

FREWSBURG CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS***

FREWSBURG CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Report on Summarized Comparative Information

We have previously audited the *Frewsburg Central School District's* June 30, 2025 financial statements, and our report dated October 9, 2025, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-9), budgetary comparison information (page 35), schedule of changes in District's net OPEB liability and related ratios (page 42), schedule of District contributions – OPEB (page 43), schedule of the District contributions for defined benefit pension plans (page 44) and the schedule of the District's proportionate share of the net pension asset/liability (page 45) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Frewsburg Central School District's** basic financial statements. The accompanying combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2026, on our consideration of the **Frewsburg Central School District's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Frewsburg Central School District's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **Frewsburg Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 8, 2026**

**FREWSBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026**

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I. Discussion and Analysis

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

II. Financial Highlights

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

- Overall net position from operations of the District increased during the current year in the amount of \$1,170,000 as compared to an increase of \$2,213,000 during the prior fiscal year.
- The District's total revenue increased 0% from \$24,392,000 during the year ended June 30, 2025 to \$24,413,000 during the year ended June 30, 2026 due to an increase in state aid and property taxes.
- The District's total expenses increased approximately 5% from \$22,179,000 during the year ended June 30, 2025 to \$23,243,000 during the year ended June 30, 2026. This was due to an increase in salaries, health insurance and legal expenses offset by a decrease in pension expenses related to actuarial updates.
- The District had capital outlays during the current year in the amount of \$ 4,658,228 which primarily related to capital improvements, bus purchases and equipment, including right-to-use assets.

III. Overview of the Financial Statements

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

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

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

**III. Overview of the Financial Statements
(continued)**

1. Statement of Net Position

The Statement of Net Position (page 10) shows the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the net position of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

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

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

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

**FREWSBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026**

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**III. Overview of the Financial Statements
(continued)**

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

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

The District has two kinds of funds:

**III. Overview of the Financial Statements
(continued)**

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

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

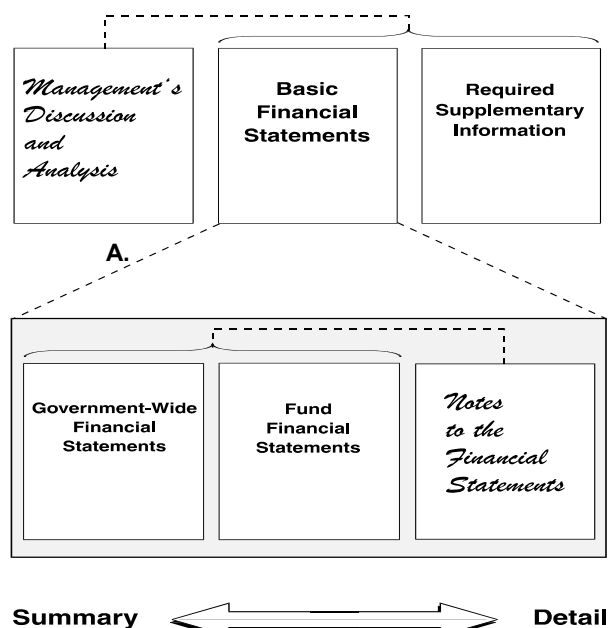
2. Fiduciary Funds

The District does not have any funds that qualify for reporting as fiduciary funds.

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

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

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



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$32,157,000. The components of net position include: net investment in capital and right-to-use assets, of \$23,167,000; restricted net position of \$5,930,000 and unrestricted net position of \$3,060,000.

Changes in Net Position

The District's total government-wide revenue increased by approximately 0% to \$24,413,000. Approximately 26%, 6% and 66% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 3% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

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

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 5% to \$23,243,000. The District's expenses cover a range of services, with 71% related to instruction and 17% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased approximately 0%, while total expenses increased 5%. The District's total net position from operations increased approximately \$1,170,000 during the fiscal year ended June 30, 2026.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$24,413,000 for the fiscal year ended June 30, 2026. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 26% of the District's total revenue for governmental activities increased approximately 2% during the year ended June 30, 2026 due to an increase in the tax levy.
- The District's most significant revenue is state sources which represent \$16,121,000 or 66% of total governmental revenue. The District State sources increased 0% due to an increase in state aid.
- During the year ended June 30, 2026, the District saw an increase in program revenue, which mostly resulted from an increase in operating grants and contributions of \$75,000 and a decrease in charges for services of \$17,000. Overall increase in operating grants and contributions was attributed to the increase in UPK funding.

**FREWSBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026**

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

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$23,243,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$495,000 or 14% due to an increase in salaries, legal expenses and depreciation expense.
- The District's instruction costs increased by approximately \$568,000 or 4% which was the result of an increase in salary and depreciation expense offset by a decrease in pension expense related to actuarial updates and contractual costs.
- Debt service of the District increased by approximately \$10,000 or 2% during the year ended June 30, 2026 due to an increase in interest expense.
- Transportation costs of the District decreased 2% or \$26,000 during the year ended June 30, 2026 which was the result of a decrease in contractual costs and pension expense related to actuarial updates offset by an increase in depreciation expense.
- The District's cost of sales (food service fund) totaled \$606,000 during the current year as compared to \$589,000 during the fiscal year ended June 30, 2025 due to an increase in employee benefits.
- The District received approximately \$1,453,000 of operating grants and charges for services from its state and federal grants which subsidized certain programs of the District.
- Most of the District's net costs (\$21.8 million) were financed by real property taxes and state aid.

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

Figure A-3 – Condensed Statement of Net Position

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

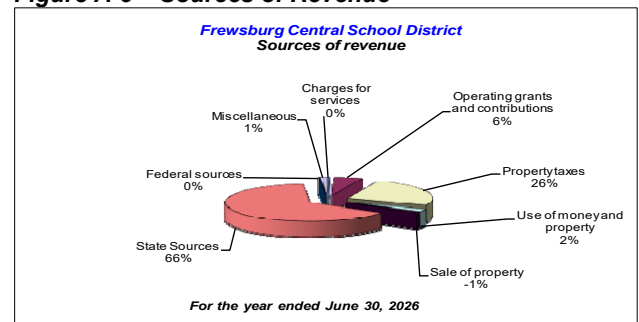
	Governmental Activities and Total District-wide		
	2026	2025	% Change
Assets			
Current and other assets	\$ 13,338	\$ 12,367	8%
Capital and right-to-use assets	42,485	40,029	6%
Total assets	55,823	52,396	7%
Deferred outflows of resources	3,514	3,145	12%
Total deferred outflows of resources and assets	\$ 59,337	\$ 55,541	7%
Liabilities			
Other liabilities	\$ 5,294	\$ 2,151	146%
Long-term liabilities	19,328	21,047	-8%
Total liabilities	24,622	23,198	6%
Deferred inflows of resources	2,558	1,355	89%
Net position			
Net investment in capital & right-to-use assets	23,167	23,482	-1%
Restricted	5,930	4,275	39%
Unrestricted	3,060	3,231	-5%
Total net position	32,157	30,988	4%
Total liabilities, deferred inflows of resources and net position	\$ 59,337	\$ 55,541	7%

Figure A-4 – Changes in Net Position

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

	Governmental Activities and Total District-wide		
	2026	2025	% Change
Revenue			
Program revenue			
Charges for services	\$ 94	\$ 111	-16%
Operating grants and contributions	1,359	1,284	6%
General revenue			
Real property taxes	6,379	6,226	2%
Use of money & property	324	356	-9%
Sale of property & comp for loss	(206)	18	-1223%
State sources	16,121	16,062	0%
Federal sources	24	38	-36%
Miscellaneous	318	297	7%
Total revenue	24,413	24,392	0%
Expenses			
General support	3,946	3,451	14%
Instruction	16,630	16,062	4%
Transportation	1,383	1,409	-2%
Community services	7	7	-7%
Debt service - interest	671	661	2%
Cost of sales	606	589	3%
Total expenses	23,243	22,179	5%
Change in net position	\$ 1,170	\$ 2,213	

Figure A-5 – Sources of Revenue



**FREWSBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026**

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Figure A-6 - Expenses

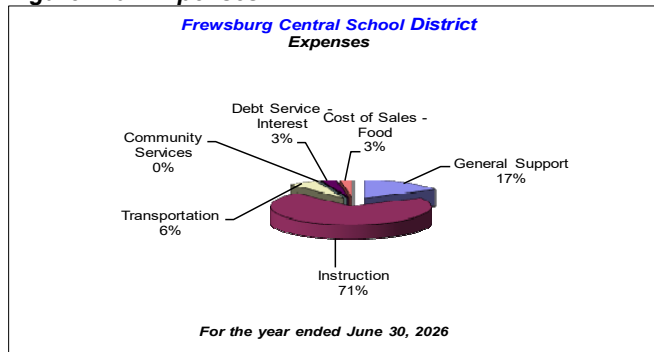


Figure A-7 – Expenditures Supported with Program Revenue

Frewsburg Central School District				
Expenditures supported with program revenue (in thousands of dollars)				
	Governmental Activities & Total District			
	2026	2025	2026	2025
Expenditures supported with general revenue (from taxes & other sources)	\$ 21,791	94%	\$ 20,784	94%
Expenditures supported with program revenue	1,452	6%	1,395	6%
Total expenditures related to governmental activities	\$ 23,243	100%	\$ 22,179	100%

Figure A-8 – Net Cost of Governmental Activities

Frewsburg Central School District						
Net Cost of Governmental Activities (in thousands of dollars)						
	Total cost of services			Net cost of services		
	2026	2025	Change	2026	2025	Change
General support	\$ 3,946	\$ 3,452	\$ 494	\$ 3,946	\$ 3,452	\$ 494
Instruction	16,630	16,061	569	15,781	15,247	534
Transportation	1,383	1,409	(26)	1,383	1,399	(16)
Community Services	7	7	-	7	7	-
Debt service - interest	671	661	10	671	661	10
Cost of sales - food	606	589	17	3	18	(15)
Total	\$ 23,243	\$ 22,179	\$ 1,064	\$ 21,791	\$ 20,784	\$ 1,007

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting.

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

Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund revenue and other sources exceeded expenditures and other uses by approximately \$907,000.
- The District's general fund unassigned fund balance equated to approximately \$2,514,000 as of June 30, 2026.
- The District had various fund balance reserves as June 30, 2026 and had a total restricted fund balance of approximately \$5,880,000.
- The District's total assets increased approximately \$959,000 as of June 30, 2026, primarily due to an increase in cash and receivables offset by a decrease in due from other funds. The District's liabilities increased approximately \$52,000 in the current year as a result of an increase in the ERS liability and accounts payable offset by a decrease in due to other funds.
- Total revenue in the District's general fund increased \$119,000, which was primarily related to an increase in State aid and real property taxes. Total expenditures in the District's general fund decreased \$56,000 primarily as a result of a decrease in interfund transfers offset by an increase in salaries and Boces expenses.

Food Service Fund

- The District's food service fund experienced a deficit of \$3,000 during the current fiscal year.
- Revenue in the District's food service fund was \$604,000 during 2026 as compared with \$585,000 in 2025. Expenditures increased approximately \$17,000 as compared to 2025. Revenue increased primarily due to an increase in federal reimbursements due to an increase in rates and meals served. Expenses increased due to an increase in employee benefits.

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$53,000 or 6% due to an increase in UPK funding.

**FREWSBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026**

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

Capital Projects Fund

- The District had revenues in the capital project fund which consisted mainly of premiums received on BAN issuance and interest income. Expenditures in the amount of approximately \$4.5 million during the year ended June 30, 2026 which was related to a capital improvement project, bus purchases, and capital outlay an increase compared to the prior year. Other financing sources and uses consisted of BAN's redeemed from appropriations, interfund transfer revenues from the general fund for the capital outlay project and interfund transfer expenses to the general fund for interest and premiums earned.

Miscellaneous Special Revenue Fund

- The District's miscellaneous special revenue fund consists primarily of activity in the extra-classroom activity fund and scholarship activity. Revenues and expenses in the current year were comparable to the prior year.

**VI. Capital and Right-to-use Assets and Debt
Administration**

Capital and Right-to-use Assets

As depicted in Figure A-10, as of June 30, 2026, the District had invested approximately \$42,485,000 in a broad range of capital and right-to-use assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2026, totaled approximately \$4,658,000 and consisted primarily of capital improvements, bus purchases and right-to-use equipment. More detailed information about the District's capital assets is presented in the notes of the financial statements.

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

Long-term Debt

As depicted in Figure A-10, as of June 30, 2026, the District had approximately \$19,328,000 in bonds, other post-employment benefits, net pension liability, and compensated absences, a decrease of approximately 8% as compared with the previous year. The decrease in bonds payable was the result of the District making principal payments. The District's net pension liability related to ERS, decreased as a result of actuarial updates. The TRS system was reported as a net pension asset in the current year and prior year. Other post-employment benefit liability increased in the current year due to actuarial updates. Compensated absences increased due to additional accumulated sick days.

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

<i>Frewsburg Central School District</i> <i>Capital and Right-to-use Assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2026	2025	Change
Land	\$ 408,739	\$ 408,739	0%
Building, equipment & vehicles	57,799,166	30,310,018	91%
Construction in progress	4,658,921	27,729,921	-83%
Accumulated depreciation/amortization	(20,382,241)	(18,419,483)	11%
Total	\$ 42,484,585	\$ 40,029,195	6%

Figure A-10 – Outstanding Long-term Debt

<i>Frewsburg Central School District</i> <i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2026	2025	Change
Bonds payable	\$ 15,879,990	\$ 17,247,780	-8%
Other post-employment benefits	918,531	600,232	53%
Net pension liabilities	371,806	1,150,639	-68%
Compensated absences	2,157,867	2,048,382	5%
Total Long-Term Debt	\$ 19,328,194	\$ 21,047,033	-8%

VII. Currently Known Facts, Decisions, or Conditions

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

- The District relies heavily on NYS aid, which accounts for approximately 70% of its total revenue. Uncertainty surrounding the future Federal and State funding levels, along with the potential for limited increases, may affect future educational and financial decisions.
- The District has an ongoing \$14.4 million capital project of which \$4.6 million has been spent to-date. The District anticipates the Project to be completed during the fiscal year ending June 30, 2028.
- Erie 2 Boces has approved a capital improvement project of which the District's total share of the is approximately \$1,036,000. Approximately \$850,000 will be returned through BOCES aid. The District has approved making cash payments towards the project over a three year period starting with the 2026-27 fiscal year.

VIII. Contacting the District's Financial Management

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

Frewsburg Central School District
District Administrative Offices
Attention: Mr. Jerome Lee Yaw, Business Manager
26 Institute Street
Frewsburg, NY 14738

FREWSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2026

Schedule 1

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	2026	2025
Assets		
Cash and investments		
Unrestricted	\$ 2,900,137	\$ 2,933,376
Restricted	5,929,956	4,275,146
Receivables		
State and federal aid	1,474,067	2,228,991
Other receivables	8,440	25,899
Inventories	12,438	14,834
Net pension assets	2,111,362	980,940
Cash to be used towards capital assets	902,341	1,907,166
Capital and right-to-use assets, net	42,484,585	40,029,195
Total assets	<u>55,823,326</u>	<u>52,395,547</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	3,170,466	3,090,120
Deferred outflows related to OPEB	343,796	55,367
Total deferred outflows of resources	<u>3,514,262</u>	<u>3,145,487</u>
 Total assets and deferred outflows of resources	<u>\$ 59,337,588</u>	<u>\$ 55,541,034</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 231,428	\$ 271,392
Accrued liabilities	240,502	133,394
Due to retirement systems	840,404	869,664
Unearned revenue	5,435	3,220
Bond anticipation notes payable	3,975,893	873,322
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,335,000	1,285,000
Portion due or payable after one year		
Bonds payable	14,544,990	15,962,780
Net pension liabilities	371,806	1,150,639
Other post-employment benefits payable	918,531	600,232
Compensated absences and retiree sick leave	2,157,867	2,048,382
Total liabilities	<u>24,621,856</u>	<u>23,198,025</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	2,543,670	1,337,625
Deferred inflows related to OPEB	14,523	17,642
Total deferred inflows of resources	<u>2,558,193</u>	<u>1,355,267</u>
Net Position		
Invested in capital and right-to-use assets, net of related debt	23,167,386	23,481,861
Restricted	5,929,956	4,275,146
Unrestricted	3,060,197	3,230,735
Total net position	<u>32,157,539</u>	<u>30,987,742</u>
 Total liabilities, deferred inflows of resources and net position	<u>\$ 59,337,588</u>	<u>\$ 55,541,034</u>

FREWSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Schedule 2

Page 11

		Indirect	Program Revenues		2026	2025
	Expenses	Expenses	Charges for	Operating	Net (Expense)	Net (Expense)
		Allocation	Services	Grants	Revenue and	Revenue and
					Changes in	Changes in
					Net Position	Net Position
Functions/Programs						
General support	\$ 3,612,208	\$ 333,429	\$ -	\$ -	\$ (3,945,637)	\$ (3,452,409)
Instruction	15,117,660	1,513,011	65,602	783,632	(15,781,437)	(15,247,095)
Pupil transportation	1,026,696	356,398	-	-	(1,383,094)	(1,398,760)
Community services	6,500	-	-	-	(6,500)	(6,500)
Debt service	671,081	-	-	-	(671,081)	(661,190)
Food service program	606,495	-	28,114	575,357	(3,024)	(17,997)
Depreciation/Amortization	2,202,838	(2,202,838)	-	-	-	-
Total functions and programs	\$ 23,243,478	\$ -	\$ 93,716	\$ 1,358,989	(21,790,773)	(20,783,951)
General Revenues						
Real property taxes					6,379,106	6,225,976
Use of money and property					324,239	356,352
Sale of property and compensation for gain (loss)					(205,982)	18,335
Miscellaneous					318,144	297,179
State sources					16,120,584	16,060,674
Federal sources					24,479	38,349
Total general revenues					22,960,570	22,996,865
Change in net position					1,169,797	2,212,914
Net position - beginning of year					30,987,742	30,073,882
Prior period adjustment					-	(1,299,054)
Net position - end of year					\$ 32,157,539	\$ 30,987,742

FREWSBURG CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2026

Schedule 3

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	<i>Governmental Funds</i>							
	General	Special Aid	Food Service	Capital Projects	Miscellaneous Special Revenue	2026 (Memo only) Total	2025 (Memo only) Total	
Assets								
Unrestricted cash	\$ 2,665,049	\$ 186,078	\$ 10,728	\$ -	\$ 38,296	\$ 2,900,151	\$ 2,933,394	
Restricted cash and investments	5,880,408	-	-	902,341	49,534	6,832,283	6,182,294	
Due from other funds	980,192	2,783	-	-	14	982,989	805,503	
State and federal aid receivable	1,053,557	354,114	66,396	-	-	1,474,067	2,228,991	
Other receivables	7,963	-	477	-	-	8,440	25,899	
Inventories	-	-	12,438	-	-	12,438	14,834	
Total assets	\$ 10,587,169	\$ 542,975	\$ 90,039	\$ 902,341	\$ 87,844	\$ 12,210,368	\$ 12,190,915	
Liabilities and Fund Equity								
Liabilities								
Accounts payable	\$ 229,103	\$ -	\$ -	\$ 2,325	\$ -	\$ 231,428	\$ 271,392	
Accrued liabilities	73,473	-	3,029	-	-	76,502	54,394	
Bond anticipation notes payable	-	-	-	3,975,893	-	3,975,893	873,322	
Due to other funds	32,536	539,314	49,807	361,332	-	982,989	805,503	
Unearned revenue	1,774	3,661	-	-	-	5,435	3,220	
Due to Teachers' Retirement System	732,072	-	-	-	-	732,072	772,624	
Due to Employees' Retirement System	108,332	-	-	-	-	108,332	97,040	
Total liabilities	1,177,290	542,975	52,836	4,339,550	-	6,112,651	2,877,495	
Fund Equity								
Nonspendable	-	-	12,438	-	-	12,438	14,834	
Restricted	5,880,408	-	-	-	49,548	5,929,956	4,275,146	
Committed	-	-	-	-	38,296	38,296	49,140	
Assigned	1,015,540	-	24,765	-	-	1,040,305	1,597,569	
Unassigned (deficit)	2,513,931	-	-	(3,437,209)	-	(923,278)	3,376,731	
Total fund equity	9,409,879	-	37,203	(3,437,209)	87,844	6,097,717	9,313,420	
Total liabilities and fund equity	\$ 10,587,169	\$ 542,975	\$ 90,039	\$ 902,341	\$ 87,844	\$ 12,210,368	\$ 12,190,915	

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

Schedule 4

Page 13

	Governmental Funds					2026	2025
	General	Special Aid	Food Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Revenue							
Real property taxes	\$ 6,379,106	\$ -	\$ -	\$ -	\$ -	\$ 6,379,106	\$ 6,225,976
Charges for services	65,602	-	-	-	-	65,602	76,314
Use of money and property	264,619	-	66	59,554	-	324,239	356,352
Sale of property/compensation for loss	10,512	-	-	-	-	10,512	18,335
Miscellaneous	150,645	-	1,565	16,877	150,622	319,709	298,242
State sources	16,120,584	491,673	195,065	-	-	16,807,322	16,697,712
Federal sources	24,479	454,830	348,659	-	-	827,968	817,301
Surplus food	-	-	31,633	-	-	31,633	27,449
Sales (school food service)	-	-	26,549	-	-	26,549	33,382
Total revenue	23,015,547	946,503	603,537	76,431	150,622	24,792,640	24,551,063
Expenditures							
General support	3,153,188	-	229,649	-	-	3,382,837	3,127,485
Instruction	11,660,363	801,836	-	-	-	12,462,199	12,475,938
Pupil transportation	854,672	-	-	509,412	-	1,364,084	1,194,230
Community services	6,500	-	-	-	-	6,500	6,500
Employee benefits	4,195,515	162,871	131,134	-	-	4,489,520	4,293,241
Debt service							
Principal	1,527,464	-	-	-	-	1,527,464	1,506,532
Interest	668,871	-	-	-	-	668,871	979,135
Capital outlay	-	-	-	3,970,907	-	3,970,907	648,203
Cost of sales	-	-	241,562	-	-	241,562	243,799
Other expenses	-	-	4,150	-	132,713	136,863	94,839
Total expenditures	22,066,573	964,707	606,495	4,480,319	132,713	28,250,807	24,569,902
Excess (deficiency) of revenue over expenditures	948,974	(18,204)	(2,958)	(4,403,888)	17,909	(3,458,167)	(18,839)
Other sources and uses							
Bond anticipation notes redeemed from appropriations	-	-	-	242,464	-	242,464	216,532
Proceeds from issuance of serial bonds	-	-	-	-	-	-	6,145,000
Operating transfers in	76,231	18,204	-	100,000	-	194,435	121,882
Operating transfers out	(118,204)	-	-	(76,231)	-	(194,435)	(121,882)
Total other sources (uses)	(41,973)	18,204	-	266,233	-	242,464	6,361,532
Excess (deficiency) of revenue and other sources over expenditures and other uses	907,001	-	(2,958)	(4,137,655)	17,909	(3,215,703)	6,342,693
Fund equity, beginning of year	8,502,878	-	40,161	700,446	69,935	9,313,420	2,970,727
Fund equity (deficit), end of year	\$ 9,409,879	\$ -	\$ 37,203	\$ (3,437,209)	\$ 87,844	\$ 6,097,717	\$ 9,313,420

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

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

Total fund balances - governmental funds		\$ 6,097,717
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital and right-to-use assets consist of the following at year-end:		
Cost of the assets	\$ 62,866,826	
Accumulated depreciation/amortization	<u>(20,382,241)</u>	42,484,585
District's proportionate share of the net pension assets are reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions.		2,111,362
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(164,000)
Deferred (inflows) outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions.		626,796
Deferred (inflows) outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds OPEB expense is based on required contributions.		329,273
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Bonds payable	(15,879,990)	
Net pension liabilities	(371,806)	
Other post-employment benefits	(918,531)	
Compensated absences and retiree sick leave	<u>(2,157,867)</u>	<u>(19,328,194)</u>
Total net position - governmental activities		\$ 32,157,539

	Total Governmental Funds	Long-term Asset & Outflow Transactions	Long-term Liability & Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash and investments	\$ 9,732,434	\$ -	\$ -	\$ (902,341)	\$ 8,830,093
Due from other funds	982,989	-	-	(982,989)	-
State and federal aid receivable	1,474,067	-	-	-	1,474,067
Other receivables	8,440	-	-	-	8,440
Inventories	12,438	-	-	-	12,438
Net pension assets	-	2,111,362	-	-	2,111,362
Cash to be used towards capital assets	-	-	-	902,341	902,341
Capital and right-to-use assets, net	-	42,484,585	-	-	42,484,585
Total assets	12,210,368	44,595,947	-	(982,989)	55,823,326
Deferred Outflows of Resources					
Deferred outflows related to pensions and OPEB	-	3,514,262	-	-	3,514,262
Total assets and deferred outflows of resources	\$ 12,210,368	\$ 48,110,209	\$ -	\$ (982,989)	\$ 59,337,588
Liabilities					
Accounts payable	\$ 231,428	\$ -	\$ -	\$ -	\$ 231,428
Accrued liabilities	76,502	-	164,000	-	240,502
Due to other funds	982,989	-	-	(982,989)	-
Unearned revenue	5,435	-	-	-	5,435
Due to retirement systems	840,404	-	-	-	840,404
Bond anticipation notes payable	3,975,893	-	-	-	3,975,893
Bonds payable	-	-	15,879,990	-	15,879,990
Net pension liabilities	-	-	371,806	-	371,806
Other post-employment benefits payable	-	-	918,531	-	918,531
Compensated absences and retiree sick leave	-	-	2,157,867	-	2,157,867
Total liabilities	6,112,651	-	19,492,194	(982,989)	24,621,856
Deferred Inflows of Resources					
Deferred inflows related to pensions and OPEB	-	-	2,558,193	-	2,558,193
Fund equity and net position	6,097,717	48,110,209	(22,050,387)	-	32,157,539
Total liabilities, deferred inflows of resources and fund equity/net position	\$ 12,210,368	\$ 48,110,209	\$ -	\$ (982,989)	\$ 59,337,588

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

Total net change in fund balances - governmental funds \$ (3,215,703)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. Activity for the current fiscal year ended was as follows:

Capital outlays	\$ 4,658,228	
Depreciation/amortization expense	<u>(2,202,838)</u>	2,455,390

Repayment of bond principal, including bond refundings is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,285,000
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. In addition premiums on bonds are recorded as revenue in the governmental funds, where as in the statement of activities premiums are amortized into interest expense.	(2,210)
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District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.	783,556
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District's actuarial calculated OPEB expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to the plan.	(26,751)
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In the statement of activities, certain operating expenses - compensated absences, retiree sick leave and special termination benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences, retiree sick leave and special termination benefits changed by this amount.	<u>(109,485)</u>
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Change in net position of governmental activities	<u>\$ 1,169,797</u>
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	Total Governmental Funds	Long-term Asset & Outflow Transactions	Long-term Liability & Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 6,379,106	\$ -	\$ -	\$ -	\$ 6,379,106
Charges for services	65,602	-	-	(65,602)	-
Use of money and property	324,239	-	-	-	324,239
Sale of property compensation for loss	10,512	(216,494)	-	-	(205,982)
Miscellaneous	319,709	-	-	(1,565)	318,144
State sources	16,807,322	-	-	(686,738)	16,120,584
Federal sources	827,968	-	-	(803,489)	24,479
Surplus food	31,633	-	-	(31,633)	-
Sales (school food service)	26,549	-	-	(26,549)	-
Total revenue	24,792,640	(216,494)	-	(1,615,576)	22,960,570
Expenditures					
General support	3,382,837	333,429	-	229,371	3,945,637
Instruction	12,462,199	1,148,608	109,485	2,061,145	15,781,437
Pupil transportation	1,364,084	(183,014)	-	202,024	1,383,094
Community services	6,500	-	-	-	6,500
Employee benefits	4,489,520	(783,556)	26,751	(3,732,715)	-
Debt service	2,196,335	-	(1,525,254)	-	671,081
Capital outlays	3,970,907	(3,970,907)	-	-	-
Cost of sales	241,562	-	-	(238,538)	3,024
Other expenses	136,863	-	-	(136,863)	-
Total expenditures	28,250,807	(3,455,440)	(1,389,018)	(1,615,576)	21,790,773
Excess (deficiency) of revenue over expenditures	(3,458,167)	3,238,946	1,389,018	-	1,169,797
Other sources and uses					
Bond anticipation notes redeemed from appropriations	242,464	-	(242,464)	-	-
Operating transfers in	194,435	-	-	(194,435)	-
Operating transfers out	(194,435)	-	-	194,435	-
Total other sources (uses)	242,464	-	(242,464)	-	-
Net change for year	\$ (3,215,703)	\$ 3,238,946	\$ 1,146,554	\$ -	\$ 1,169,797

**FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

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

A. Reporting Entity

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

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

1. The Extraclassroom Activity Funds

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

B. Joint Venture

The **Frewsburg Central School District** is one of 27 component school districts in the Erie 2 – Chautauqua-Cattaraugus Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

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

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

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

During the year, the District was billed \$3,817,000 for BOCES administration, capital and program costs. The District's share of BOCES aid and refunds amounted to \$1,434,000 for the year ended June 30, 2026. Financial statements for the Erie 2 – Chautauqua-Cattaraugus BOCES are available at the BOCES administrative offices in Angola, New York.

C. Basis of Presentation

1. District-wide Statements

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

**FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Miscellaneous Special Revenue - is used to account for and report those revenues that are restricted and committed to expenditures for the scholarship and student activity funds, respectively.

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

D. Measurement Focus and Basis of Accounting

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital and right-to-use 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.

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Cash Equivalents

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

F. Inventory

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

G. Investments

Investments are stated at current market value.

H. 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 allowances would not be material.

I. Capital Assets

In a prior year, the District had a full independent appraisal of its fixed assets conducted by an independent appraisal of its fixed assets conducted by an independent third-party professional at which time estimated historical costs and accumulated depreciation was determined.

Donated assets are reported at estimated fair market value at the time received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets (continued)

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 5,000	Straight-line	40 years
Land			
improvements	5,000	Straight-line	25-30 years
Furniture and equipment	5,000	Straight-line	5-20 years
Transportation vehicles	5,000	Straight-line	8 years

J. Due To/From Other Funds

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

K. Compensated Absences and Retiree Sick Leave

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick, personal and vacation time. Eligibility and the accumulation of time is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. In the district-wide financial statements, the District recognizes a liability for compensated absences, including sick and vacation leave, when employees have earned the right to leave and it is more than likely than not that the leave will be used for time off or otherwise paid at retirement. The liability is measured at the employee's rate of pay at the reporting date, including salary related payments such as social security and Medicare taxes. Upon retirement, resignation or death, employees may convert its accumulated sick leave balance into health insurance benefits. The District has recorded an estimated liability in the District-wide financial statement amounting to \$2,157,867 to recognize the cost of compensated absences and retiree health insurance.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

L. Deferred Inflows and Outflows of Resources

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

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

M. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

M. Unearned Revenue (continued)

Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

N. Post-Employment Benefits

In addition to providing pension benefits, the School 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 if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year.

The District recognized the cost of providing health insurance by recording its share of insurance premiums (for retirees and their dependents) as an expenditure in the general fund in the year paid. The District has recorded an estimated liability in the District-wide financial statements amounting to \$918,531 to recognize the estimated cost of the benefits for to be paid in subsequent fiscal years to retirees.

O. Fund Equity

1. Governmental Funds

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

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

1. Governmental Funds (continued)

A. Nonspendable (continued)

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Food Service Fund.

B. Restricted

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

1. Unemployment Reserve

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

2. Reserve for Tax Certiorari

The tax certiorari reserve is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amounts which might reasonably be deemed necessary to meet anticipated judgements and claims arising out of tax certiorari proceedings. This reserve is accounted for in the General Fund.

3. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

3. Reserve for Employee Benefits (continued)

termination of service. This reserve fund may be established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

4. Debt Service Reserve

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

5. Reserve for Retirement

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

6. Reserve for Teachers' Retirement Contributions

This reserve is used to pay for district expenses to the NYS Teachers' Retirement System. Funds may be paid into the retirement contribution reserve fund from budgetary appropriation or excess fund balance. Funds added to this reserve will not exceed 2% of teacher salaries in the prior year. When the District experiences a rate increase, the difference from year to year would be supported by the use of this reserve. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

7. Capital Reserve

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

**FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

O. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

8. Insurance Reserve

This reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased; life, accident, health, annuities, fidelity and surety, credit, title, residual value and mortgage guarantee. This reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

9. Endowment Scholarships Reserve

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

C. Committed

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

D. Assigned

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

1. Encumbrance Accounting

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

O. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned (continued)

1. Encumbrance Accounting (continued)

encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances totaled \$315,540 as of June 30, 2026.

2. Appropriated Fund Equity

General Fund - The amount of \$700,000 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2027 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

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

2. Government-wide financial statements

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

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

B. Restricted

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

C. Unrestricted

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

3. Order of Fund Balance Spending Policy

- a. Restricted fund balance represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

3. Order of Fund Balance Spending Policy (continued)

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

P. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had no supplemental appropriations during the year ended June 30, 2026.

2. Budget Basis for Accounting

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

The budget and actual comparison for General and Food Service Funds reflects budgeted and actual amounts.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Property Taxes

1. Calendar

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

2. Enforcement

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

R. Interfund Transfers

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

S. Deferred Compensation Plan

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

T. Estimates

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

U. Recently Adopted Accounting Standard

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

**FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

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

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

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

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

B. Statement of Revenues, Expenditures and Changes in Fund 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. The amounts shown below represent:

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

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

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

3. 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.

4. Pension Differences

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

5. OPEB Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash and Investments

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

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

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and School Districts.

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash and Investments (continued)

A. Deposits

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

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- (3) Uncollateralized

Total financial institution balances (including NYCLASS) at June 30, 2026 per the bank were approximately \$10,568,000. Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 500,000	\$10,068,000	\$ -	\$10,568,000

B. Investments

Investments are stated at current market value and are categorized by either:

- (1) Insured or registered, or investments are held by the School District or by the School District's agent in the School District's name.
- (2) Uninsured and unregistered, with investments held by the financial institutions trust department in the School District's name;
- (3) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

The District participates in the Cooperative Liquid Assets Securities System – New York (NYCLASS) a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G Sections 119-n and o, and Chapter 623 of the Laws of 1998, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with general municipal law sections 10 and 11.

The investments of the cooperative consist of 21% in repurchase agreements, 73% in U.S. Treasury Securities, and 6% in collateralized bank deposits, with various interest rates and due dates. The total amount invested in the NYCLASS fund by the District as of June 30, 2026 totaled \$7,669,957.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

II. Interfund Transactions

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

	Interfund Receivable	Interfund Payable
General Fund	\$ 980,192	\$ 32,536
Special Aid Fund	2,783	539,314
Capital Projects Fund	-	361,332
Misc. Special Revenue	14	-
Food Service Fund	-	49,807
Total	\$ 982,989	\$ 982,989

Interfund transactions for the year ended June 30, 2026 are as follows:

	Interfund Revenue	Interfund Expenditures
General Fund	\$ 76,231	\$ 118,204
Special Aid Fund	18,204	-
Food Service Fund	-	-
Capital Projects Fund	100,000	76,231
Total	\$ 194,435	\$ 194,435

The District transferred \$100,000 from the general fund to the capital projects fund for a capital outlay project. The District transferred \$76,231 from the capital project fund to the general fund for BAN premiums and capital project fund interest. The District also transferred \$18,204 from the general fund to the special aid fund for the local share of the summer school program.

III. Receivables

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

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

IV. Capital and Right-to-Use Assets

A. Capital Assets

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

	Beginning Balance 06/30/25	Net Change	Ending Balance 06/30/26
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 408,739	\$ -	\$ 408,739
Capital assets subject to depreciation:			
Buildings and improvements	22,865,505	26,825,413	49,690,918
Construction in progress	27,729,921	(23,071,000)	4,658,921
Furniture and equipment	6,062,314	490,885	6,553,199
Total historical cost	<u>\$57,066,479</u>	<u>\$ 4,245,298</u>	<u>\$61,311,777</u>
Less accumulated depreciation:			
Buildings and improvements	\$14,158,890	\$ 1,313,570	\$15,472,460
Furniture and equipment	3,762,540	496,745	4,259,285
Total accumulated depreciation	<u>17,921,430</u>	<u>\$ 1,810,315</u>	<u>19,731,745</u>
Total net book value	<u>\$39,145,049</u>		<u>\$41,580,032</u>

B. Depreciation and Amortization

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

General support	\$ 333,429
Instruction	1,513,011
Pupil transportation	356,398
	<u>\$ 2,202,838</u>

C. Right-to-Use Assets

The District reported right-to-use assets net of amortization as of June 30, 2026 and 2025 in the amount of \$904,553 and \$884,146, respectively. More information related to the right-to-use assets is disclosed in Note 5.

D. Additions

During the fiscal year ended June 30, 2026, the District had capital additions in the amount of approximately \$4,658,000 related to the capital improvement project, bus purchases and equipment including right-to-use equipment.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

b. Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS) (continued)

The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

2. Contributions

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

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

	ERS	TRS
2026	\$ 357,000	\$ 668,000
2025	\$ 344,000	\$ 708,000
2024	\$ 278,000	\$ 613,000

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

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

V. Liabilities (continued)

A. Pension Plans (continued)

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

Measurement date	ERS 3/31/2026	TRS 6/30/2025
Net pension asset (liability)	\$ (371,806)	\$ 2,111,362
District's portion of the Plan's total net pension asset (liability)	.0065903%	.035659%

For the year ended June 30, 2026, the District's recognized pension expense (credit) of \$413,158 for ERS and (\$126,510) for TRS. At June 30, 2026 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 212,769	\$ 1,106,824	\$ -	\$ -
Changes of assumptions	63,823	835,822	-	22,764
Net difference between projected and actual earnings on pension plan investments	-	-	666,668	1,648,968
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	68,977	106,827	51,922	153,348
District's contributions subsequent to the measurement date	107,330	668,094	-	-
Total	\$ 452,899	\$ 2,717,567	\$ 718,590	\$ 1,825,080

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

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

	ERS	TRS
Year ending:		
2027	\$ 152,094	\$ 1,051,274
2028	(249,023)	(460,000)
2029	(128,702)	(482,211)
2030	(147,390)	(99,345)
2031	-	181,138
Thereafter	-	33,537

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/26	6/30/25
Actuarial valuation date	4/1/25	6/30/24
Interest rate	5.9%	6.95%
Salary scale	5.2% average	2.04% - 5.80%
	4/1/20 – 3/31/25	7/1/19 – 6/30/24
	System's	System's
Decrement tables	Experience	Experience
Inflation rate	2.9%	2.5%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

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

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

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

	ERS	Expected Rate of Return	TRS	Expected Rate of Return
Measurement date	3/31/26		6/30/25	
Asset Type:				
Domestic equity	25%	3.29%	33%	6.7%
International equity	14%	5.85%	15%	7.4%
Global equity	-%	-%	4%	7.0%
Private equity	15%	7.00%	9%	9.8%
Real Estate	12%	5.20%	11%	6.5%
Opportunistic/ARS portfolio	3%	5.13%	-%	-%
Credit	4%	5.10%	-%	-%
Real assets	4%	5.54%	-%	-%
Domestic fixed income	-%	-%	16%	2.6%
Global Bonds	-%	-%	2%	2.4%
Real estate debt	-%	-%	6%	3.8%
Private debt	-%	-%	2%	6.1%
High-yield fixed income	-%	-%	1%	4.7%
Fixed Income	22%	1.75%	-%	-%
Cash	1%	.25%	1%	.6%
Total	100%		100%	

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

5. Discount Rate

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

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			

Employer's proportionate share of the net pension asset (liability)	\$ (2,539,332)	\$ (371,806)	\$ 1,440,342
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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (4,057,008)	\$ 2,111,362	\$ 7,301,724

7. Pension Plan Fiduciary Net Position

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

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

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2026 represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to \$108,332.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2026 are paid to the System in September, October and November 2026 through a state aid intercept. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the fiscal year ended June 30, 2026 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2026 amounted to \$732,072 (employer contributions of \$668,094 and employee contributions of \$63,978).

B. Other Post-Employment Benefits

Plan Description

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

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2026 the plan had total active employees of 163 and retirees of 107.

Total OPEB Liability

The District's total OPEB liability of \$918,531 was measured as of March 31, 2026 and was determined by an actuarial valuation as of July 1, 2025.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Methods and Other Inputs

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

Inflation	2.3% per year
Salary increases	3.3% per year
	4.39% for 2025
Discount rate	and 4.41% for 2026
	2026 – 6.10% fluctuating to an
	ultimate rate of 3.70% after
	2070
Healthcare cost trend rates	2070
Retirees' share of benefit-related costs	Based on negotiated labor contracts

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds.

Mortality rates were based on the Public Retirement Plans mortality base rates for service and deferred annuitants and beneficiaries and fully generational using Mortality Improvement Scale MP-2021 for retirees and surviving spouses.

The actuarial assumptions used in the July 1, 2025 valuation represent a long-term expectation of future OPEB outcomes.

Changes in the Total OPEB Liability

Service cost	\$	18,806
Interest		23,994
Change in benefit terms		-
Differences between expected and actual experience		199,781
Changes in assumptions		148,194
Benefit payments		(72,476)
Net changes		318,299
Net OPEB liability – beginning of year		600,232
Net OPEB liability – end of year	\$	<u>918,531</u>

Changes in assumptions reflect a change in the discount rate from 4.39% in 2025 to 4.41% in 2026. Also health care trend rate changes from 5.3%-3.71% to 6.1%-3.70%.

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.41%) or 1 percentage point higher (5.41%) that the current discount rate:

	1% Decrease (3.41%)	Current Assumption (4.41%)	1% Increase (5.41%)
Total OPEB liability	\$ 966,929	\$ 918,531	\$ 872,813

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

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

	1% Decrease (5.1% - 2.70%)	Current Assumption (6.1% - 3.70%)	1% Increase (7.1% - 4.70%)
Total OPEB liability	\$ 855,768	\$ 918,531	\$ 989,425

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 \$97,346. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 198,837	\$ 1,778
Changes in assumptions	126,840	12,745
Contributions subsequent to the measurement date	18,119	-
Total	\$ 343,796	\$ 14,523

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

Year ending:	
2027	\$ 54,546
2028	54,546
2029	54,546
2030	52,432
2031	47,950
Thereafter	47,132

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

The District may issue Bond Anticipation Notes, in anticipation of proceeds from the subsequent sale of bonds. The following is a summary of maturity of the District's bond anticipation notes:

Maturity	Interest	Balance June 30, 2025
8/9/2025	6.05%	\$ 93,303
8/9/2025	6.05%	206,128
8/9/2025	6.05%	246,515
8/9/2025	6.05%	327,376
		<u>\$ 873,322</u>

Maturity	Interest	Balance June 30, 2026
8/9/2026	5.85%	\$ 46,651
8/9/2026	5.85%	137,419
8/9/2026	5.85%	184,886
8/9/2026	5.85%	261,901
8/9/2026	5.85%	345,036
7/22/2026	4.00%	3,000,000
		<u>\$ 3,975,893</u>

During the year ended June 30, 2026, the District redeemed Bond Anticipation Notes in the amount of \$242,464, and issued new Bond Anticipation Notes in the amounts of \$345,036 and \$3,000,000.

b. Short-Term Debt Interest

The District had \$52,451 of interest on short-term debt recorded in the general fund for the year ended June 30, 2026.

2. Long-Term Debt

a. Debt Limit

At June 30, 2026, the total indebtedness represents approximately 80% of its debt limit.

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

b. Changes

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

	Balance June 30, 2026	Balance June 30, 2025	Amounts Due Within One Year
Serial bonds	\$ 15,879,990	\$ 17,247,780	\$ 1,335,000
Compensated Absences and retiree sick leave	2,157,867	2,048,382	-
Net pension liabilities	371,806	1,150,639	-
Other post- employment benefits	918,531	600,232	-
	<u>\$ 19,328,194</u>	<u>\$ 21,047,033</u>	<u>\$ 1,335,000</u>

During the year, the District made principal payments on its serial bonds in the amount of \$1,285,000 and had amortization on bond premiums in the amount of \$82,790. The change in compensated absences and retiree sick leave was a net increase of \$109,485. The net change in other post-employment benefits was a decrease of \$318,299 during the fiscal year ended June 30, 2026. Lastly, the District's proportionate share of the net pension liability decreased by \$778,833 in the current year related to actuarial updates. The TRS system was reported as a net pension asset in the current and prior year.

c. Serial Bonds

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Serial Bonds (continued)

The following is a summary of maturity of the District's serial bonds:

Description of Issue	Outstanding June 30, 2026
Serial Bonds, issued in 2017 with a maturity date of June 2030, bonds carry interest at 3%-5%.	\$ 620,000
Serial Bonds, issued in 2020 with a maturity date of June 2039, bonds carry interest at 2%.	5,395,000
Serial Bonds, issued in 2022 with a maturity date of June 2036, bonds carry interest at 5%.	3,805,000
Serial Bonds, issued in 2024 with a maturity date of June 2039, bonds carry interest at .05%-7%.	5,505,000
	15,325,000
Plus: unamortized bond premiums	554,990
	<u>\$ 15,879,990</u>

d. Maturity

The following is a summary of maturing debt service requirements for serial bonds:

Year	Principal	Interest
2027	\$ 1,335,000	\$ 562,670
2028	1,400,000	506,470
2029	1,460,000	447,070
2030	1,505,000	384,620
2031	1,415,000	319,720
2032-2036	6,320,000	864,375
2037-2039	1,890,000	45,118
Total	\$ 15,325,000	\$ 3,130,043

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$616,420 recorded in the general fund for the year ended June 30, 2026.

f. Refunding of Long-Term Debt

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

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

g. Premiums, Debt Issuance Costs and Amortization

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

VI. Fund Equity

A. Components

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

Category/ Fund	Reservation Purposes	Balance June 30, 2026
Nonspendable:		
Food Service	Reserve for inventory	\$ 12,438
Restricted:		
General	Employee benefits reserve	\$ 454,529
	Reserve for unemployment	58,297
	Capital reserve	3,605,084
	Insurance reserve	500,000
	Tax Certiorari Reserve	130,000
	Reserve for debt	308,796
	ERS and TRS reserve	823,702
		\$ 5,880,408
Miscellaneous Special Revenue	Reserve for endowment scholarships	\$ 49,548
Committed		
Miscellaneous Special Revenue	Extraclassroom activity fund balance	\$ 38,296
Assigned:		
General	Appropriated fund equity	\$ 700,000
	Reserve for encumbrances	315,540
		\$ 1,015,540

B. District-wide Net Position

Net position of the District include restricted net position of \$ 5,929,956 which represents restricted amounts in the general fund and miscellaneous special revenue funds.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity (continued)

C. Deficit Fund Balance

The District's capital project fund had an accumulated deficit in the amount of \$3,437,209 as of June 30, 2026. It is not uncommon for school districts to have deficit fund balances in the capital projects fund as a result of short-term debt being recorded as liabilities until they are converted to long-term debt (serial bonds) or redeemed at which time such proceeds are recorded as other financing sources. In addition, the District had expenditures related to the Smart Bond Act project. The District anticipates being reimbursed for expenditures at which time revenue will be recognized.

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Risk Sharing Pools

For its employee health and accident coverage, *Frewsburg Central School District* is a participant in the Chautauqua County School Districts Medical Plan, a public entity risk pool operated for the benefit of individual governmental units located within Chautauqua County. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$100,000 per insured event. The Chautauqua County School Districts Medical Plan obtains independent coverage for insured events in excess of this amount.

The *Frewsburg Central School District* also participates in a risk sharing pool, New York State Insurance Fund, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims.

FREWSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies (continued)

B. Federal and State Grants

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

C. Litigation

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

NOTE 4 – CAPITAL PROJECTS

During the year ended June 30, 2026, the District incurred costs related to the 2023 voter approved capital project in the amount of \$3,870,907. The District also incurred costs for \$100,000 towards a capital outlay project, and incurred costs of \$509,412 related to a bus purchases during the current year.

NOTE 5 – RIGHT-TO-USE ASSETS/LEASES

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

	Balance 7/1/25	Additions
Right-to-use asset	\$ 1,382,199	300,745
Accumulated amortization	(498,053)	(280,338)
	<u>\$ 884,146</u>	<u>(20,407)</u>
	Deletions	Balance 6/30/26
Right-to-use asset	\$ (127,895)	\$ 1,555,049
Accumulated amortization	127,895	(650,496)
	<u>\$ -</u>	<u>\$ 904,553</u>

NOTE 6 – PRIOR PERIOD ADJUSTMENT

During the prior year, the District recorded a prior period adjustment in the district-wide financial statements in the amount of \$1,299,054. The adjustment was related to adopting GASB 101, Compensated Absences, resulting in a restatement of beginning net position.

NOTE 7 – BOCES CAPITAL IMPROVEMENT PROJECT COMMITMENT

Erie 2 – Chautauqua/Cattaraugus Board of Cooperative Educational Services (BOCES) has approved a \$49.5 million dollar Capital Improvement Project. Each of the 27 component school districts of BOCES is responsible for a portion of the total project cost based on the District's student population relative to the total BOCES region. The District's total share of the BOCES project is approximately \$1,036,000 of which approximately \$850,000 will be returned through BOCES aid. The District has approved making cash payments towards the project over a three year period starting with the 2026-27 fiscal year.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 8, 2026, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

FREWSBURG CENTRAL SCHOOL DISTRICT**Schedule SS1****COMBINING REQUIRED SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL – GENERAL FUND AND RELATED NOTES
FOR THE YEAR ENDED JUNE 30, 2026**

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Current Year's Actual Revenue	Variance with Final Budget Over (Under) Actual Revenue
Revenues					
Local Sources:					
Real property taxes and tax items	\$ 6,369,828	\$ 6,369,828	\$ -	\$ 6,374,603	\$ 4,775
Real property tax interest	6,000	6,000	-	4,503	(1,497)
Charges for services	43,100	43,100	-	65,602	22,502
Use of money and property	87,878	87,878	-	264,619	176,741
Sale of property and compensation for loss	100	100	-	10,512	10,412
Miscellaneous	54,000	54,000	-	150,645	96,645
State Sources:					
Basic formula	14,835,374	14,835,374	-	14,707,449	(127,925)
BOCES	1,326,689	1,326,689	-	1,343,886	17,197
Textbooks	40,717	40,717	-	39,669	(1,048)
All other aid	29,994	29,994	-	29,580	(414)
Federal Sources:					
Medicaid reimbursement	20,000	20,000	-	24,479	4,479
Total revenue and other sources	22,813,680	22,813,680	-	23,015,547	201,867
Other Sources					
Operating transfer in	120,000	120,000	-	76,231	(43,769)
Total revenue and other sources	22,933,680	22,933,680	\$ -	\$ 23,091,778	\$ 158,098
Appropriated fund equity - carryover encumbrances	-	271,796			
Appropriated fund equity - use of reserves	60,000	60,000			
Appropriated fund equity - subsequent years budget	600,000	600,000			
Total revenue, other sources and appropriated fund equity	\$ 23,593,680	\$ 23,865,476			

See accompanying independent auditor's report.

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Current Year's Actual Expenditures	Encumbrances	Variance with Final Budget (less encumbrances) Over (Under) Actual Expenditures
Expenditures						
General Support:						
Board of education	\$ 15,200	\$ 15,662	\$ (462)	\$ 13,341	\$ 90	\$ 2,231
Central administration	245,204	396,286	(151,082)	368,709	18,747	8,830
Finance	385,828	381,645	4,183	355,713	1,602	24,330
Staff	63,078	230,482	(167,404)	222,342	-	8,140
Central services	2,071,706	2,092,344	(20,638)	1,914,794	61,266	116,284
Special items	268,270	285,484	(17,214)	278,289	-	7,195
Instructional:						
Instruction, administration and improvement	766,258	969,899	(203,641)	846,084	69,330	54,485
Teaching - regular school	5,924,407	5,502,218	422,189	5,238,565	11,518	252,135
Programs for children with handicapping conditions	3,411,883	3,480,019	(68,136)	3,182,314	2,801	294,904
Teaching - special schools	22,000	22,000	-	12,710	-	9,290
Occupational education	457,795	457,795	-	438,505	-	19,290
Instructional media	901,552	949,840	(48,288)	804,072	25,117	120,651
Pupil services	1,100,345	1,202,492	(102,147)	1,138,113	17,696	46,683
Pupil Transportation	922,901	939,483	(16,582)	854,672	32,373	52,438
Community Services	6,500	6,500	-	6,500	-	-
Employee Benefits	4,719,033	4,618,403	100,630	4,195,515	75,000	347,888
Debt Service:						
Debt service principal	1,527,464	1,527,464	-	1,527,464	-	-
Debt service interest	669,256	669,256	-	668,871	-	385
Total expenditures	23,478,680	23,747,272	(268,592)	22,066,573	315,540	1,365,159
Other Uses:						
Transfer to other funds	115,000	118,204	(3,204)	118,204	-	-
Total other uses	115,000	118,204	(3,204)	118,204	-	-
Total expenditures and other uses	\$ 23,593,680	\$ 23,865,476	\$ (271,796)	22,184,777	\$ 315,540	\$ 1,365,159
Excess of revenue and other sources over expenditures and other uses				\$ 907,001		

NOTES TO BUDGETARY RSI**Budgetary Procedures and Budgetary Accounting**

See Note 1 Section P for further information

Significant Variances in Budgetary Comparison Schedule**Original Budget vs Final Budget:**

1. Differences in budgeted expenditure categories were primarily the result of prior year carryover encumbrances and regular budget transfers.

Final Budget vs Actual:

1. Use of money and property and miscellaneous actual revenues were higher than anticipated.
2. Basic formula revenues were less than what was originally planned due to the write-off of prior year state aid receivables.
3. Central services actual expenditures were less than budgeted due to salaries, equipment purchases and repairs.
4. Teaching - regular school, and Programs for children with handicapping conditions actual expenditures were less than originally anticipated due to salaries and Boces.
5. Instructional media actual expenditures were less than originally anticipated due to equipment and Boces.
6. Employee benefits were less than originally anticipated due to health insurance and social security.

FREWSBURG CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL – FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2026

Schedule SS1A

Page 36

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 204,000	\$ 195,065	\$ (8,935)
Federal sources	310,000	348,659	38,659
Sales	41,100	26,549	(14,551)
Miscellaneous	1,000	1,565	565
Surplus food	5,000	31,633	26,633
Use of property and money	50	66	16
Total revenue	561,150	603,537	42,387
Expenditures			
General support	232,000	229,649	2,351
Employee benefits	128,296	131,134	(2,838)
Cost of sales	218,500	241,562	(23,062)
Other expenses	1,200	4,150	(2,950)
Total expenditures	579,996	606,495	(26,499)
Excess (deficiency) of revenue over expenditures before other sources	(18,846)	(2,958)	15,888
Other sources			
Operating transfers in	18,846	-	18,846
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>(2,958)</u>	<u>\$ 34,734</u>
Fund equity, beginning of year		<u>40,161</u>	
Fund equity, end of year		<u>\$ 37,203</u>	

FREWSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2026

Schedule SS2

Page 37

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 23,593,680
Additions:	
Prior year encumbrances	<u>271,796</u>
Original Budget	23,865,476
Budget Revisions:	<u>-</u>
Final budget	<u><u>\$ 23,865,476</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2026-27 voter-approved expenditure budget	\$ 24,291,748
Maximum allowed (4% of 2026-27 budget)	\$ 971,670
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	\$ 1,015,540
Unassigned fund balance	<u>2,513,931</u>
Total unrestricted fund balance	<u>3,529,471</u>
Less:	
Appropriated fund balance	700,000
Encumbrances included in committed and assigned fund balance	<u>315,540</u>
Total adjustments	<u>1,015,540</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,513,931</u></u>
Actual percentage	<u><u>10.3%</u></u>

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

FREWSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2026

Schedule SS3

Page 38

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended (Overexpended) Balance	Methods of financing				Fund Balance June 30, 2026
			Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
Reconstruction Project (voter approved May 2019)	\$ 5,600,000	\$ 5,600,000	\$ 5,401,709	\$ -	\$ 5,401,709	\$ 198,291	\$ 4,595,307	\$ 49,693	\$ 800,220	\$ 5,445,220	\$ 43,511
Capital Improvement Project (voter approved June 2021)	7,000,000	7,000,000	7,002,786	-	7,002,786	(2,786)	6,147,580	-	855,000	7,002,580	(206)
Capital Improvement Project (voter approved Dec. 2023)	14,350,000	14,350,000	688,014	3,870,907	4,558,921	9,791,079	3,000,000	-	2,065,200	5,065,200	506,279
Energy Performance Contract	1,426,283	1,426,283	1,426,283	-	1,426,283	-	1,426,283	22,900	-	1,449,183	22,900
Capital Outlay Project 25-26	100,000	100,000	-	100,000	100,000	-	-	-	100,000	100,000	-
Prior year capital outlay projects	400,000	400,000	385,096	-	385,096	14,904	-	-	400,000	400,000	14,904
Bus Purchases	720,000	720,000	471,020	509,412	980,432	(260,432)	980,555	-	-	980,555	123
Smart Schools Project	890,103	890,103	409,208	-	409,208	480,895	-	360,381	-	360,381	(48,827)
	<u>\$ 30,486,386</u>	<u>\$ 30,486,386</u>	<u>\$ 15,784,116</u>	<u>\$ 4,480,319</u>	<u>\$ 20,264,435</u>	<u>\$ 10,221,951</u>	<u>\$ 16,149,725</u>	<u>\$ 432,974</u>	<u>\$ 4,220,420</u>	<u>\$ 20,803,119</u>	538,684
Less: bond anticipation notes outstanding											<u>3,975,893</u>
Ending fund equity (deficit) as of June 30, 2026											<u>\$ (3,437,209)</u>

See accompanying independent auditor's report.

FREWSBURG CENTRAL SCHOOL DISTRICT**Schedule SS4A****BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2026****Page 39**

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school *	N/A	2025-26	\$ 83,553	\$ 83,553	\$ 83,553
Universal Pre-kindergarten	0409-26-7206	2025-26	296,324	296,324	296,324
Universal Pre-kindergarten - Expansion	0548-26-0046	2025-26	130,000	130,000	130,000
School lunch and breakfast programs	N/A	2025-26	N/A	195,065	195,065
				<u>\$ 704,942</u>	<u>\$ 704,942</u>

* Includes interfund transfer of \$18,204 for local share

FREWSBURG CENTRAL SCHOOL DISTRICT

Schedule SS4B

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

Note 1 - Basis of Presentation

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

Basis of Accounting

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

Note 2 - Non-monetary Federal Program

The accompanying **Frewsburg Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2026, the District reported in the Schedule of Federal Awards \$31,633 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

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

FREWSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2026

Schedule SS4C

Page 40

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Passed through NYS					
Department of Education:					
Title I	84.010A	0021-25-0320	\$ 45,678	\$ 45,678	\$ 45,678
Title I	84.010A	0021-26-0320	208,065	171,386	171,386
Title II, Part A	84.367A	0147-25-0320	16,453	16,453	16,453
Title II, Part A	84.367A	0147-26-0320	25,576	1,994	1,994
Title IV, SSAE	84.424A	0204-26-0320	15,940	9,690	9,690
IDEA, Part B Public Law 94-142 *	84.027A	0032-26-0097	205,319	205,319	205,319
IDEA, Pre-school Public Law 99-457 *	84.173A	0033-26-0097	4,310	4,310	4,310
Total US Department of Education				454,830	454,830
US Department of Agriculture:					
Passed through NYS					
Department of Education:					
National School Lunch Program **	10.555	N/A	N/A	262,708	262,708
National School Breakfast Program **	10.553	N/A	N/A	85,951	85,951
Passed through NYS					
Office of General Services:					
National School Lunch Program					
Noncash assistance - Donated Commodities **	10.555	N/A	N/A	31,633	31,633
Total US Department of Agriculture				380,292	380,292
Total expenditures and revenue				\$ 835,122	\$ 835,122

* Constitutes a cluster of Federal programs named Special Education Cluster, with total revenue and expenditures of \$ 209,629

** Constitutes a cluster of Federal programs named Child Nutrition Cluster, with total revenue and expenditures of \$ 380,292

FREWSBURG CENTRAL SCHOOL DISTRICT**Schedule SS5****SCHEDULE OF NET INVESTMENT IN CAPITAL AND RIGHT-TO-USE ASSETS****AS OF JUNE 30, 2026****Page 41**

Capital and right-to-use assets, net	\$	42,484,585
Less:		
Serial bonds		(15,879,990)
Bond anticipation notes		(3,975,893)
Plus:		
Assets to be used for capital improvements, net of related liabilities		<u>538,684</u>
Net investment in capital and right-to-use assets	\$	<u><u>23,167,386</u></u>

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

Schedule SS6

Page 42

As of the measurement date of March 31,	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability									
Service cost	\$ 18,806	\$ 18,082	\$ 18,215	\$ 21,284	\$ 15,671	\$ 20,202	\$ 17,027	\$ 5,278	\$ 5,455
Interest	23,994	23,359	21,912	17,998	10,289	9,809	15,215	15,922	16,168
Changes of benefit terms	-	-	-	14,286	-	-	-	-	-
Differences between expected and actual experience	199,781	(315)	50,418	(2,805)	86,161	101,654	22,042	133,821	207,246
Changes in assumptions	148,194	(9,709)	(3,196)	(7,505)	163,515	12,982	(117)	(5,094)	(2,609)
Benefit payments	(72,476)	(79,995)	(96,468)	(98,574)	(82,362)	(104,127)	(160,412)	(210,501)	(202,616)
Net change in total OPEB liability	318,299	(48,578)	(9,119)	(55,316)	193,274	40,520	(106,245)	(60,574)	23,644
Total OPEB liability - beginning	600,232	648,810	657,929	713,245	519,971	479,451	585,696	646,270	(193,151)
Prior period adjustment	-	-	-	-	-	-	-	-	815,777
Total OPEB liability - ending	<u>\$ 918,531</u>	<u>\$ 600,232</u>	<u>\$ 648,810</u>	<u>\$ 657,929</u>	<u>\$ 713,245</u>	<u>\$ 519,971</u>	<u>\$ 479,451</u>	<u>\$ 585,696</u>	<u>\$ 646,270</u>
Plan fiduciary net position									
Contributions - employer	\$ 72,476	\$ 79,995	\$ 96,468	\$ 98,574	\$ 82,362	\$ 104,127	\$ 160,412	\$ 210,501	\$ 202,616
Benefit payments	(72,476)	(79,995)	(96,468)	(98,574)	(82,362)	(104,127)	(160,412)	(210,501)	(202,616)
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 918,531</u>	<u>\$ 600,232</u>	<u>\$ 648,810</u>	<u>\$ 657,929</u>	<u>\$ 713,245</u>	<u>\$ 519,971</u>	<u>\$ 479,451</u>	<u>\$ 585,696</u>	<u>\$ 646,270</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 9,379,053	\$ 9,525,623	\$ 9,210,620	\$ 8,564,561	\$ 8,279,738	\$ 7,593,718	\$ 7,364,677	\$ 7,236,767	\$ 7,236,767
District's net OPEB liability as a percentage of covered-employee payroll	9.79%	6.30%	7.04%	7.68%	8.61%	6.85%	6.51%	8.09%	8.93%

Notes to Schedule:
Benefit Changes: None

Changes in assumptions: Discount rate changes - 4.39% as of June 30, 2025 to 4.41% effective June 30, 2026
Updated health insurance cost trend rates to rates effective June 30, 2026

See accompanying independent auditor's report.

FREWSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2026

Schedule SS7

Page 43

For the year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 72,476	\$ 79,995	\$ 96,468	\$ 98,574	\$ 82,362	\$ 104,127	\$ 160,412	\$ 210,501	\$ 202,616
Contributions in relation to the actuarially determined contribution	(72,476)	(79,995)	(96,468)	(98,574)	(82,362)	(104,127)	(160,412)	(210,501)	(202,616)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 9,379,053	\$ 9,525,623	\$ 9,210,620	\$ 8,564,561	\$ 8,279,738	\$ 7,593,718	\$ 7,364,677	\$ 7,236,767	\$ 7,236,767
Contributions as a percentage of District's covered-employee payroll	0.77%	0.84%	1.05%	1.15%	0.99%	1.37%	2.18%	2.91%	2.80%

Notes to Schedule

Valuation date: July 1, 2025, with measurement date of March 31, 2026

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level Percent of Pay
Discount Rate	4.41% as of June 30, 2026
Inflation	2.30% per year
Healthcare cost trend rates	2026 - 6.1%. Rates expected to fluctuate each year thereafter with an ultimate rate of 3.70% after 2070
Salary increases	3.30% per year
Mortality	Pub-2010 Public Retirement Plans Mortality Tables
Participants	163 Active and 107 Retirees
Retiree cost sharing	Based on negotiated labor contracts

See accompanying independent auditor's report.

FREWSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2026

Schedule SS8

Page 44

New York State Teachers' Retirement System

For the year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 668,094	\$ 707,857	\$ 612,684	\$ 695,264	\$ 619,573	\$ 568,172	\$ 521,158	\$ 601,005	\$ 546,496	\$ 651,294
Contributions in relation to the contractually required contribution	(668,094)	(707,857)	(612,684)	(695,264)	(619,573)	(568,172)	(521,158)	(601,005)	(546,496)	(651,294)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,966,569	\$ 7,001,553	\$ 6,277,500	\$ 6,756,696	\$ 6,322,173	\$ 5,961,931	\$ 5,882,144	\$ 5,659,181	\$ 5,576,490	\$ 5,557,116
Contributions as a percentage of District's covered-employee payroll	9.59%	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%

New York State and Local Employees' Retirement System

For the year ended March 31,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 356,603	\$ 343,965	\$ 278,266	\$ 239,911	\$ 285,259	\$ 255,290	\$ 260,591	\$ 268,525	\$ 284,133	\$ 278,302
Contributions in relation to the contractually required contribution	(356,603)	(343,965)	(278,266)	(239,911)	(285,259)	(255,290)	(260,591)	(268,525)	(284,133)	(278,302)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,615,057	\$ 2,520,190	\$ 2,434,620	\$ 2,245,328	\$ 2,114,875	\$ 1,748,665	\$ 1,792,126	\$ 1,767,918	\$ 1,774,984	\$ 1,783,018
Contributions as a percentage of District's covered-employee payroll	13.64%	13.65%	11.43%	10.68%	13.49%	14.60%	14.54%	15.19%	16.01%	15.61%

See accompanying independent auditor's report.

FREWSBURG CENTRAL SCHOOL DISTRICT**Schedule SS9**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY) – NYSTRS AND PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY – NYSLERS
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2026**

Page 45***New York State Teachers' Retirement System***

As of the measurement date of June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension asset/liability	n/a	0.035659%	0.032878%	0.036551%	0.035655%	0.035126%	0.034656%	0.033904%	0.034235%	0.035068%
District's proportionate share of the net pension asset (liability)	n/a	\$ 2,111,362	\$ 980,940	\$ (417,993)	\$ (684,173)	\$ 6,086,922	\$ (957,626)	\$ 880,836	\$ 619,058	\$ 266,551
District's covered-employee payroll	n/a	\$ 7,001,553	\$ 6,277,500	\$ 6,756,696	\$ 6,322,173	\$ 5,961,931	\$ 5,882,144	\$ 5,659,181	\$ 5,576,490	\$ 5,557,116
District's proportionate share of the net pension asset/liability as a percentage of its covered employee payroll	n/a	30.16%	15.63%	-6.19%	-10.82%	102.10%	-16.28%	15.56%	11.10%	4.80%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	104.00%	102.10%	99.20%	98.60%	113.20%	98.70%	102.20%	101.53%	100.66%

New York State Local Employees' Retirement System

As of the measurement date of March 31,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension asset (liability)	0.0065903%	0.0067109%	0.0066116%	0.0076350%	0.0058652%	0.0058924%	0.0059855%	0.0060169%	0.0060305%	0.0060295%
District's proportionate share of the net pension asset (liability)	\$ (371,806)	\$ (1,150,639)	\$ (973,500)	\$ (1,637,249)	\$ 479,456	\$ (5,867)	\$ (1,585,001)	\$ (426,317)	\$ (194,630)	\$ (566,548)
District's covered-employee payroll	\$ 2,615,057	\$ 2,520,190	\$ 2,434,620	\$ 2,245,328	\$ 2,114,875	\$ 1,748,665	\$ 1,792,126	\$ 1,767,918	\$ 1,774,984	\$ 1,783,018
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	-14.22%	-45.66%	-39.99%	-72.92%	22.67%	-0.34%	-88.44%	-24.11%	-10.97%	-31.77%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%

See accompanying independent auditor's report.



BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Frewsburg Central School District* as of and for the year ended June 30, 2026, and the related notes to the financial statements which collectively comprise *Frewsburg Central School District's* basic financial statements and have issued our report thereon dated October 8, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item II.A. 2026-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Frewsburg Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2026-002.

Frewsburg Central School District Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not 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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York

October 8, 2026

FREWSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2026

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Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes

 x no

Significant deficiency(ies) identified?

 x yes

 none reported

Noncompliance material to financial statements noted?

 x yes

 no

Federal Awards

A single audit was not required for the fiscal year ended June 30, 2026 as federal award expenditures did not exceed \$1,000,000.

**FREWSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2026**

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II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

**2026-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements (significant deficiency)
Year ended June 30, 2026**

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting to the full accrual method for GASB 34 purposes. In addition, the financial statements were drafted by the auditor and accepted by the District.

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

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

District's Response: The District has received, reviewed and approved all journal entries and disclosures proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

**2026-002 Unassigned Fund Balance
Year ended June 30, 2026**

Conditions and criteria: *Frewsburg Central School District's* unassigned fund balance as of June 30, 2026 amounted to approximately \$2,514,000 . This amount constitutes approximately 10.3% of the 2026-2027 school budget.

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

Auditor's Recommendation: *Frewsburg Central School District* should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance. We recommend that the District document its rationale to support the purpose and dollar level of reserves and to ensure it is in compliance with New York State guidelines.

School District's Response: *Frewsburg Central School District* realizes that its unassigned fund balance as of June 30, 2026 was in excess of the NYS mandated 4% level. The District has and will continue to review its options with regards to reservation and designation of fund balance.

FREWSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS

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I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2025-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements (significant deficiency)

Year ended June 30, 2025

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

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

B. COMPLIANCE AND OTHER MATTERS

2025-002 Unassigned Fund Balance

Year ended June 30, 2025

Summary of Prior Year Finding: *Frewsburg Central School District's* unassigned fund balance as of June 30, 2025 amounted to approximately \$3,377,000. This amount constitutes approximately 14.3% of the 2025-2026 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

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

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT – FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2025

No findings related to compliance were reported upon during the year ended June 30, 2025.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2025

No findings related to internal control over compliance were reported upon during the year ended June 30, 2025.

FREWSBURG CENTRAL SCHOOL DISTRICT

***EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT***

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

***WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS***

FREWSBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of *Frewsburg Central School District* for the year ended June 30, 2025 on the basis of accounting described in Note 1.

Basis for Opinion

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

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2026, on our consideration of the **Frewsburg Central School District's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Frewsburg Central School District's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **Frewsburg Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 8, 2026**

FREWSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
JULY 1, 2025 THROUGH JUNE 30, 2026

Page 3

	Balances July 01, 2025	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2026
Extraclassroom activities:					
Class of 2026	\$ 7,665	\$ 19,899	\$ 27,564	\$ 27,564	\$ -
Class of 2027	2,388	9,353	11,741	6,297	5,444
Class of 2028	663	2,838	3,501	1,575	1,926
Class of 2029	-	3,591	3,591	2,168	1,423
Art Club	-	320	320	-	320
Bear Players	1,217	5,957	7,174	5,600	1,574
Frewspaper	3,057	650	3,707	1,277	2,430
Choral Group	2,205	1,224	3,429	1,102	2,327
Cross Country	1,656	2,356	4,012	2,726	1,286
Drama - Elementary	3,436	5,653	9,089	4,392	4,697
Envirothon	736	980	1,716	1,257	459
Junior Honor Society	1,513	922	2,435	1,740	695
Honor Society	314	-	314	82	232
Middle Level	844	4,814	5,658	3,484	2,174
Pep Club	3,022	1,308	4,330	2,184	2,146
Senior Band	699	5,142	5,841	5,352	489
Social Studies Club	161	15,945	16,106	15,932	174
Spanish Club	-	-	-	-	-
STEAM	353	445	798	216	582
Structural Integrity	6,629	25,140	31,769	25,898	5,871
Student Council	2,502	2,283	4,785	1,939	2,846
Swim Club	718	3,059	3,777	3,777	-
Travel Club	770	6,133	6,903	6,294	609
Yearbook	8,592	2,613	11,205	10,613	592
Total extraclassroom activity fund	\$ 49,140	\$ 120,625	\$ 169,765	\$ 131,469	\$ 38,296

FREWSBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are included in the financial statements of the School District. Cash balances are included in the Miscellaneous Special Revenue Fund along with a corresponding amount recorded as committed fund balance.

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