities	<u>\$ 81,326,952</u>

The accompanying notes are an integral part of these financial statements.

SWEET HOME CENTRAL SCHOOL DISTRICT

Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended June 30, 2026

	General	Capital Projects	Special Aid	School Lunch	Miscellaneous Special Revenue	Total Governmental Funds
REVENUES:						
Real property taxes and tax items	\$ 61,473,029	\$ -	\$ -	\$ -	\$ -	\$ 61,473,029
Charges for services	829,204	-	-	-	-	829,204
Use of money and property	1,378,027	-	-	351	-	1,378,378
Sale of property and compensation for loss	134,071	-	-	-	-	134,071
Miscellaneous	452,287	1,307	54,741	124,806	269,616	902,757
State sources	39,802,005	1,435,017	2,282,909	1,003,993	-	44,523,924
Federal sources	-	-	2,277,204	3,374,152	-	5,651,356
Medicaid reimbursement	406,361	-	-	-	-	406,361
Sales - food service	-	-	-	95,519	-	95,519
Total revenues	<u>104,474,984</u>	<u>1,436,324</u>	<u>4,614,854</u>	<u>4,598,821</u>	<u>269,616</u>	<u>115,394,599</u>
EXPENDITURES:						
General support	12,002,557	-	-	-	-	12,002,557
Instruction	58,413,029	-	4,367,467	-	245,341	63,025,837
Pupil transportation	8,819,696	-	263,344	-	-	9,083,040
Community service	4,527	-	-	-	-	4,527
Employee benefits	23,469,475	-	237,161	650,963	-	24,357,599
Debt service						
Principal	5,804,108	-	-	-	-	5,804,108
Interest	2,013,842	-	-	-	-	2,013,842
Cost of sales	-	-	-	3,164,143	-	3,164,143
Capital outlay	-	2,098,889	-	-	-	2,098,889
Total expenditures	<u>110,527,234</u>	<u>2,098,889</u>	<u>4,867,972</u>	<u>3,815,106</u>	<u>245,341</u>	<u>121,554,542</u>
EXCESS REVENUES (EXPENDITURES)	<u>(6,052,250)</u>	<u>(662,565)</u>	<u>(253,118)</u>	<u>783,715</u>	<u>24,275</u>	<u>(6,159,943)</u>
OTHER FINANCING SOURCES AND (USES):						
Lease proceeds	622,914	-	-	-	-	622,914
Long term debt proceeds	2,000,000	-	-	-	-	2,000,000
Premiums on BANs	83,952	-	-	-	-	83,952
Transfers in	228,464	100,000	253,118	-	-	581,582
Transfers out	(353,317)	-	-	(228,265)	-	(581,582)
Total other financing sources (uses)	<u>2,582,013</u>	<u>100,000</u>	<u>253,118</u>	<u>(228,265)</u>	<u>-</u>	<u>2,706,866</u>
CHANGE IN FUND BALANCES	(3,470,237)	(562,565)	-	555,450	24,275	(3,453,077)
FUND BALANCES - beginning of year	<u>13,397,464</u>	<u>141,117</u>	<u>-</u>	<u>4,496,622</u>	<u>136,072</u>	<u>18,171,275</u>
FUND BALANCES - end of year	<u>\$ 9,927,227</u>	<u>\$ (421,448)</u>	<u>\$ -</u>	<u>\$ 5,052,072</u>	<u>\$ 160,347</u>	<u>\$ 14,718,198</u>

The accompanying notes are an integral part of these financial statements.

SWEET HOME CENTRAL SCHOOL DISTRICT

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

For the Year Ended June 30, 2026

Total change in fund balances - governmental funds	\$ (3,453,077)
Certain capital outlays and the addition of capital assets are expenditures in governmental funds, but are capitalized in the statement of net position.	2,750,497
Depreciation and amortization are not recorded as expenditures in the governmental funds, but are recorded in the statement of activities.	(4,510,308)
Loss on disposal of capital assets is not an expenditure in the governmental funds, but is recorded in the statement of activities.	(60,626)
Repayments of long-term debt and lease obligations are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	5,804,108
Proceeds from issuance of bonds and leases are recorded as other financing sources for governmental funds, but are not recorded in the statement of activities. This is the amount of proceeds from bonds and leases issued in the current year.	(2,622,914)
Bond premium additions are recorded as revenue in the governmental funds, but is recorded the statement of activities as a liability and amortized.	(83,953)
Amortization of bond premiums is not recorded as revenue in the governmental funds, but is recorded in the statement of activities.	207,943
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense.	4,286,170
On the statement of activities, the actual and projected long-term expenditures for postemployment benefits are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits.	62,284
Certain expenses in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds:	
Change in compensated absences	313,107
Change in longevity liability	(64,925)
Change in judgments and claims	(39,649)
Change in accrued interest	<u>10,342</u>
Change in net position - governmental activities	<u>\$ 2,598,999</u>

The accompanying notes are an integral part of these financial statements.

SWEET HOME CENTRAL SCHOOL DISTRICT

Notes to Financial Statements June 30, 2026

1. NATURE OF OPERATIONS

The Sweet Home Central School District (the District) provides free K-12 public education to students living within its geographic borders.

Reporting Entity

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

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

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

- **Extraclassroom Activity Funds** – The extraclassroom activity funds of the District represent funds belonging to the students of the District. The BOE exercises general oversight of these funds; however, the funds are used as designated by student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for the activities of these various student organizations in the Miscellaneous Special Revenue Fund.

Joint Venture

The District is one of 19 participating school districts in the Erie 1 Board of Cooperative Educational Services (BOCES). 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.

1. NATURE OF OPERATIONS (Continued)

Joint Venture (Continued)

The BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school 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 school districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$5,709,723 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,893,647, including \$249,190 of BOCES refund of prior year expense.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied 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 District are described below.

Basis of Presentation

The District's financial statements consist of district-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with, and are clearly identifiable to, a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Fund Financial Statements

The fund statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports all of its funds as major governmental funds.

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Special Aid Fund - This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.

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

School Lunch Fund - This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are restricted to the operation of the District's breakfast and lunch programs.

Miscellaneous Special Revenue Fund - This fund is used to account for the activity of the extraclassroom activity funds.

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

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Non-exchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety 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 long-term pension obligation, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

The District levies real property taxes no later than September 1, and becomes a lien during mid-August. Taxes are collected during the period September 1 through December 1. Taxes not collected at that time are turned over to the County, who assumes all responsibility for collection. Uncollected real property taxes are subsequently enforced by the County. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later the following April 1.

Restricted Resources

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

Interfund Transactions

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

In the district-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 6 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

Use of 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 dates of the financial statements and the reported revenue and expenses/expenditures 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, potential contingent liabilities and useful lives of long-lived assets.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

Restricted Cash and Investments

Restricted cash and investments represents cash, cash equivalents and investments where use is limited by legal requirements. These assets include amounts required by statute to be reserved for various purposes.

Accounts Receivable

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

Inventory

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

Capital Assets

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life in Years
Land improvements	\$ 1,000	SL	20
Buildings and improvements	\$ 1,000	SL	30 – 50
Furniture and equipment	\$ 1,000	SL	5 – 20
Vehicles	\$ 1,000	SL	8

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by the employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee). A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. For purposes of measuring the liability, leave is assumed to be used on a first-in, first-out (FIFO) basis, such that the most recently earned leave is used last.

Sick pay is accrued on the basis of negotiated contracts with administrative and employee groups which provide for the payment of various amounts at retirement. All such payouts are made directly to the employees' tax deferred annuity accounts.

The government-wide financial statements reflect the entire liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

Other Benefits

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

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund in the year paid.

District employees under specific employee groups are eligible for an employee retirement longevity award. To participate, an employee must retire on July 1 of the conclusion of the school year in which they first reach the age of eligibility, under NYSTRS. The employee retirement longevity liability is based on negotiated contracts with employee groups which provide the payment of longevity at retirement.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Unearned Revenue

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Payable, Accrued Liabilities, Due to other Governments and Long-Term Obligations

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

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

District-Wide Statements - Equity Classifications

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

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

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

Unrestricted net position - reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Governmental Fund Financial Statements - Equity Classifications

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

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory and prepaid items normally recorded in the School Lunch and General Funds. Total Nonspendable fund balance at June 30, 2026, amounted to \$130,425.

Restricted fund balance - 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. The District has established the following restricted fund balances:

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements - Equity Classifications (Continued)

Capital Reserve

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

Debt Service Reserve

Debt Service is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.

Employee Benefit Accrued Liability Reserve

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

Retirement Contributions Reserve

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

Tax Certiorari Reserve

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements - Equity Classifications (Continued)

Unemployment Insurance Reserve

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

Workers' Compensation Reserve

According to General Municipal Law §6-j, all expenditures made from the workers' compensation reserve fund must be 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 BOE 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. This reserve is accounted for in the General Fund in the restricted fund balance.

Restricted fund balance includes the following:

General Fund:	
Capital Reserve	\$ 3,038,897
Employee Benefit Accrued Liability Reserve	235,433
Retirement Contributions Reserve	407,701
Tax Certiorari Reserve	82,311
Unemployment Insurance Reserve	458,463
Workers' Compensation Reserve	<u>125,843</u>
Total General Fund	<u>4,348,648</u>
School Lunch Fund	4,921,647
Miscellaneous Special Revenue Fund	<u>160,347</u>
Total restricted fund balance	<u>\$ 9,430,642</u>

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the BOE. The District has not committed fund balances as of June 30, 2026.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements - Equity Classifications (Continued)

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. Encumbrances reported in the General Fund amounted to \$326,594 classified as pupil transportation. Appropriated fund balance in the General Fund amounted to \$2,420,000.

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

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

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

3. **EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (Continued)**

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference 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 sheets.

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

Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of five broad categories.

- **Long-Term Revenue and Expense Differences**
Long-term revenue differences arise because governmental funds report revenue only when it is considered "available," whereas the statement of activities reports revenue 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.
- **Capital Related Differences**
Capital related differences include the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation and amortization expense on those items as recorded in the statement of activities.
- **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.
- **Pension Differences**
Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.
- **OPEB Differences**
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

Budgets

The District administration prepares a proposed budget for approval by the BOE for the General Fund. The voters of the District approved the proposed appropriation budget. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the BOE 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 restriction, if the board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2026.

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

5. CASH AND INVESTMENTS

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

At June 30, 2026, the reported amount of the District's deposits was \$12,905,469 and the bank balance was \$13,847,232. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the balance was covered by collateral of \$13,005,679 held in the pledging bank's trust department in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of June 30, 2026 includes \$4,660,352 within the governmental funds.

The District participates in the New York Liquid Asset Fund (NYLAF). NYLAF is a cooperative investment program established by participating New York school districts, municipal corporations, boards of cooperative educational services and fire districts. NYLAF was organized in accordance with Article 5-G of the New York General Municipal Law, as amended, and Article 3-A of the General Municipal Law.

NYLAF's investment objective is to provide participants with high current income consistent with the preservation of capital and the maintenance of liquidity while investing only in instruments authorized by the provisions of New York law that govern the temporary investment of funds by Municipal Corporations. NYLAF seeks to attain its investment objective by pursuing a professionally advised investment program consistent with the policies and restrictions described below. NYLAF seeks to maintain a rating of AAAm from Standard & Poor's ("S&P").

NYLAF percentage of assets by class:

	<u>June 30, 2026</u>
Repurchase agreements	21%
Bank products	6%
Treasury/agency securities	<u>73%</u>
Total	<u><u>100%</u></u>

The District's amount of NYLAF investments at market value as of June 30, 2026 was \$2,033,583.

6. INTERFUND BALANCES AND ACTIVITY

	<u>Interfund</u>		<u>Transfers</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$ 4,221,687	\$ 5,322,197	\$ 228,464	\$ 353,317
Special Aid Fund	43,368	2,285,253	253,118	-
Capital Projects Fund	852,710	1,874,268	100,000	-
School Lunch Fund	<u>4,682,103</u>	<u>318,150</u>	<u>-</u>	<u>228,265</u>
Total	<u>\$ 9,799,868</u>	<u>\$ 9,799,868</u>	<u>\$ 581,582</u>	<u>\$ 581,582</u>

Interfund receivables and payables are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

7. LEASES

The District leases copiers and equipment, primarily from BOCES and also leases vehicles. The leases have various inception dates with remaining terms of 1 - 48 months, with interest rates between 0.57% and 5.37%.

Activity of lease liability for the year ended June 30, 2026 is summarized as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
\$ <u>859,808</u>	\$ <u>622,914</u>	\$ <u>(383,534)</u>	\$ <u>1,099,188</u>	\$ <u>393,740</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 393,740	\$ 32,149	\$ 425,889
2028	350,065	21,457	371,522
2029	189,543	12,757	202,300
2030	<u>165,840</u>	<u>4,195</u>	<u>170,035</u>
Total	<u>\$ 1,099,188</u>	<u>\$ 70,558</u>	<u>\$ 1,169,746</u>

8. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$ 966,214	\$ -	\$ -	\$ 966,214
Construction in progress	<u>452,830</u>	<u>2,098,889</u>	<u>-</u>	<u>2,551,719</u>
Total capital assets not being depreciated or amortized	<u>\$ 1,419,044</u>	<u>\$ 2,098,889</u>	<u>\$ -</u>	<u>\$ 3,517,933</u>
Capital assets that are being depreciated and amortized:				
Land improvements	\$ 1,260,266	\$ -	\$ -	\$ 1,260,266
Buildings and improvements	171,148,458	-	-	171,148,458
Furniture and equipment	6,103,794	28,694	-	6,132,488
Vehicles	7,091,035	-	(60,626)	7,030,409
Leased assets:				
Equipment	2,506,909	622,914	(708,522)	2,421,301
Vehicle	<u>219,959</u>	<u>-</u>	<u>-</u>	<u>219,959</u>
Total depreciable assets	<u>188,330,421</u>	<u>651,608</u>	<u>(769,148)</u>	<u>188,212,881</u>
Less accumulated depreciation and amortization:				
Land improvements	(1,253,933)	(3,101)	-	(1,257,034)
Buildings and improvements	(61,075,875)	(3,105,366)	-	(64,181,241)
Furniture and equipment	(3,999,412)	(277,815)	-	(4,277,227)
Vehicles	(5,257,812)	(459,779)	-	(5,717,591)
Leased assets:				
Equipment	(1,329,664)	(620,976)	708,522	(1,242,118)
Vehicle	<u>(79,330)</u>	<u>(43,271)</u>	<u>-</u>	<u>(122,601)</u>
Total accumulated depreciation and amortization	<u>(72,996,026)</u>	<u>(4,510,308)</u>	<u>708,522</u>	<u>(76,797,812)</u>
Total capital assets, net of depreciation and amortization	<u>\$ 115,334,395</u>	<u>\$ (3,858,700)</u>	<u>\$ (60,626)</u>	<u>\$ 111,415,069</u>

Depreciation and amortization were charged to governmental activities as follows:

General government support	\$ 1,634,278
Instruction	2,446,645
School lunch	<u>429,385</u>
Total	<u>\$ 4,510,308</u>

9. LONG-TERM LIABILITIES

Long-term liability balances and activity are summarized as of June 30, 2026:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
General obligation debt:					
Energy performance contract	\$ 1,644,718	\$ -	\$ (395,574)	\$ 1,249,144	\$ 405,019
Serial bonds	43,165,000	2,000,000	(5,025,000)	40,140,000	5,045,000
Bond premiums	<u>3,884,533</u>	<u>83,953</u>	<u>(207,943)</u>	<u>3,760,543</u>	<u>-</u>
Total general obligation debt	<u>\$ 48,694,251</u>	<u>\$ 2,083,953</u>	<u>\$ (5,628,517)</u>	<u>\$ 45,149,687</u>	<u>\$ 5,450,019</u>
Other liabilities:					
Compensated absences	\$ 4,482,292	\$ -	\$ (313,107)	\$ 4,169,185	\$ 1,045,573
Longevity incentive	<u>5,022,500</u>	<u>64,925</u>	<u>-</u>	<u>5,087,425</u>	<u>638,225</u>
Total other liabilities	<u>\$ 9,504,792</u>	<u>\$ 64,925</u>	<u>\$ (313,107)</u>	<u>\$ 9,256,610</u>	<u>\$ 1,683,798</u>

Interest for the year was composed of:

General obligation debt interest paid	\$ 1,971,487
Lease interest paid	42,355
Less: Amortization of bond premium	(207,943)
Less: Interest accrued in the prior year	(88,702)
Plus: Bond interest accrued in the current year	76,029
Plus: Lease interest accrued in the current year	<u>2,331</u>
Total interest expense	<u>\$ 1,795,557</u>

9. LONG-TERM LIABILITIES (Continued)

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>General Obligation Debt</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>6/30/2026 Balance</u>
Energy performance contract	7/1/2013	4/1/2028	2.38%	\$ 1,249,144
Refunding serial bond, 2014 – Series A	10/1/2014	7/1/2026	2.00% - 5.00%	1,370,000
2016 Serial Bond	7/1/2016	6/1/2031	2.00% - 3.00%	6,865,000
2024 Serial Bond	6/18/2024	10/1/2038	5.00%	29,905,000
2026 Serial Bond	2/10/2026	12/1/2035	0.05% - 4.00%	<u>2,000,000</u>
Total bond issues				<u>\$ 41,389,144</u>

The following is a summary of the maturity of long-term indebtedness as of June 30:

	<u>Serial Bonds</u>			<u>Energy Performance Contracts</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 5,045,000	\$ 1,764,761	\$ 6,809,761	\$ 405,019	\$ 29,734	\$ 434,753
2028	3,640,000	1,605,292	5,245,292	844,125	25,207	869,332
2029	3,775,000	1,449,145	5,224,145	-	-	-
2030	3,875,000	1,304,975	5,179,975	-	-	-
2031	3,725,000	1,149,500	4,874,500	-	-	-
2032-2036	14,880,000	3,546,700	18,426,700	-	-	-
2037-2039	<u>5,200,000</u>	<u>363,750</u>	<u>5,563,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 40,140,000</u>	<u>\$ 11,184,123</u>	<u>\$ 51,324,123</u>	<u>\$ 1,249,144</u>	<u>\$ 54,941</u>	<u>\$ 1,304,085</u>

10. PENSION PLANS

Description of Plan

The District participates in the New York State and Local Employee's Retirement System (ERS). The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to ERS.

ERS 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 ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

This is a cost-sharing, multiple-employer, defined benefit pension plan. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. GLIP amounts are appropriated to and included in the ERS. ERS is included in the State's financial report as a pension trust fund. That report, including information regarding 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.

10. PENSION PLANS (Continued)

The significant dates shown below are referenced throughout the ERS section of this footnote:

- District's fiscal year end – June 30, 2026
- Plan's measurement date – March 31, 2026
- Plan's actuarial valuation date – April 1, 2025

Membership Tiers

Membership, benefits, and employer and employee obligations to contribute are described in the RSSL using the tier concept. Pension legislation established tier membership by the date a member last joined ERS. They are as follows:

- Tier 1 Those persons who last became members of ERS before July 1, 1973.
- Tier 2 Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 Those persons who last became members of ERS on or after January 1, 2010, but before April 1, 2012.
- Tier 6 Those persons who first became members of ERS on or after April 1, 2012.

Vesting

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

Employer Contributions

Participating employers are required under the RSSL to contribute to ERS at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2026 was approximately 15.8 percent of covered payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2026, the applicable interest rate was 5.9 percent. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

		<u>ERS</u>
2026	\$	1,926,012
2025	\$	1,696,275
2024	\$	1,395,651

Member Contributions

Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to ERS. As a result, of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with ERS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

10. PENSION PLANS (Continued)

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

At year end, a net pension liability of \$1,760,316 for its proportionate share of the ERS total pension liability was reported. The net pension liability is determined as of the measurement date, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation date. The proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At the measurement date, the proportion was 0.0312016%, which was an increase of 0.0012294% from the proportionate share of 0.0299722% as of the prior year measurement date.

As of the fiscal year end, pension expense of \$2,264,375 was recognized and the deferred outflows/inflows of resources related to pensions from the following sources were reported:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,007,356	\$ -
Changes of assumptions	302,168	-
Net difference between projected and actual earnings on pension plan investments	-	3,156,342
Changes in proportion and differences between the District's contributions and proportionate share of contributions	763,070	80,555
Contributions subsequent to the measurement date	<u>619,435</u>	<u>-</u>
Total	<u>\$ 2,692,029</u>	<u>\$ 3,236,897</u>

The net amount of the share of balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year End:	
2027	\$ 956,131
2028	(920,526)
2029	(559,482)
2030	<u>(640,426)</u>
	<u>\$ (1,164,303)</u>

At fiscal year end, \$619,435 was recognized as a deferred outflow of resources related to pensions resulting from the contributions made subsequent to the measurement date. This outflow will be recognized as a reduction of the net pension liability in the following fiscal year.

10. PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability at the measurement date was determined by using an actuarial valuation as of the actuarial valuation date. Update procedures were used by the actuary to roll forward the total pension liability to be as of the measurement date.

Economic assumptions used in the actuarial valuation date include:

Actuarial cost method	Aggregate Cost Method
Inflation	2.9%
Salary increases	5.2%
Investment rate of return (net of investment expense, including inflation)	5.9%
Active member decrements	1.5%

To set the long-term expected rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) 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.

Demographic assumptions used in the actuarial valuation date are based on the results of an actuarial experience study completed March 31, 2025. Demographic assumptions are primarily based on System experience over the period April 1, 2020 – March 31, 2025. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

Best estimates of arithmetic real rates for each major asset class included in the target asset allocation as of the measurement date are summarized below:

<u>Asset Class</u>	<u>Long-term expected real rate of return</u>
Domestic equity	3.29%
International equity	5.85%
Private equity	7.00%
Real estate	5.20%
Opportunistic/ARS portfolio	5.13%
Credit	5.10%
Real assets	5.54%
Fixed income	1.75%
Cash	0.25%

Discount Rate

The discount rate used to measure the total pension 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 Plan'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.

10. PENSION PLANS (Continued)

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

The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount	1% Increase
	<u>(4.9%)</u>	<u>(5.9%)</u>	<u>(6.9%)</u>
Proportionate share of Net Pension Liability (asset)	<u>\$ 12,022,468</u>	<u>\$ 1,760,316</u>	<u>\$ (6,819,300)</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (in 000's) of the employers as of the measurement date were as follows:

	<u>ERS</u>
Employers' total pension liability	\$253,773,040
Fiduciary net position	<u>248,131,290</u>
Employers' net pension liability	<u>\$ 5,641,750</u>

Fiduciary net position as a percentage of total pension liability	97.78%
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New York State Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (NYSTRS). NYSTRS is a public employee retirement system (PERS) that was created and exists, pursuant to Article 11 of the New York State Education Law. NYSTRS is the administrator of a cost-sharing, multiple-employer, defined benefit plan, administered by a 10-member Board to Provide pension benefits for teachers employed in New York, excluding New York City. NYSTRS issues a publicly available Annual Comprehensive Financial Report. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

The significant dates shown below are referenced throughout the NYSTRS section of this footnote:

- District's fiscal year end – June 30, 2026
- Plan's measurement date – June 30, 2025
- Plan's actuarial valuation date – June 30, 2024, with update procedures used to roll forward the total pension liability to June 30, 2025

10. PENSION PLANS (Continued)

Benefits

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

Tier 1	Members who last joined prior to July 1, 1973, are covered by the provisions of Article 11 of the Education Law.
Tier 2	Members who last joined on or after July 1, 1973, and prior to July 27, 1976, are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).
Tier 3	Members who last joined on or after July 27, 1976, and prior to September 1, 1983, are covered by the provisions of Article 14 and Article 15 of the RSSL.
Tier 4	Members who last joined on or after September 1, 1983, and prior to January 1, 2010, are covered by the provisions of Article 15 of the RSSL.
Tier 5	Members who joined on or after January 1, 2010, and prior to April 1, 2012, are covered by the provisions of Article 15 of the RSSL.
Tier 6	Members who joined on or after April 1, 2012, are covered by the provisions of Article 15 of the RSSL.

Employer 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. The actuarially determined contribution rate applied to 2024-25 salaries is 10.11%. The required contribution is an actuarially determined rate. The contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current plan year and two preceding plan years were:

		TRS
2026	\$	3,951,470
2025	\$	3,811,254
2024	\$	3,744,387

Member Contributions

Tier 3 and Tier 4 members are required by law to contribute 3.0% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3.0% and 6.0% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, 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 five years of credited service for Tiers 3 - 6, the member contributions with interest calculated at 5.0% 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 RSSL. 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.

10. PENSION PLANS (Continued)

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

At fiscal year end, a net pension asset of \$11,786,257 was reported for the proportionate share of the NYSTRS total pension liability. The net pension asset as of the measurement date, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation date. The proportion of the net pension asset was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At the measurement date, the proportionate share was 0.199057%, which was a decrease of 0.005461% from the prior measurement date.

For the fiscal year end, pension income of \$722,558 was recognized and deferred outflows/inflows of resources related to pensions from the following sources were reported:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,178,626	\$ -
Changes of assumptions	4,665,812	127,075
Net difference between projected and actual earnings on pension plan investments	-	9,205,037
Changes in proportion and differences between the District's contributions and proportionate share of contributions	201,109	339,048
Contributions subsequent to the measurement date	<u>3,798,967</u>	<u>-</u>
Total	<u>\$ 14,844,514</u>	<u>\$ 9,671,160</u>

At fiscal year end, \$3,798,967 was recognized as a deferred outflow of resources related to pensions resulting from the contributions made subsequent to the measurement date.

Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ending:	
2026	\$ 5,868,782
2027	(2,568,721)
2028	(2,673,847)
2029	(538,446)
2030	1,055,775
Thereafter	<u>230,844</u>
	<u>\$ 1,374,387</u>

10. PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability at the measurement date was determined by an actuarial valuation with update procedures used to roll forward the total pension liability to the measurement date, using the following actuarial valuations and assumptions:

Actuarial cost method	Entry age normal										
Inflation	2.50%										
Projected salary increases	Rates for increase differ based on service. They have been calculated based upon recent NYSTRS member experience.										
	<table><tr><th><u>Service</u></th><th><u>Rate</u></th></tr><tr><td>5</td><td>5.80%</td></tr><tr><td>15</td><td>3.66%</td></tr><tr><td>25</td><td>2.68%</td></tr><tr><td>35</td><td>2.04%</td></tr></table>	<u>Service</u>	<u>Rate</u>	5	5.80%	15	3.66%	25	2.68%	35	2.04%
<u>Service</u>	<u>Rate</u>										
5	5.80%										
15	3.66%										
25	2.68%										
35	2.04%										
Projected COLAs	1.4% compounded annually.										
Investment rate of return	6.95% compounded annually, net of pension plan investment expense, including inflation.										

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

The demographic actuarial assumptions and the salary scales are based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2024. NYSTRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions. For the full details, please refer to the Recommended Actuarial Assumptions 2025 Report, which can be found on the System's website located at www.nystrs.org.

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

10. PENSION PLANS (Continued)

The Long-Term Expected Real Rates of Return are presented by asset allocation classification. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target asset allocation as of the measurement date are summarized in the following table:

<u>Asset Class:</u>	<u>Target Allocation in %</u>	<u>Long-Term Expected Real Rate of Return in %*</u>
Domestic equity	33	6.7
International equity	15	7.4
Global equity	4	7.0
Real estate equity	11	6.5
Private equity	9	9.8
Domestic fixed income	16	2.6
Global bonds	2	2.4
Private debt	2	6.1
Real estate debt	6	3.8
High-yield bonds	1	4.7
Cash equivalents	1	0.6
	<u>100</u>	

*Real rates of return are net of pension plan investment expenses and long-term inflation expectations.

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

The following presents the net pension liability (asset) of the NYSTRS participant calculated using the discount rate of 6.95%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
<u>5.95%</u>	<u>6.95%</u>	<u>7.95%</u>
<u>\$ 22,647,442</u>	<u>\$ (11,786,257)</u>	<u>\$ (40,760,422)</u>

Pension Plan Fiduciary Net Position (in 000's)

The components of the current year net pension liability (asset) of the participating employers as of measurement date are as follows:

Total pension liability	\$ 148,272,069
Plan fiduciary net position	<u>154,193,125</u>
Net pension liability (asset)	<u>\$ (5,921,056)</u>

Plan fiduciary net position as a percentage of total pension liability	104.0%
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11. TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Plan Description

The District maintains a single-employer defined benefit Other Postemployment Benefit Plan (OPEB). The healthcare plan (the Plan) provides for continuation of medical insurance for certain District retirees and their spouses. Employees must be eligible to retire under their respective State retirement systems and have completed at least 10 years of service with the District. Members of the District's administrative bargaining unit who retired prior to June 30, 2007 receive paid health insurance until age 65. Upon reaching age 65, these retirees must enroll in Medicare B. The District reimburses Medicare B premiums and pays the full cost of a Medicare advantage health insurance plan. The District also provides these retirees \$100,000 of life insurance coverage to age 70. The Plan has no assets, does not issue financial statements, and is not a trust that meets the criteria in paragraph 4 of Statement 75.

Actuarial valuation calculations must be based on the "substantive plan," which is the plan as understood by the employer and the employees. The substantive plan reflects the design as written in the plan document(s), past practices with regard to plan changes (such as consistent modifications to the level of retiree contributions or deductibles), and formal policy with regard to ongoing changes. Expected changes in plan benefits do not become part of the substantive plan until adopted, communicated to employees, and ratified by any necessary union entities.

Employees Covered by Benefit Terms

At June 30, 2026, valuation date, the following employees were covered by the benefit terms:

Active employees, not eligible to retire	564
Active employees, eligible to retire	198
Retiree and surviving spouses	88
Retiree spouses covered	<u>39</u>
Total	<u><u>889</u></u>

Total OPEB Liability

The District's total OPEB liability of \$8,387,106 was measured as of March 31, 2026 and was determined by an actuarial valuation as of June 30, 2025.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2026 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates	6.10% to an ultimate rate of 3.70% after 2070
Salary increases	3.30%
Mortality	Mortality Improvement Scale MP-2021 for retirees and surviving spouses
Discount rate	4.41% based on the Fidelity Municipal GO AA 20-Year Bond rate as of the measurement date
Inflation rate	2.30%

11. TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2025	\$ 7,645,415
Changes for the year:	
Service cost	129,972
Interest	311,936
Changes of benefit terms	1,367
Differences between expected and actual experience	1,027,077
Changes of assumptions or other inputs	(58,880)
Benefit payments	(669,781)
Net changes	741,691
Balance at June 30, 2026	\$ 8,387,106

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

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

	1.0% Decrease (3.41%)	Discount Rate (4.41%)	1.0% Increase (5.41%)
Total OPEB liability	\$ 9,085,500	\$ 8,387,106	\$ 7,779,243

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

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

	1.0% Decrease (5.10% to 2.70%)	Healthcare Cost Trend Rate (6.10% to 3.70%)	1.0% Increase (7.10% to 4.70%)
Total OPEB liability	\$ 7,722,288	\$ 8,387,106	\$ 9,152,688

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

For the year ended June 30, 2026, the District recognized OPEB expense of \$656,136. At June 30, 2026, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,104,511	\$ 223,073
Changes of assumptions or other inputs	-	541,568
Benefit payments subsequent to measurement date	167,445	-
Total	\$ 2,271,956	\$ 764,641

11. TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The net amount of deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30	
2027	\$ 194,893
2028	187,203
2029	187,203
2030	187,203
2031	218,146
Thereafter	<u>365,222</u>
Total	\$ <u>1,339,870</u>

12. RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage from the past three years.

Health Insurance

The District participates in the NY44 Health Benefits Plan Trust (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage for the 19 participating members as of June 30, 2025 (the most recent information available).

The District has transferred all risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Refunds are not made nor additional assessments charged other than the annual premium equivalents. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2024, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York 14224.

Workers' Compensation

The District is self-insured for workers' compensation and contracts with a third party to administer the plan. The third-party administrator tracks and identifies all cases and prepares a monthly statement for the District. Payments are made as cases are settled and closed. The District maintains excess insurance coverage that limits their self-insured rate to \$600,000 per incident and \$1,000,000 in the aggregate. The general fund includes a reserve in the amount of \$877,000 to cover any unexpected charges or changes in claims. All expected losses have been accrued on the government-wide statements.

12. RISK MANAGEMENT (Continued)

Workers' Compensation (Continued)

Claims activity for this plan is as follows:

	<u>Beginning of Year</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year</u>
2026	\$ 478,389	\$ 505,570	\$ (465,920)	\$ 515,039
2025	\$ 577,030	\$ 343,686	\$ (445,327)	\$ 475,389
2024	\$ 606,944	\$ 335,973	\$ (365,887)	\$ 577,030

13. CONTINGENCIES AND COMMITMENTS

Litigation

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

Separate from claims and lawsuits that arise in the ordinary course of business, legislation was put in place regarding historical claims that were previously time-barred. The Child Victims Act, as amended, allowed any individual who was a minor at the time they suffered any alleged sexual abuse to file a lawsuit before August 14, 2021 regardless of when the alleged abuse occurred. This has resulted in the filing of thousands of lawsuits State-wide. Lawsuits have been initiated against the District by former students who allege that inappropriate sexual contact occurred between them and employees of the District between 30 and 50 years ago. The District has retained counsel and expects insurance is available for some of these claims. As of the report date of the financial statements, the District's exposure to these claims has not been determined.

Grants

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

14. TAX ABATEMENTS

The District is subject to tax abatements granted by the Town of Amherst Industrial Development Agency (AIDA). AIDA is a public benefit corporation created by an act of the New York State Legislature to promote and assist private sector industrial and business development. Through AIDA, companies promised to expand or maintain facilities or employment within the Town of Amherst (the Town), to establish a new business within the Town, or to relocate an existing business to the Town. Economic development agreements entered into by AIDA can include the abatement of county, town, and school district taxes, in addition to other assistance. In the case of the District, these abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreement stipulates a percentage reduction of property taxes, which can be as much as 100%. For the year ended June 30, 2026, the impact of tax abatements amounted to \$1,595,471.

15. TAX ANTICIPATION NOTE

The District issued a Tax Anticipation Note in the amount of \$4,030,000 during the year to provide cash flow pending receipt of real property taxes. The note was repaid in full upon collection of taxes and no balance was outstanding as of June 30, 2026.

16. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

During the year ended June 30, 2026, the District adopted GASB Statement No. 103, Financial Reporting Model Improvements. This Statement amends the financial reporting models established by GASB Statement No. 34 and related standards, with the goal of enhancing the consistency, comparability, and usefulness of governmental financial statements.

The most significant changes include:

- Updated presentation and disclosure requirements for the management's discussion and analysis.
- The adoption of a column to present the differences between final and original budget on the budgetary comparison schedule, as well as a new accompanying schedule that describes significant variances between the final budget and actual results.

The implementation of GASB 103 required certain presentation and disclosure changes but did not have a material effect on the amounts reported in the District's beginning net position or fund balances.

17. SUBSEQUENT EVENTS

During July 2026, the Board of Education authorized the issuance of tax anticipation notes of the District in the aggregate principal amount of up to \$5,600,000.

**REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)**

SWEET HOME CENTRAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2026**

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under) Actual
REVENUES					
Real property taxes and tax items	\$ 63,559,012	\$ 63,559,012	\$ -	\$ 61,473,029	\$ (2,085,983)
Charges for services	705,000	705,000	-	829,204	124,204
Use of money and property	1,080,000	1,080,000	-	1,378,027	298,027
Sale of property and compensation for loss	76,000	76,000	-	134,071	58,071
Miscellaneous	154,000	154,000	-	452,287	298,287
State sources	39,702,000	39,702,000	-	39,802,005	100,005
Medicaid reimbursement	300,000	300,000	-	406,361	106,361
Total revenues	105,576,012	105,576,012	-	104,474,984	(1,101,028)
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	53,100	86,596	33,496	100,456	13,860
Central administration	281,800	292,676	10,876	296,991	4,315
Finance	710,964	698,918	(12,046)	704,314	5,396
Staff	650,783	652,536	1,753	668,327	15,791
Central services	7,336,626	7,116,818	(219,808)	7,195,745	78,927
Special items	974,334	3,039,106	2,064,772	3,036,724	(2,382)
Total general support	10,007,607	11,886,650	1,879,043	12,002,557	115,907
INSTRUCTION:					
Instruction, administration, and improvement	37,012,051	36,724,604	(287,447)	37,201,566	476,962
Programs for children with handicapping conditions	11,704,323	13,151,003	1,446,680	12,837,191	(313,812)
Occupational education	1,365,560	2,067,747	702,187	2,076,410	8,663
Instructional media	2,057,656	1,747,794	(309,862)	2,013,698	265,904
Pupil services	4,028,610	3,984,728	(43,882)	4,284,164	299,436
Total instruction	56,168,200	57,675,876	1,507,676	58,413,029	737,153
Pupil transportation	8,367,480	8,301,267	(66,213)	9,146,290	845,023
Community services	47,500	2,747	(44,753)	4,527	1,780
Employee benefits	22,928,246	23,031,500	103,254	23,469,475	437,975
Debt service	7,796,979	7,357,952	(439,027)	7,817,950	459,998
Total expenditures	105,316,012	108,255,992	2,939,980	110,853,828	2,597,836
Excess (deficiency) of revenue over expenditures	260,000	(2,679,980)	2,939,980	(6,378,844)	3,698,864
OTHER FINANCING SOURCES (USES):					
Proceeds from issuance of leases	-	-	-	622,914	622,914
Proceeds from issuance of long term debt	-	2,000,000	2,000,000	2,000,000	-
Premiums on BANs	-	-	-	83,952	83,952
Transfers in	-	-	-	228,464	228,464
Transfers out	(260,000)	(166,961)	93,039	(353,317)	(186,356)
Total other financing sources (uses)	(260,000)	1,833,039	2,093,039	2,582,013	748,974
CHANGE IN FUND BALANCES	\$ -	\$ (846,941)	\$ (846,941)	(3,796,831)	\$ 4,447,838
FUND BALANCE - beginning of year				13,397,464	
FUND BALANCE - end of year				\$ 9,600,633	

SWEET HOME CENTRAL SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Comparison Information (Unaudited) For the Year Ended June 30, 2026

	General Fund Over (Under)
BUDGETARY EXPENDITURES	
Differences - original budget to final budget	
The final budget in the General Fund for the special items expenditures increased due to an amendment for a Bond Anticipation Note the District issued to pay for child victims act case. Budget appropriations were amended to accommodate expenditures related to these payments.	\$ 2,064,772
The final budget in the General Fund for instruction expenditures increased due to amendments related to increases to out of district transportation and BOCES education expenditures. Budget appropriations were amended to accommodate expenditures related to these expenditures.	\$ 2,148,867
Differences - final budget to actual	
Actual instruction expenditures in the General Fund were above the final budget due primarily to substitute teacher expenditures resulting well over budget during the year. The District budgets conservatively for substitute teaching; however, actual expenditures were greater than anticipated during the year.	\$ 476,962
Actual pupil transportation expenditures in the General Fund were above the final budget due primarily to increased contracted transportation and in-house salaries during the year. The District budgets for increased transportation costs throughout the year; however, actual expenditures were greater than anticipated during the current year.	\$ 845,023
Actual employee benefits expenditures in the General Fund were above the final budget due primarily to increased health insurance costs and workers' compensation claims. The District budgets for increased insurance costs and conservatively for workers' compensation claims; however, actual expenditures were greater than anticipated during the current year.	\$ 437,975
BUDGETARY REVENUES	
Differences - final budget to actual	
Actual real property taxes and tax items in the General Fund were under final budget due to the final budget including including appropriate fund balance usage and use of reserves in the current year.	(2,085,983)
OTHER FINANCING SOURCES (USES)	
Differences - final budget to actual	
Actual proceeds from issuances of leases revenue in the General Fund were above the final budget as the District does not budget for these transactions during the year. The District records entries at year-end to record new leases in the General Fund.	622,914

(Continued)

SWEET HOME CENTRAL SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Comparison Information (Unaudited)
For the Year Ended June 30, 2026

(Continued)

BUDGETARY BASIS OF ACCOUNTING

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

The District reports its budgetary status with the actual data, including outstanding encumbrances as charges against budget appropriations. This results in the following reconciliation of the fund balance computed on GAAP basis and budgetary basis:

General Fund:	
GAAP basis fund balance at June 30, 2026	\$ 9,927,227
Less: Outstanding encumbrances	<u>(326,594)</u>
 Budgetary basis fund balance at June 30, 2026	 <u>\$ 9,600,633</u>

SWEET HOME CENTRAL SCHOOL DISTRICT

Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios (Unaudited)

For the Years Ended June 30:

	Last 10 Fiscal Years (in 000's)									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service cost	\$ 130	\$ 70	\$ 73	\$ 85	\$ 95	\$ 110	\$ 93	\$ 59	\$ 58	\$ 57
Interest	313	235	231	204	170	191	244	207	221	187
Changes of benefit terms	1	160	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,027	1,480	115	(413)	264	(200)	(205)	1,535	(162)	539
Changes of assumptions or other inputs	(59)	(174)	(134)	(484)	(387)	93	770	(89)	92	(275)
Benefit payments	(670)	(475)	(456)	(414)	(390)	(330)	(356)	(279)	(309)	(297)
Net change in total OPEB liability	742	1,296	(171)	(1,022)	(248)	(136)	546	1,433	(100)	211
Total OPEB liability - beginning	7,645	6,349	6,520	7,542	7,790	7,926	7,380	5,947	6,047	5,836
Total OPEB liability - ending	\$ 8,387	\$ 7,645	\$ 6,349	\$ 6,520	\$ 7,542	\$ 7,790	\$ 7,926	\$ 7,380	\$ 5,947	\$ 6,047
 Covered-employee payroll	 \$ 52,727	 \$ 51,042	 \$ 46,567	 \$ 44,979	 \$ 42,603	 \$ 41,318	 \$ 39,796	 \$ 38,796	 \$ 37,907	 \$ 37,907
 Total OPEB liability as a percentage of covered-employee payroll	 <u>15.91%</u>	 <u>14.98%</u>	 <u>13.6%</u>	 <u>14.5%</u>	 <u>17.7%</u>	 <u>18.9%</u>	 <u>19.9%</u>	 <u>19.0%</u>	 <u>15.7%</u>	 <u>16.0%</u>

Notes to schedule:

Changes of assumptions and other inputs reflect the following:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	<u>4.41%</u>	<u>4.39%</u>	<u>3.98%</u>	<u>3.78%</u>	<u>2.83%</u>	<u>2.27%</u>	<u>2.48%</u>	<u>3.44%</u>	<u>3.61%</u>	<u>3.80%</u>
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- The salary scale remained the same at 3.30%.
- Updated healthcare cost trend rates.

Plan Assets . No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

SWEET HOME CENTRAL SCHOOL DISTRICT

Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)

For the Years Ended June 30:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (in 000's)									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Proportion of the net pension liability/asset	0.03120%	0.02997%	0.031090%	0.025960%	0.025144%	0.024145%	0.025131%	0.024908%	0.248410%	0.026264%
Proportionate share of the net pension liability (asset)	<u>\$ 1,760</u>	<u>\$ 5,139</u>	<u>\$ 4,578</u>	<u>\$ 5,567</u>	<u>\$ (2,055)</u>	<u>\$ 24</u>	<u>\$ 6,655</u>	<u>\$ 1,765</u>	<u>\$ 802</u>	<u>\$ 2,468</u>
Covered-employee payroll	<u>\$ 13,680</u>	<u>\$ 12,849</u>	<u>\$ 11,546</u>	<u>\$ 9,925</u>	<u>\$ 9,539</u>	<u>\$ 9,966</u>	<u>\$ 9,717</u>	<u>\$ 9,386</u>	<u>\$ 9,231</u>	<u>\$ 9,243</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>12.87%</u>	<u>40.00%</u>	<u>39.65%</u>	<u>56.09%</u>	<u>-21.54%</u>	<u>0.24%</u>	<u>68.49%</u>	<u>18.80%</u>	<u>8.69%</u>	<u>26.70%</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>97.78%</u>	<u>93.08%</u>	<u>93.88%</u>	<u>90.78%</u>	<u>103.65%</u>	<u>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (in 000's)									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Proportion of the net pension liability/asset	0.199057%	0.204518%	0.201673%	0.199240%	0.195496%	0.188911%	0.185622%	0.186126%	0.186432%	0.185997%
Proportionate share of the net pension liability (asset)	<u>\$ (11,786)</u>	<u>\$ (6,102)</u>	<u>\$ 2,306</u>	<u>\$ 3,823</u>	<u>\$ (33,878)</u>	<u>\$ 5,220</u>	<u>\$ (4,822)</u>	<u>\$ (3,366)</u>	<u>\$ (1,417)</u>	<u>\$ 1,992</u>
Covered-employee payroll	<u>\$ 39,085</u>	<u>\$ 39,270</u>	<u>\$ 37,247</u>	<u>\$ 35,291</u>	<u>\$ 33,182</u>	<u>\$ 32,064</u>	<u>\$ 30,983</u>	<u>\$ 30,318</u>	<u>\$ 29,543</u>	<u>\$ 28,701</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>-30.15%</u>	<u>-15.54%</u>	<u>6.19%</u>	<u>10.83%</u>	<u>-102.10%</u>	<u>16.28%</u>	<u>-15.56%</u>	<u>-11.10%</u>	<u>-4.80%</u>	<u>6.94%</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>104.00%</u>	<u>102.10%</u>	<u>99.17%</u>	<u>98.57%</u>	<u>113.20%</u>	<u>97.76%</u>	<u>102.17%</u>	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>

SWEET HOME CENTRAL SCHOOL DISTRICT

Schedule of Contributions - Pension Plans (Unaudited)

For the Years Ended June 30:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (in 000's)									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 1,926	\$ 1,696	\$ 1,396	\$ 1,096	\$ 1,485	\$ 1,412	\$ 1,392	\$ 1,366	\$ 1,391	\$ 1,415
Contributions in relation to the contractually required contribution	<u>1,926</u>	<u>1,696</u>	<u>1,396</u>	<u>1,096</u>	<u>1,485</u>	<u>1,412</u>	<u>1,392</u>	<u>1,366</u>	<u>1,391</u>	<u>1,415</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 13,680	\$ 12,849	\$ 11,546	\$ 9,925	\$ 9,539	\$ 9,966	\$ 9,717	\$ 9,386	\$ 9,231	\$ 9,243
Contributions as a percentage of covered-employee payroll	<u>14.08%</u>	<u>13.20%</u>	<u>12.09%</u>	<u>11.04%</u>	<u>15.57%</u>	<u>14.17%</u>	<u>14.33%</u>	<u>14.55%</u>	<u>15.07%</u>	<u>15.31%</u>

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (in 000's)									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 3,951	\$ 3,811	\$ 3,744	\$ 3,833	\$ 3,459	\$ 3,162	\$ 2,841	\$ 3,290	\$ 2,971	\$ 3,462
Contributions in relation to the contractually required contribution	<u>3,951</u>	<u>3,811</u>	<u>3,744</u>	<u>3,833</u>	<u>3,459</u>	<u>3,162</u>	<u>2,841</u>	<u>3,290</u>	<u>2,971</u>	<u>3,462</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 39,085	\$ 39,270	\$ 37,247	\$ 35,291	\$ 33,182	\$ 32,064	\$ 30,983	\$ 30,318	\$ 29,543	\$ 28,701
Contributions as a percentage of covered-employee payroll	<u>10.11%</u>	<u>9.70%</u>	<u>10.05%</u>	<u>10.86%</u>	<u>10.42%</u>	<u>9.86%</u>	<u>9.17%</u>	<u>10.85%</u>	<u>10.06%</u>	<u>12.06%</u>

OTHER INFORMATION (UNAUDITED)

SWEET HOME CENTRAL SCHOOL DISTRICT

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

For the Year Ended June 30, 2026

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	105,576,012
Add: Prior year's encumbrances	<u>846,941</u>
Original budget	106,422,953
Budget revisions	<u>2,000,000</u>
Final budget	<u><u>\$ 108,422,953</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2026-2027 voter-approved expenditure budget	\$ 108,608,147	
Maximum allowed (4% of 2026-2027 budget)		<u><u>\$ 4,344,326</u></u>

General Fund Balance Subject to Section 1318 of Real Property Tax Law:

Unrestricted fund balance:	
Assigned fund balance	\$ 2,746,594
Unassigned fund balance	<u>2,831,985</u>
Total unrestricted fund balance	<u>5,578,579</u>

Less:

Appropriated fund balance	2,420,000
Encumbrances included in assigned fund balance	<u>326,594</u>
Total adjustments	<u><u>\$ 2,746,594</u></u>

General Fund Balance Subject to Section 1318 of Real Property Tax Law: \$ 2,831,985

Actual percentage 2.61%

SWEET HOME CENTRAL SCHOOL DISTRICT

Schedule of Capital Project Expenditures For the Year Ended June 30, 2026

Project Title	Expenditures					Methods of Financing					Fund Balance as of 6/30/2026
	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total Financing	
2018 Smart Schools Bond Act	\$ 712,971	\$ 712,971	\$ -	\$ 541,010	\$ 541,010	\$ 171,961	\$ -	\$ 635,017	\$ -	\$ 635,017	\$ 94,007
2020 Smart Schools Bond Act	1,095,930	1,400,700	687,729	-	687,729	712,971	-	593,722	-	593,722	(94,007)
Vehicle Purchases	500,000	500,000	498,001	-	498,001	1,999	-	-	500,000	500,000	1,999
2026 Vehicle Purchases	800,000	800,000	-	600,000	600,000	200,000	-	800,000	-	800,000	200,000
Capital Outlay Project - 2026	100,000	100,000	-	-	-	100,000	-	-	100,000	100,000	100,000
Capital Outlay Project - 2025	100,000	100,000	-	-	-	100,000	-	-	100,000	100,000	100,000
Capital Outlay Project - 2024	100,000	100,000	-	100,000	100,000	-	-	-	100,000	100,000	-
Capital Outlay Project - 2023	100,000	100,000	99,801	-	99,801	199	-	-	100,000	100,000	199
Capital Outlay Project - 2022	100,000	100,000	92,407	-	92,407	7,593	-	-	100,000	100,000	7,593
Capital Outlay Project - 2021	100,000	100,000	81,682	-	81,682	18,318	-	-	100,000	100,000	18,318
Capital Outlay Project - 2020	100,000	100,000	93,293	-	93,293	6,707	-	-	100,000	100,000	6,707
2025 Capital Project Phase 1	8,607,370	8,607,370	-	226,257	226,257	8,381,113	-	-	-	-	(226,257)
2025 Capital Project Phase 1B	25,412,332	25,412,332	-	493,398	493,398	24,918,934	-	-	-	-	(493,398)
2025 Capital Project Phase 2	35,124,977	35,124,977	-	69,112	69,112	35,055,865	-	-	-	-	(69,112)
2025 Capital Project Phase 3	21,355,321	21,355,321	-	69,112	69,112	21,286,209	-	-	-	-	(69,112)
Interest	-	-	-	-	-	-	-	-	1,615	1,615	1,615
	<u>\$ 94,308,901</u>	<u>\$ 94,613,671</u>	<u>\$ 1,552,913</u>	<u>\$ 2,098,889</u>	<u>\$ 3,651,802</u>	<u>\$ 90,961,869</u>	<u>\$ -</u>	<u>\$ 2,028,739</u>	<u>\$ 1,201,615</u>	<u>\$ 3,230,354</u>	<u>\$ (421,448)</u>

SWEET HOME CENTRAL SCHOOL DISTRICT

Schedule of Net Investment in Capital Assets (Unaudited)

June 30, 2026

Capital assets, net	\$ 114,933,002
Deduct:	
Bonds payable	(40,140,000)
Energy performance contract	(1,249,144)
Lease liability	(1,099,188)
Premium on bonds	(3,760,543)
Accounts payable for capital purposes	<u>(62,445)</u>
Net investment in capital assets	<u>\$ 68,621,682</u>

**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**

October 9, 2026

To the Board of Education of the
Sweet Home Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Sweet Home Central School District (the District), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 9, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

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**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**
(Continued)

Report on Compliance and Other Matters

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

Purpose of this Report

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

Bonadvis & Co. LLP