TICONDEROGA CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES

JUNE 30, 2026

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress – changes in total other post-employment benefits liability and related ratios, and schedule of local government's proportionate share of the net pension liability and contributions on pages 4 through 14 and 52 through 59 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 District's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information on pages 60 through 62 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. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
October 20, 2026

The following is a discussion and analysis of the Ticonderoga Central School District's financial performance for the fiscal year ended June 30, 2026. This section is a summary of the Ticonderoga Central School District's financial activities based on currently known facts, decisions or conditions. It is also 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 School District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The first two statements are *District-wide* financial statements that provide both short-term and long-term information about the School District's overall financial status.

The remaining statements are *fund financial statements* that focus on individual parts of the School District, reporting the School District's operations in more detail than the District-wide statements.

The *governmental funds statements* tell how basic services such as general and special education were financed in the short-term, as well as what remains for future spending.

Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a custodian for the benefit of others.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Table A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-1 Major Features of the District-wide and Fund Financial Statements

		Fund Financial Statements	
	District-Wide	**Governmental Funds**	**Fiduciary Funds**
Scope	Entire District (except fiduciary funds)	The activities of the School District that are proprietary or fiduciary, such as instruction, special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as student activities monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, 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, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital 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

District-Wide 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. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the School District's *net position* and how it has changed. Net position – the difference between the School District's assets, deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position.

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
    - Net investment in capital assets.
    - Restricted net position are those with constraints placed on use by external sources or imposed by law.
    - Unrestricted net position are net position that do not meet any of the above restrictions.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- Governmental Funds: Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information following the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balance.
- Fiduciary Fund: The School District is the custodian for assets that belong to others, such as the student activities funds and the private purpose trust funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL SUMMARY

Table A-2

	Fiscal Year 2026	Fiscal Year 2025	% Change (Incr.: - Decr.)
Assets			
Current and other assets	$ 7,628,852	$ 6,821,773	11.8%
Capital assets	25,590,254	25,753,054	-0.6%
Total Assets	33,219,106	32,574,827	2.0%
Deferred Outflows of Resources	5,851,639	8,242,844	-29.0%
Liabilities			
Current liabilities	2,967,056	3,136,812	-5.4%
Long-term liabilities	75,705,993	88,072,754	-14.0%
Total Liabilities	78,673,049	91,209,566	-13.7%
Deferred Inflows of Resources	21,676,735	14,449,704	50.0%
Net Position			
Net investment in capital assets	16,970,968	16,016,546	6.0%
Restricted	2,139,294	1,890,621	13.2%
Unrestricted	(80,389,301)	(82,748,766)	2.9%
Total Net Position	$ (61,279,039)	$ (64,841,599)	5.5%

Table A-3

	Fiscal Year 2026	Fiscal Year 2025	% Change (Incr.: - Decr.)
Revenues			
Program Revenues			
Charges for services	$ 614,555	$ 622,618	-1.3%
Operating grants and contributions	1,813,565	2,858,734	-36.6%
General Revenues			
Property taxes	13,305,339	13,135,204	1.3%
State formula aid	8,230,302	8,504,485	-3.2%
Federal sources	103,931	51,329	102.5%
Use of money and property	275,330	307,619	-10.5%
Sale of property and compensation for loss	14,355	0	100.0%
Miscellaneous	562,812	599,764	-6.2%
Total Revenues	24,920,189	26,079,753	-4.4%
Expenses			
General support	4,297,115	5,377,879	-20.1%
Instruction	14,898,784	18,974,476	-21.5%
Transportation	1,122,045	1,685,276	-33.4%
Community service	5,922	5,694	4.0%
Debt service	462,073	518,342	-10.9%
Cost of sales – Lunch Program	571,690	674,182	-15.2%
Total Expenses	21,357,629	27,235,849	-21.6%
Increase (Decrease) In Net Position from Operations	3,562,560	(1,156,096)	408.2%
Other Changes in Net Position	0	905,008	-100.0%
Total Increase (Decrease) in Net Position	$ 3,562,560	$ (251,088)	1518.8%

Table A-4 – Revenue Sources for 2026 – Total Governmental Activities

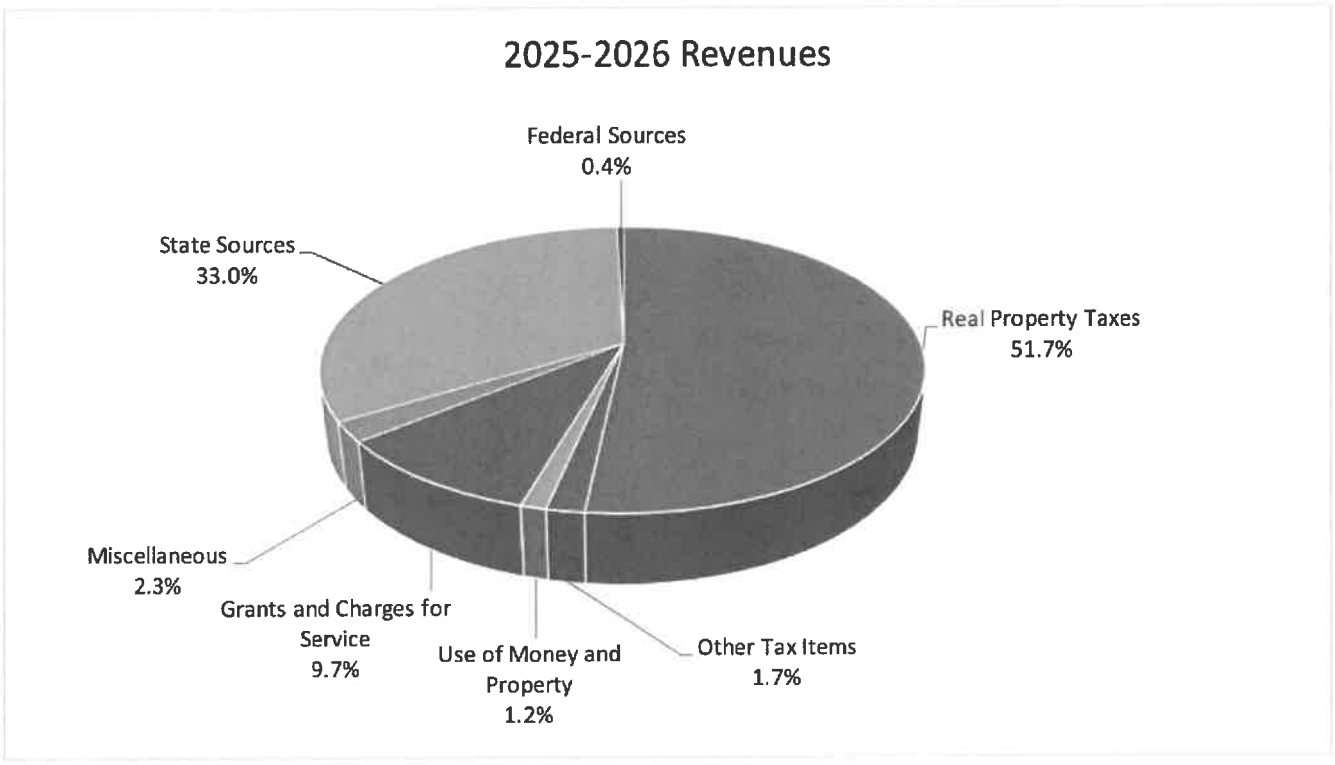


Table A-5 – Expenses for 2026 – Total Governmental Activities

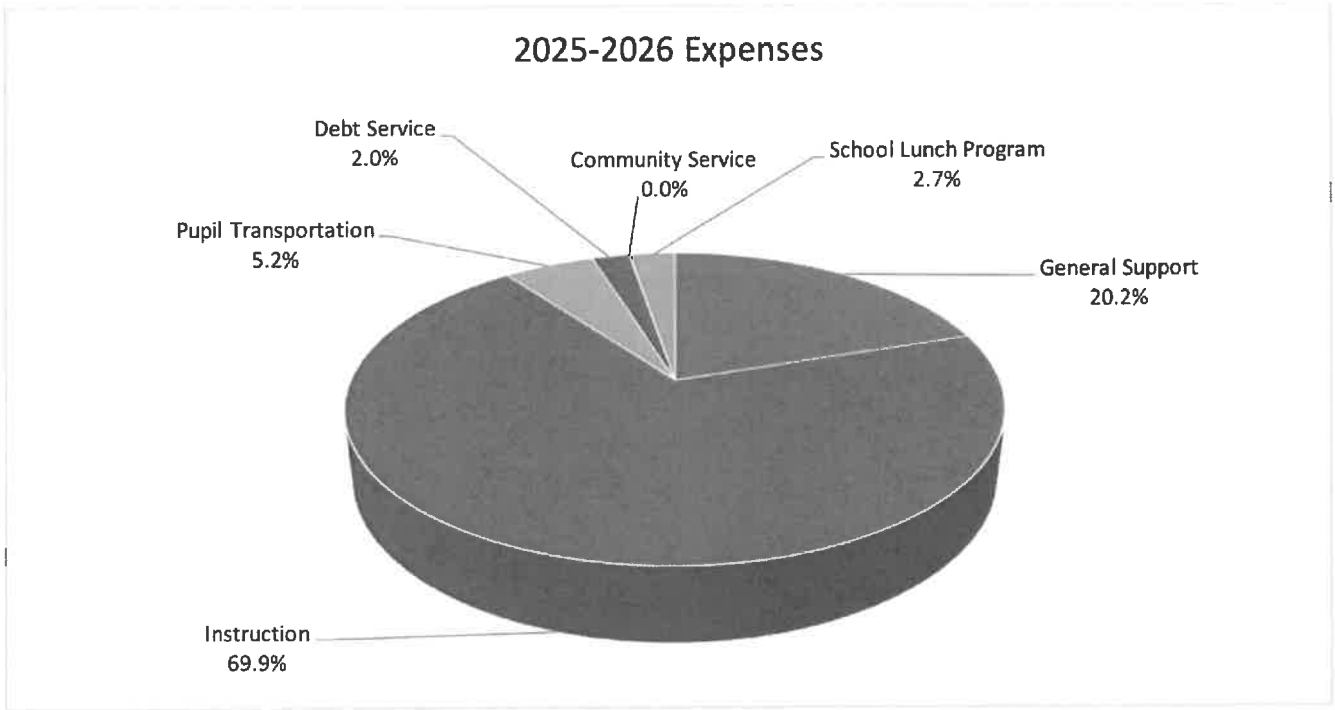


Table A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Table A-6

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2026	2025	(Inc. - Dec.)	2026	2025	(Inc. - Dec.)
General support	$ 4,297,115	$ 5,377,879	-20.1%	$ 4,297,115	$ 5,377,879	-20.1%
Instruction	14,898,784	18,974,476	-21.5%	13,061,303	16,095,781	-18.9%
Pupil transportation	1,122,045	1,685,276	-33.4%	1,122,045	1,685,276	-33.4%
Community service	5,922	5,694	4.0%	5,922	5,694	4.0%
Debt service - interest	462,073	518,342	-10.9%	462,073	518,342	-10.9%
Cost of sales - lunch program	571,690	674,182	-15.2%	(18,949)	71,525	126.5%
Totals	$ 21,357,629	$ 27,235,849		$ 18,929,509	$ 23,754,497	

DETAILED ANALYSES

Governmental Activities Overall

The School District's 2026 revenue was $24,920,189, a decrease of $1,159,564 and 4.4%. The decrease was primarily due to a decrease in operating grants. Property taxes and New York State aid accounted for the majority of revenue by contributing 51.7% and 33.0% of the total revenue raised. The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The cost of all programs and services totaled $21,357,629 for 2026. This was a decrease of $5,878,220 and 21.6% over prior year. The decrease was primarily due to an overall decrease in other post-employment benefits per the June 30, 2026 actuarial valuation. In 2026 and 2025, 75.1% and 75.8% of expenses are for the education, supervision, and transportation of students, respectively.

Net position was $(61,279,039) as of June 30, 2026, which was an increase of $3,562,560 and 5.5% over the prior year.

General Fund

Assets in the General Fund were $4,863,370 and $4,365,547 for the fiscal years ended 2026 and 2025, respectively. The increase of $497,823, or 11.40%, from year to year was due primarily to additional contributions to the District's reserve funds.

Liabilities in the General Fund were $895,154 and $949,210 for the fiscal years ended 2026 and 2025, respectively. The decrease of $54,056, or 5.69%, from year to year was due primarily to lower required contribution rates for the New York State Teachers' Retirement System (TRS).

Fund balance in the General Fund was $3,968,216 and $3,416,337 for the fiscal years ended 2026 and 2025, respectively. The increase of $551,879, or 16.15%, from year to year was due primarily to additional contributions to the District's reserve funds.

Revenues in the General Fund were $23,015,844 and $23,148,775 for the fiscal years ended 2026 and 2025, respectively. The decrease of $132,931, or 0.57%, from year to year was due primarily to a decrease in building aid associated with debt service that has been retired.

Expenditures in the General Fund were $22,337,250 and $22,756,072 for the fiscal years ended 2026 and 2025, respectively. The decrease of $418,822, or 1.84%, from year to year was due primarily to debt service costs that have been retired.

Special Aid Fund

Assets in the Special Aid Fund were $595,472 and $1,210,057 for the fiscal years ended 2026 and 2025, respectively. The decrease of $614,585, or 50.79%, from year to year was due primarily to the expiration of federal grant funding associated with GEAR UP and the American Rescue Plan in fiscal year 2026.

Liabilities in the Special Aid Fund were $595,472 and $1,210,057 for the fiscal years ended 2026 and 2025, respectively. The decrease of $614,585, or 50.79%, from year to year was due primarily to the reduction in amounts due at year-end as GEAR UP and American Rescue Plan grant activity concluded in fiscal year 2026.

Fund balance in the Special Aid Fund was $-0- for the fiscal years ended 2026 and 2025. There was no year-over-year change.

Revenues in the Special Aid Fund were $1,292,972 and $2,326,094 for the fiscal years ended 2026 and 2025, respectively. The decrease of $1,033,122, or 44.41%, from year to year was due primarily to the expiration of federal grant funding associated with GEAR UP and the American Rescue Plan in fiscal year 2026.

Expenditures in the Special Aid Fund were $1,317,972 and $2,348,287 for the fiscal years ended 2026 and 2025, respectively. The decrease of $1,030,315, or 43.88%, from year to year was due primarily to lower program activity following the expiration of federal grant funding associated with GEAR UP and the American Rescue Plan in fiscal year 2026.

School Lunch Fund

Assets in the School Lunch Fund were $276,111 and $317,397 for the fiscal years ended 2026 and 2025, respectively. The decrease of $41,286, or 13.00%, from year to year was due primarily to the purchase of an upgraded serving line for the District's High School facility.

Liabilities in the School Lunch Fund were $47,302 and $50,452 for the fiscal years ended 2026 and 2025, respectively. The decrease of $3,150, or 6.24%, from year to year was due to the use of deferred revenues associated with Supply Chain Assistance funding.

Fund balance in the School Lunch Fund was $228,809 and $266,945 for the fiscal years ended 2026 and 2025, respectively. The decrease of $38,136, or 14.29%, from year to year was due primarily to the purchase of an upgraded serving line for the District's High School facility.

Revenues in the School Lunch Fund were $592,153 and $604,371 for the fiscal years ended 2026 and 2025, respectively. The decrease of $12,218, or 2.02%, from year to year was due to a reduction in federal and State aid received.

Expenditures in the School Lunch Fund were $635,289 and $543,050 for the fiscal years ended 2026 and 2025, respectively. The increase of $92,239, or 16.99%, from year to year was due primarily to the purchase of an upgraded serving line for the District's High School facility, increased food costs, and contractual benefit increases.

Capital Fund

Assets in the Capital Fund were $43,517 and $397,902 for the fiscal years ended 2026 and 2025, respectively. The decrease of $354,385, or 89.06%, from year to year was due primarily to project expenditures as the portico project neared completion, reducing year-end cash balances.

Liabilities in the Capital Fund were $-0- for the fiscal years ended 2026 and 2025. There was no year-over-year change.

Fund balance in the Capital Fund was $43,517 and $397,902 for the fiscal years ended 2026 and 2025, respectively. The decrease of $354,385, or 89.06%, from year to year was due primarily to the portico project nearing completion and the related use of available project funds.

Revenues in the Capital Fund were $19,213 and $504 for the fiscal years ended 2026 and 2025, respectively. The increase of $18,709, or 3,712.10%, from year to year was due to donated funds being transferred to the Capital Fund to offset a portion of the portico repair costs.

Expenditures in the Capital Fund were $787,039 and $903,375 for the fiscal years ended 2026 and 2025, respectively. The decrease of $116,336, or 12.88%, from year to year was due to lower project activity as the portico project moved into its final stages.

Debt Service Fund

Assets in the Debt Service Fund were $13,151 and $16,429 for the fiscal years ended 2026 and 2025, respectively. The decrease of $3,278, or 19.95%, from year to year was due to the planned drawdown of restricted funds to help pay scheduled debt service costs.

Liabilities in the Debt Service Fund were $-0- for the fiscal years ended 2026 and 2025. There was no year-over-year change.

Fund balance in the Debt Service Fund was $13,151 and $16,429 for the fiscal years ended 2026 and 2025, respectively. The decrease of $3,278, or 19.95%, from year to year was due to the planned drawdown of restricted funds to help pay scheduled debt service costs.

Revenues in the Debt Service Fund were $7 and $9 for the fiscal years ended 2026 and 2025, respectively. The decrease of $2, or 22.22%, from year to year was due to lower interest earnings as available balances declined with the planned drawdown used to offset debt service.

Expenditures in the Debt Service Fund were $-0- for the fiscal years ended 2026 and 2025. There was no year-over-year change.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

As of June 30, 2026, the School District had $25,590,254 (net of depreciation and amortization) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

	Fiscal Year 2026	Fiscal Year 2025
Land	$ 35,200	$ 35,200
Buildings and improvements	23,940,048	23,940,048
Construction in progress	331,594	331,594
Land improvements	45,461	30,961
Furniture and equipment	516,871	575,994
Right to use assets	721,080	637,477
Totals	$ 25,590,254	$ 25,551,274

Capital Assets increased slightly in 2026 due to the spending on the Portico Project and 2026 Capital Outlay Project. The District also added new buses through a lease. The capital assets were offset by the expensing of depreciation and amortization.

Long-Term Debt

As of June 30, 2026, the School District had $76,941,433 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Table A-8

	Fiscal Year 2026	Fiscal Year 2025
General obligation bonds (financed with property taxes)	$ 8,619,286	$ 9,736,508
Other debt	68,322,147	78,699,265
Totals	$ 76,941,433	$ 88,435,773

The district paid $1,220,825 in bonds during 2026 and issued no new bonds. The District also paid $229,838 in lease payments and had a new lease for buses in the amount of $313,441. Other debt comprised of compensated absence saw an increase of $143,855 (GASB 101) and other post-employment benefits had a decrease of $10,520,973 in the June 30, 2026 actuarial valuation (GASB 75).

The District has a current S&P Global Bond Rating of A.

Table A-9

Other Information

The Ticonderoga CSD's enrollment for the past 5 years is as follows:

2021-2022	713
2022-2023	719
2023-2024	748
2024-2025	725
2025-2026	688

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The District relies heavily on school taxes to support the budget. In 2011, New York State established the property tax cap law limiting school districts ability to raises taxes by 2% or the rate of inflation, whichever is less. This makes it difficult for districts trying to increase school taxes to supplement any state aid reduction. With revenues sources limited, primarily to state aid and property taxes, it is difficult to keep up with rising costs to provide a quality education to our students.

The uncertainty of the state's financial position, as it relates to its funding of education, and ongoing litigation challenging formulas used by New York State to distribute aid, make it difficult to project revenues as a part of the District's long-term planning.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Ticonderoga Central School District
Attention: School Business Executives
5 Calkins Place
Ticonderoga, New York 12883

TICONDEROGA CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2026

ASSETS		
Cash		
Unrestricted	$	2,777,707
Restricted		2,139,294
Receivables		
State and federal aid		375,731
Due from other governments		230,126
Other receivables		58,409
Inventories		15,871
Net pension asset - proportionate share		2,031,714
Right to use assets, net of amortization		721,080
Capital assets, net of depreciation		24,869,174
Total Assets		33,219,106
DEFERRED OUTFLOWS OF RESOURCES		
Other post-employment (health insurance) benefits		2,768,094
Pensions		3,083,545
Total Deferred Outflows of Resources		5,851,639
LIABILITIES		
Payables		
Accounts payable		55,072
Accrued interest		14,625
Accrued liabilities		2,335
Unearned revenues		433,648
Due to other governments		716
Long-term liabilities		
Due and payable within one year		
Due to Employees' Retirement System		134,550
Due to Teachers' Retirement System		717,124
Leases payable		231,471
Bonds payable		1,275,000
Compensated absences payable		102,515
Due and payable after one year		
Leases payable		452,815
Bonds payable		6,660,000
Other post-employment benefits		67,040,709
Net pension liability - proportionate share		373,546
Compensated absences payable		1,178,923
Total Liabilities		78,673,049
DEFERRED INFLOWS OF RESOURCES		
Pensions		2,340,898
Other post-employment (health insurance) benefits		19,335,837
Total Deferred Inflows of Resources		21,676,735
NET POSITION		
Net investment in capital assets		16,970,968
Restricted for:		
Insurance reserve		4,378
Reserve for debt service		13,151
Retirement contribution reserve - ERS		1,637,969
Retirement contribution reserve - TRS		431,782
Unemployment insurance reserve		52,014
Unrestricted		(80,389,301)
Total Net Position	$	(61,279,039)

See notes to basic financial statements.

TICONDEROGA CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 4,297,115	$ 0	$ 0	$ (4,297,115)
Instruction	14,898,784	(544,509)	(1,292,972)	(13,061,303)
Pupil transportation	1,122,045	0	0	(1,122,045)
Debt service	462,073	0	0	(462,073)
Community service	5,922	0	0	(5,922)
School lunch program	571,690	(70,046)	(520,593)	18,949
Total Functions and Programs	$ 21,357,629	$ (614,555)	$ (1,813,565)	(18,929,509)
GENERAL REVENUES				
Real property taxes				12,880,747
Other tax items				424,592
Use of money and property				275,330
Sale of property and compensation for loss				14,355
Miscellaneous				562,812
State sources				8,230,302
Federal sources				103,931
Total General Revenues				22,492,069
CHANGE IN NET POSITION				3,562,560
TOTAL NET POSITION - BEGINNING OF YEAR				(64,841,599)
TOTAL NET POSITION - END OF YEAR				$ (61,279,039)

See notes to basic financial statements.

TICONDEROGA CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2026

	General	Special Aid	School Lunch	Debt Service	Capital	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 2,160,601	$ 352,456	$ 221,133	$ 0	$ 43,517	$ 2,777,707
Restricted	2,126,143	0	0	13,151	0	2,139,294
Due from other funds	194,483	0	0	0	0	194,483
State and federal aid receivable	142,141	194,483	39,107	0	0	375,731
Due from other governments	222,900	7,226	0	0	0	230,126
Other receivables	17,102	41,307	0	0	0	58,409
Inventories	0	0	15,871	0	0	15,871
TOTAL ASSETS	$ 4,863,370	$ 595,472	$ 276,111	$ 13,151	$ 43,517	$ 5,791,621
LIABILITIES						
Accounts payable	$ 55,072	$ 0	$ 0	$ 0	$ 0	$ 55,072
Accrued liabilities	0	0	2,335	0	0	2,335
Unearned revenue	0	400,989	32,659	0	0	433,648
Due to other funds	0	194,483	0	0	0	194,483
Due to other governments	0	0	716	0	0	716
Due to Employees' Retirement System	122,958	0	11,592	0	0	134,550
Due to Teachers' Retirement System	717,124	0	0	0	0	717,124
Total Liabilities	895,154	595,472	47,302	0	0	1,537,928
FUND BALANCE						
Nonspendable						
Inventory	0	0	15,871	0	0	15,871
Restricted						
Insurance reserve	4,378	0	0	0	0	4,378
Reserve for debt service	0	0	0	13,151	0	13,151
Retirement contribution reserve - ERS	1,637,969	0	0	0	0	1,637,969
Retirement contribution reserve - TRS	431,782	0	0	0	0	431,782
Unemployment insurance reserve	52,014	0	0	0	0	52,014
Assigned	1,086,910	10,572	212,938	0	43,517	1,353,937
Unassigned	755,163	(10,572)	0	0	0	744,591
Total Fund Balance	3,968,216	0	228,809	13,151	43,517	4,253,693
TOTAL LIABILITIES AND FUND BALANCE	$ 4,863,370	$ 595,472	$ 276,111	$ 13,151	$ 43,517	$ 5,791,621

See notes to basic financial statements.

TICONDEROGA CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2026

Total balance - governmental funds balance sheet (page 17)	$	4,253,693
Add:		
Land, building and equipment, net of accumulated depreciation		24,869,174
Right to use assets, net of amortization		721,080
Pensions		2,400,815
Total		27,991,069
Deduct:		
Compensated absences		1,281,438
Other post-employment (health insurance) benefits		83,608,452
Accrued interest		14,625
Leases payable		684,286
Long-term bonds payable		7,935,000
Total		93,523,801
NET POSITION, GOVERNMENTAL ACTIVITIES	$	(61,279,039)

See notes to basic financial statements.

TICONDEROGA CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2026

	General	Special Aid	School Lunch	Debt Service	Capital	Total Governmental Funds
REVENUES						
Real property taxes	$ 12,880,747	$ 0	$ 0	$ 0	$ 0	$ 12,880,747
Other tax items	424,592	0	0	0	0	424,592
Charges for services	544,509	0	0	0	0	544,509
Use of money and property	275,185	0	0	7	138	275,330
Sale of property and compensation for loss	14,355	0	0	0	0	14,355
Miscellaneous	542,223	145,581	1,514	0	19,075	708,393
State sources	8,230,302	678,663	68,070	0	0	8,977,035
Federal sources	103,931	468,728	411,994	0	0	984,653
Surplus food	0	0	40,529	0	0	40,529
Sales - school lunch	0	0	70,046	0	0	70,046
Total Revenues	23,015,844	1,292,972	592,153	7	19,213	24,920,189
EXPENDITURES						
General support	3,029,548	0	0	0	0	3,029,548
Instruction	9,422,118	1,081,809	0	0	0	10,503,927
Pupil transportation	791,063	0	0	0	0	791,063
Community service	5,922	0	0	0	0	5,922
Employee benefits	7,191,276	236,163	56,963	0	0	7,484,402
Debt service						
Principal	1,430,663	0	0	0	0	1,430,663
Interest	466,660	0	0	0	0	466,660
Cost of sales	0	0	578,326	0	0	578,326
Capital outlay	0	0	0	0	787,039	787,039
Total Expenditures	22,337,250	1,317,972	635,289	0	787,039	25,077,550
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	678,594	(25,000)	(43,136)	7	(767,826)	(157,361)
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	0	0	0	0	313,441	313,441
Operating transfers in	3,285	25,000	5,000	0	100,000	133,285
Operating transfers (out)	(130,000)	0	0	(3,285)	0	(133,285)
Total Other Financing Sources (Uses)	(126,715)	25,000	5,000	(3,285)	413,441	313,441
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	551,879	0	(38,136)	(3,278)	(354,385)	156,080
FUND BALANCE - BEGINNING OF YEAR	3,416,337	0	266,945	16,429	397,902	4,097,613
FUND BALANCE - END OF YEAR	$ 3,968,216	$ 0	$ 228,809	$ 13,151	$ 43,517	$ 4,253,693

See notes to basic financial statements.

TICONDEROGA CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2026

REVENUES - STATEMENT OF ACTIVITIES		$ 24,920,189
EXPENDITURES	$ 25,077,550	
Add:		
Depreciation and amortization	1,162,505	
Increase in compensated absences	143,855	
	1,306,360	
Deduct:		
Change in fixed assets	686,264	
Change in right to use assets	313,441	
Change in accrued interest	4,587	
Pensions	707,132	
Other post-employment (health insurance) benefits	1,884,194	
Principal payments of long-term debt (net)	1,430,663	
	5,026,281	
EXPENDITURES - STATEMENT OF ACTIVITIES		21,357,629
CHANGE IN NET POSITION		$ 3,562,560

See notes to basic financial statements.

TICONDEROGA CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2026

	Private Purpose Trusts	Custodial Funds
ASSETS		
Cash	$ 588,916	$ 66,433
Total Assets	$ 588,916	$ 66,433
LIABILITIES		
Other liabilities	$ 0	$ 1,570
Total Liabilities	0	1,570
NET POSITION		
Restricted	$ 588,916	$ 64,863
Total Net Position	$ 588,916	$ 64,863

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2026

ADDITIONS		
Investment earnings	$ 21,274	$ 0
Contributions	35,307	0
Extraclassroom receipts	0	70,000
Total Additions	56,581	70,000
DEDUCTIONS		
Extraclassroom disbursements	0	64,290
Scholarship and awards	50,904	0
Total Deductions	50,904	64,290
CHANGE IN NET POSITION	5,677	5,710
NET POSITION - BEGINNING OF YEAR	583,239	59,153
NET POSITION - END OF YEAR	$ 588,916	$ 64,863

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The Ticonderoga Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls, all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

i) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found with these financial statements. The District accounts for assets held as the custodian for various student organizations in the custodial fund.

B. Joint Venture

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Joint Venture – (Continued)

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

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

During the year, the District was billed $2,315,295 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued $1,581,680 of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of $1,025,000,

The District's share of BOCES aid amounted to $469,481.

Financial statements for the BOCES are available from the BOCES administrative office.

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 the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Basis of Presentation – (Continued)

2. Fund Statements

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

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column.

The District reports the following major governmental funds:

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

School Lunch Fund – This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted for expenditures of the school breakfast and lunch programs.

Special Aid Funds – These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Debt Service Fund – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital assets are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of the related bonds outstanding.

Capital Projects Fund – These funds are used to account for the financial resources used for acquisition, construction, or major repair of, or the right-to-use capital facilities and other capital and intangible assets.

The District reports the following fiduciary funds:

Custodial Fund – Fiduciary activities are those in which the District acts as custodian for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District and are not available to be used.

Private Purpose and Non-Expendable Trust Funds – These funds are used to account for trust arrangements in which the assets are (a) administered through a trust in which the government itself is not a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the government.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, state aid, 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 state aid is recognized in the fiscal year it is appropriated by the state. 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 one year after the end of the fiscal year as it matches the liquidation of related obligations.

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

E. Real Property Taxes

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

Uncollected real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, pension costs, OPEB, workers' compensation liabilities, potential contingent liabilities and useful lives of capital assets and intangible lease assets.

I. Cash (and Cash Equivalents)/Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

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. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Investments are stated at fair value based on quoted market prices.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves or debt agreements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

J. Accounts Receivable

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

K. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U. S. Department of Agriculture, at the Government's assigned value, which approximate market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amount is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these nonliquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L. Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. 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 are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	$ 5,000	Straight-line	5-15
Land improvements	5,000	Straight-line	5-15
Furniture and equipment	5,000	Straight-line	3-7

M. Intangible Lease Assets

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. The intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible assets reported in the district-wide financial statements follow the same thresholds as noted for capital assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The 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 proportionate share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position or Balance Sheet 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 or fund balance 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 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 liability (ERS System) and net pension asset (TRS System) 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 revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The third item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Pension Assets, Liabilities, 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.

	ERS	TRS
Measurement date	March 31, 2026	June 30, 2025
District's proportionate share of the net pension asset (liability)	$ (373,546)	$ 2,031,714
District's portion of the Plan's total net pension asset (liability)	(0.0066211)%	0.034313%
Change in proportion since the prior measurement date	0.0002485%	-0.001288%

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Deferred Outflows and Inflows of Resources – (Continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)

For the year ended June 30, 2026, the District recognized its proportionate share of pension expense of $400,676 for ERS and $108,929 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 were:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 213,765	$ 1,065,071	$ 0	$ 0
Changes of assumptions	64,121	804,292	0	21,905
Net difference between projected and actual earnings on pension plan investments	0	0	669,788	1,586,763
Changes in proportion and differences between the District's contributions and proportionate share of contributions	30,876	149,544	58,682	3,760
District's contributions subsequent to the measurement date	134,550	621,326	0	0
Total	$ 443,312	$ 2,640,233	$ 728,470	$ 1,612,428

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended March 31, 2027 for ERS and June 30, 2027 for TRS. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended:	ERS	TRS
2027	$ 133,004	$ (397,564)
2028	(256,435)	(438,171)
2029	(146,559)	(74,895)
2030	(149,718)	191,888
2031	0	40,513
Thereafter	0	0

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Deferred Outflows and Inflows of Resources – (Continued)

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:

	ERS	TRS
Measurement date	March 31, 2026	June 30, 2025
Actuarial valuation date	April 1, 2025	June 30, 2024
Interest rate	5.9%	6.95%
Salary scale	5.2%	2.04% – 5.80%
Decrement tables	April 1, 2020 - March 31, 2025 Systems experience	July 1, 2019 - June 30, 2024 Systems experience
Inflation rate	2.9%	2.5%
Projected cost of living adjustments	1.5%	1.4%

For ERS, annuitant mortality rates are based on April 1, 2020 through March 31, 2025 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

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 through 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 through 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 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:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

	ERS	TRS
Measurement date	March 31, 2026	June 30, 2025
Asset type		
Domestic equity	3.29%	6.70%
International equity	5.85	7.40
Global equities	0	7.00
Real estate	5.20	6.50
Domestic fixed income securities	0	2.60
Global bonds	0	2.40
High-yield bonds	0	4.70
Real estate debt	0	3.80
Private debt	0	6.10
Fixed income	1.75	0
Credit	5.10	0
Private equity/alternative investments	7.00	9.80
Opportunistic/ARS portfolio	5.13	0
Cash	0.25	0.60
Real assets	5.54	0

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).

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:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Deferred Outflows and Inflows of Resources – (Continued)

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

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
District's proportionate share of the net pension asset (liability)	$(2,551,216)	$ (373,546)	$ 1,447,083

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension asset (liability)	$(3,903,963)	$ 2,031,714	$ 7,026,277

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Pension Plan Fiduciary Net Position

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

	(Dollars in thousands)		
	ERS	TRS	Total
Measurement date	March 31, 2026	June 30, 2025	
Employers' total pension asset (liability)	$(253,773,040)	$(148,272,068)	$(402,045,108)
Plan fiduciary net position asset (liability)	248,131,290	154,193,125	402,324,415
Employers' net pension asset (liability)	(5,641,750)	5,921,057	279,307
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	97.78%	104.0%	100.07%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. 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 $134,550.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Deferred Outflows and Inflows of Resources – (Continued)

Payables to the Pension Plan – (Continued)

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 amount to $717,124.

Additional pension information can be found in Note 8.

O. Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized. The District had $433,648 in unearned revenue at June 30, 2026.

P. Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 101, *Accounting for Compensated Absences*, the liability has been calculated using the more likely than not to be used as leave or settled at separation method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Q. Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

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 cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

R. Short-Term Debt

The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. BANs that are replaced with long-term financing or renewed subsequent to the year-end but before the issuance of the financial statements are treated as long-term liabilities, as these notes will not require the use of working capital during that period. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The District had no short-term debt as of June 30, 2026.

S. Accrued Liabilities and Long-Term Obligations

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T. Equity Classifications

District-Wide Statements

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

i) Net Investment in Capital Assets

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of, and the right-to-use assets, net of any unexpended proceeds.

ii) Restricted Net Position

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

iii) Unrestricted Net Position

Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Funds Statements

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

1. Nonspendable

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of $15,871.

2. Restricted

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The District has established the following restricted fund balances:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District:

Retirement Contributions

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

Unemployment Insurance

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

Insurance

According to General Municipal Law §6-n, all expenditures made from the insurance reserve fund must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund under Restricted Fund Balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Debt Service

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service, must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund under Restricted Fund Balance.

3. Committed

Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School Districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2026.

4. Assigned

Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

5. Unassigned

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T. Equity Classifications – (Continued)

Order of Use of Fund Balance

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

U. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2026, the District implemented the following new standards issued by GASB:

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

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending June 30, 2026. This statement's objective is to provide separate disclosure of lease assets, intangible right-to-use assets, subscription assets and capital assets held for sale.

V. Future Changes in Accounting Standards

GASB has issued Statement No. 105, *Subsequent Events*, effective for the year ending June 30, 2027. This statement's objective is to improve financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of the financial statement users.

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

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 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 District-wide statements, compared with the current financial resources focus of the governmental funds.

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

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

Total fund balance 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 long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and deferred inflows of resources, and long-term assets and liabilities, and deferred outflows of resources.

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

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories, described as follows:

i) Long-Term Revenue and Expense 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 current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities.

ii) Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 acquisition of capital items or financing of intangible lease assets in the fund statements and depreciation or amortization expense on those items as recorded in the Statement of Activities.

iii) Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

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)

v) OPEB Differences

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

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

Appropriations are adopted at the program line item level.

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

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

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrances

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

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

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

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name		1,819,380

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $2,139,294 within the governmental funds and $655,349 in fiduciary funds.

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 35,200	$ 0	$ 0	$ 35,200
Construction in process	331,594	473,598	473,598	331,594
Total nondepreciable historical cost	366,794	473,598	473,598	366,794
Capital assets that are depreciated:				
Land improvements	400,993	16,522	0	417,515
Buildings and improvements	34,374,338	549,893	0	34,924,231
Furniture and equipment	2,774,533	139,443	216,892	2,697,084
Total depreciable historical cost	37,549,864	705,858	216,892	38,038,830
Less accumulated depreciation:				
Land improvements	370,032	2,022	0	372,054
Buildings and improvements	10,232,510	751,673	0	10,984,183
Furniture and equipment	2,198,539	178,972	197,298	2,180,213
Total accumulated depreciation	12,801,081	932,667	197,298	13,536,450
Net depreciable historical cost	24,748,783	(226,809)	19,594	24,502,380
Right to use assets that are amortized:				
Equipment	943,345	313,441	0	1,256,786
Less accumulated amortization:				
Equipment	305,868	229,838	0	535,706
Net amortizable historical cost	637,477	83,603	0	721,080
GRAND TOTAL - NET	$ 25,753,054	$ 330,392	$ 493,192	$ 25,590,254

Depreciation and amortization were allocated to the following programs as follows:

General support	$ 235,421
Instruction	816,245
Pupil transportation	61,472
School lunch program	49,367
TOTAL	$ 1,162,505

NOTE 6 – LONG-TERM DEBT

Interest paid	$ 466,660
Less interest accrued in the prior year	19,212
Plus interest accrued in the current year	14,625
Total expense	$ 462,073

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Serial bond payable	$ 9,135,825	$ 0	$ 1,200,825	$ 7,935,000	$ 1,275,000
Lease purchase obligations	600,683	313,441	229,838	684,286	231,471
Other liabilities:					
Other post-employment benefits	77,561,682	0	10,520,973	67,040,709	0
Compensated absences, net	1,137,583	143,855	0	1,281,438	102,515
Total long-term liabilities	$ 88,435,773	$ 457,296	$ 11,951,636	$ 76,941,433	$ 1,608,986

The current portion (amount due within one year) of other post-employment benefits as of June 30, 2026, was not determinable.

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

Description of Issue	Date of Issue	Final Maturity	Interest Rate	Outstanding at June 30, 2026
Serial bond - 2011	6/8/2011	2030	3.00-5.00%	$ 2,850,000
Serial bond - 2024	7/25/2024	2040	4.90451%	490,000
Serial bond - 2018	6/7/2018	2033	5.00%	3,570,000
Serial bond - 2020	5/26/2020	2035	2.25-2.375%	1,025,000
TOTAL				$ 7,935,000

	Principal	Interest	Total
Fiscal year ended June 30,			
2027	$ 1,275,000	$ 368,306	$ 1,643,306
2028	1,330,000	307,369	1,637,369
2029	1,395,000	243,700	1,638,700
2030	1,465,000	176,912	1,641,912
2031	735,000	106,625	841,625
2032 - 2036	1,275,000	153,394	1,428,394
2037 - 2040	460,000	17,875	477,875
Totals	$ 7,935,000	$ 1,374,181	$ 9,309,181

NOTE 6 – LONG-TERM DEBT – (CONTINUED)

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

The following is a summary of long-term leases:

Description of Issue	Date of Issue	Final Maturity	Interest Rate	Outstanding at June 30, 2026
Lease liability - Bus	1/5/2023	2027	5.150%	$ 14,694
Lease liability - Bus	6/8/2026	2030	4.580%	247,417
Lease liability - Bus	6/30/2023	2027	5.150%	23,843
Lease liability - Meter	11/4/2022	2027	2.700%	2,331
Lease liability - Bus	7/1/2024	2029	5.620%	162,722
Lease liability - Bus	11/15/2024	2029	4.550%	181,234
Lease liability - Copier	3/15/2024	2029	2.700%	52,045
TOTAL				$ 684,286

Principal and interest payments due on leases are as follows:

	Principal	Interest	Total
Fiscal year ended June 30,			
2027	$ 231,471	$ 22,008	$ 253,479
2028	192,304	18,248	210,552
2029	196,382	9,132	205,514
2030	64,129	3,076	67,205
Totals	$ 684,286	$ 52,464	$ 736,750

NOTE 7 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	$ 194,483	$ 0	$ 3,285	$ 130,000
Special Aid Funds	0	194,483	25,000	0
School Lunch Fund	0	0	5,000	0
Debt Service Fund	0	0	0	3,285
Capital Projects Fund	0	0	100,000	0
Total Governmental Activities	194,483	194,483	133,285	133,285
Custodial Fund	0	0	0	0
TOTALS	$ 194,483	$ 194,483	$ 133,285	$ 133,285

NOTE 7 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS – (CONTINUED)

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

NOTE 8 – PENSION PLANS

General Information

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Descriptions and Benefits Provided:

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. The System issues a publicly available financial report that contains financial statements and required supplementary information. The report 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 TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

NOTE 8 – PENSION PLANS – (CONTINUED)

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. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

Plan members who joined the system before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976 and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.59% of covered payroll for the TRS' fiscal year ended June 30, 2025. The District's average contribution rate was 14.75% of covered payroll for the ERS' fiscal year ended March 31, 2026.

	NYSTRS	NYSERS
2026	$ 621,326	$ 357,468
2025	620,695	319,331
2024	700,250	255,897

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2026 was $621,326 for the TRS at the contribution rate of 9.59% and $357,468 for the ERS at an average contribution rate of 14.75%.

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

Additional pension information can be found in Note 1 N.

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

The District administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the District. The plan is a single-employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes, which grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collected bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

Benefits Provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	144
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	140
Total	284

Net OPEB Liability:

The District's total OPEB liability of $67,040,709 was measured as of July 1, 2025, and was determined by an actuarial valuation as of July 1, 2024.

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.6%
Salary Increases	3.5%
Discount Rate	5.2%
Healthcare Cost Trend Rates - Medical	7.80% for 2026, decreasing each year to an ultimate rate of 3.94% for 2095 and later years.

Mortality rates for active employees were based on the Pub-2010 Mortality Table for employees, sex distinct, job category specific, headcount weighted and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

Mortality rates for retirees were based on the Pub-2010 Mortality Table for employees, sex distinct, job category specific, headcount weighted and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

The discount rate was based on Bond Buyer Weekly 20 – Bond GO Index.

Changes in the Total OPEB Liability:

Balance at June 30, 2025	$ 77,561,682
Changes for the year:	
Service cost	2,177,187
Interest	3,081,913
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions or other inputs	(13,142,705)
Benefit payments	(2,637,368)
Net changes	(10,520,973)
Balance at June 30, 2026	$ 67,040,709

The plan had the following changes since the last valuation:

- Discount rate increased from 3.93% in 2025 to 5.20% in 2026.

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) 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 (4.2%) or 1 percentage point higher (6.2%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 77,088,650	$ 67,040,709	$ 58,841,517

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 (6.8% decreasing to 2.94%) or 1 percentage point higher (8.8% decreasing to 4.94%) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 57,542,907	$ 67,040,709	$ 79,026,287

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 a negative OPEB expense of $1,884,194. 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	$ 0	$ 3,181,677
Changes of assumption or other Inputs	96,334	16,154,160
Employer contributions subsequent to the measurement date	2,671,760	0
Total	$ 2,768,094	$ 19,335,837

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

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

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

Fiscal Year Ending June 30:	
2027	$ (4,114,325)
2028	(5,393,891)
2029	(3,465,447)
2030	(2,757,280)
2031	(836,800)
Thereafter	0
Total	$ (16,567,743)

NOTE 10 – RISK MANAGEMENT

General

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

The District incurs costs related to an employee health insurance plan (Plan) sponsored by Clinton-Essex-Warren-Washington Counties BOCES and its component districts. Plan members are subjected to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustment to claims liabilities are charged or credited to expenses in the periods in which they are made.

There is a pending legal issue in which the District is involved. According to the District's counsel, the probable outcome of the cases at the present time is indeterminable. The District believes that there is a potential of liability exposure in relation to this claim.

NOTE 12 – TAX ABATEMENTS

The Counties of Essex and Warren enter into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced $-0-. The District received Payment in Lieu of Tax (PILOT) payment totaling $52,980.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the issuance date of the audit report. There were no issues to report that would have a material effect on the financial statements.

TICONDEROGA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON–GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Actual Revenues	Original Budget Variance to Final Budget Variance Over (Under)	Final Budget Variance to Actual Variance Over (Under)
REVENUES:					
Local Sources					
Real property taxes	$12,870,509	$12,870,509	$12,880,747	$ 0	$ 10,238
Real property tax items	415,878	415,878	424,592	0	8,714
Charges for services	506,949	506,949	544,509	0	37,560
Use of money and property	102,500	102,500	275,185	0	172,685
Sale of property and compensation for loss	0	0	14,355	0	14,355
Miscellaneous	202,375	202,375	542,223	0	339,848
Total Local Sources	14,098,211	14,098,211	14,681,611	0	583,400
State Sources	8,285,073	8,285,073	8,230,302	0	(54,771)
Federal Sources	100,000	100,000	103,931	0	3,931
Total Revenues	22,483,284	22,483,284	23,015,844	0	532,560
OTHER FINANCING SOURCES					
Transfers from other funds	3,285	3,285	3,285	0	0
Total Revenues and Other Financing Sources	22,486,569	22,486,569	23,019,129	$ 0	$ 532,560

See paragraph on supplementary schedules included in independent auditors' report.

TICONDEROGA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON–GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Actual Expenditures	Year-End Encumbrances	Actual Expenditures Including Encumbrances	Original Budget Variance to Final Budget Variance (Over) Under	Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under
EXPENDITURES							
General Support							
Board of Education	19,298	19,776	17,439	$ 0	$ 17,439	$ 478	$ 2,337
Central administration	235,970	236,107	235,097	35	235,132	137	975
Finance	257,203	279,255	278,445	0	278,445	22,052	810
Staff	56,759	52,926	52,600	0	52,600	(3,833)	326
Central services	1,791,027	2,129,103	1,933,433	192,719	2,126,152	338,076	2,951
Special items	545,408	512,598	512,534	0	512,534	(32,810)	64
Instructional							
Instruction, administration and improvements	541,649	504,575	497,929	0	497,929	(37,074)	6,646
Teaching – regular school	4,335,565	4,680,687	4,396,455	177,174	4,573,629	345,122	107,058
Programs for children with handicapping conditions	3,375,613	3,452,787	3,203,370	243,750	3,447,120	77,174	5,667
Teaching - special school	3,000	4,089	3,089	0	3,089	1,089	1,000
Instructional media	290,486	422,733	365,500	49,847	415,347	132,247	7,386
Pupil services	1,004,982	977,071	955,775	15,239	971,014	(27,911)	6,057
Pupil Transportation	1,051,214	815,254	791,063	8,146	799,209	(235,960)	16,045
Community Services	5,977	5,977	5,922	0	5,922	0	55
Employee Benefits	7,604,198	7,192,990	7,191,276	0	7,191,276	(411,208)	1,714
Debt Service	1,638,220	1,897,323	1,897,323	0	1,897,323	259,103	0
Total Expenditures	22,756,569	23,183,251	22,337,250	686,910	23,024,160	426,682	159,091
Other Financing Uses							
Transfers to other funds	130,000	130,000	130,000	0	130,000	0	0
Total Expenditures and Other Uses	22,886,569	23,313,251	22,467,250	$ 686,910	$ 23,154,160	$ 426,682	$ 159,091
NET CHANGE IN FUND BALANCE	(400,000)	(826,682)	551,879				
FUND BALANCE – BEGINNING	3,416,337	3,416,337	3,416,337				
FUND BALANCE – ENDING	$ 3,016,337	$ 2,589,655	$ 3,968,216				

See paragraph on supplementary schedules included in independent auditors' report.

TICONDEROGA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2026

NOTE 1 – BUDGETARY INFORMATION AND BASIS OF BUDGETING

The District's budget is prepared in accordance with the requirements of New York State Education Law and is adopted on a basis consistent with the cash receipts and disbursements method, with the exception of encumbrances, which are treated as expenditures for budgetary purposes when commitments are made. The legal level of budgetary control is at the function level within the general fund.

The accompanying budgetary comparison schedule for the general fund presents the original and final legally adopted budget and the actual results on the budgetary basis of accounting. Because the District's budgetary basis differs from accounting principles generally accepted in the United States of America (GAAP), a reconciliation to the GAAP-basis change in fund balance is presented in a separate schedule immediately following the budgetary comparison schedule.

NOTE 2 – EXPLANATION OF SIGNIFICANT BUDGET VARIANCES BETWEEN ORIGINAL BUDGET AND FINAL BUDGET AMOUNTS

The following summarizes the more significant differences between original and final budget amounts for the general fund for the year ended June 30, 2026:

General Fund

	Amount
Budgetary Revenues	
Differences – original budget to final budget:	
There were no significant variances from original budget to final budget.	
Budgetary Expenditures	
Differences – original budget to final budget	
General Support	
Central Services The district spent more on central services in such areas as heating system upgrades along with flooring replacement in various areas.	$ 338,076
Instructional	
Teaching – Special Schools The cost of administering the August Regents increased due to required testing modifications resulting in a need for additional staffing.	1,089

TICONDEROGA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2026

NOTE 2 – EXPLANATION OF SIGNIFICANT BUDGET VARIANCES BETWEEN ORIGINAL BUDGET AND FINAL BUDGET AMOUNTS – (CONTINUED)

General Fund – (Continued)

	Amount
Budgetary Expenditures – (Continued)	
Differences – original budget to final budget – (Continued)	
Instructional – (Continued)	
Instructional Media The district completed an e-Rate Category 2 project in the amount of $67,529 along with upgrading teacher computers due to savings generated by staffing changes in the guidance department.	132,247
Pupil Transportation The final budget decreased due to the school buses leases reported prior under budget code A5510210 being moved to A9788600/700 due to GASB regulations.	(235,960)
Debt Service The final budget increased due to the school buses leases reported prior under budget code A5510210 being moved to A9788600/700 due to GASB regulations.	259,103

NOTE 3 – EXPLANATION OF SIGNIFICANT VARIANCES BETWEEN FINAL BUDGET AND ACTUAL RESULTS

The following summarizes the more significant differences between final budget amounts and actual results for the general fund for the year ended June 30, 2026:

	General Fund (Over) Under
Budgetary Revenues	
Differences – Final budget to actual results	
Local Sources	
Use of Money and Property Due to ongoing higher interest rates, the district generated additional interest beyond typical returns.	$ (172,685)

TICONDEROGA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2026

NOTE 3 – EXPLANATION OF SIGNIFICANT VARIANCES BETWEEN FINAL BUDGET AND ACTUAL RESULTS – (CONTINUED)

	General Fund (Over) Under
Budgetary Revenues – (Continued)	
Differences – Final budget to actual results – (Continued)	
Local Sources – (Continued)	
Sale of Property and Compensation for Loss The district received reimbursement for a workers' compensation claim from a prior year.	(14,355)
Miscellaneous The district received donations in excess of the original budget in the amount of $394,420.	(339,848)
Budgetary Expenditures	
Differences – final budget to actual results	
General Support	
Board of Education The budget included funds for supplies purchases to support the board of education and the district clerk which were not spent.	$ 2,337
Instructional	
Instructional Media The final budget included monies that were encumbered for purchases that were unable to be completed by the end of the fiscal year. The encumbrances for these purchases have been carried over to the next fiscal year.	57,233

TICONDEROGA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

FOR THE YEARS ENDED JUNE 30, 2026, 2025, 2024, 2023, 2022, 2021, 2020, 2019 AND 2018

Measurement Date	July 1, 2025	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB Liability									
Service cost	$ 2,177,187	$ 2,231,709	$ 2,401,597	$ 3,076,036	$ 3,045,175	$ 1,945,273	$ 1,925,708	$ 1,845,132	$ 2,389,213
Interest	3,081,913	2,939,299	2,806,550	2,043,310	2,018,153	2,219,918	2,288,410	1,987,022	1,721,246
Change of benefit terms	0	0	0	0	171,171	(248,390)	0	0	0
Differences between expected and actual experience	0	(1,525,494)	0	(7,975,985)	0	4,917,545	0	4,364,658	0
Change of assumptions or other inputs	(13,142,705)	(3,125,020)	(1,345,963)	(10,382,521)	1,079,314	19,891,564	1,708,193	(2,881,116)	(7,475,750)
Benefit payments	(2,637,368)	(2,511,729)	(2,377,450)	(2,196,768)	(2,167,335)	(1,698,415)	(1,597,043)	(1,321,469)	(1,258,873)
Net change in total OPEB liability	(10,520,973)	(1,991,235)	1,484,734	(15,435,928)	4,146,478	27,027,495	4,325,268	3,994,227	(4,624,164)
Total OPEB Liability - beginning	77,561,682	79,552,917	78,068,183	93,504,111	89,357,633	62,330,138	58,004,870	54,010,643	58,634,807
Total OPEB Liability - ending	$ 67,040,709	$ 77,561,682	$ 79,552,917	$ 78,068,183	$ 93,504,111	$ 89,357,633	$ 62,330,138	$ 58,004,870	$ 54,010,643
Covered-employee payroll	$ 9,706,468	$ 9,542,936	$ 9,536,184	$ 9,080,250	$ 8,636,491	$ 7,856,064	$ 7,919,899	$ 6,716,207	$ 8,481,679
Total OPEB liability as a percentage of covered-employee payroll	690.68%	812.77%	834.22%	859.76%	1082.66%	1137.44%	787.01%	863.66%	636.79%
Plan's fiduciary net position	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Net OPEB Liability	$ 67,040,709	$ 77,561,682	$ 79,552,917	$ 78,068,183	$ 93,504,111	$ 89,357,633	$ 62,330,138	$ 58,004,870	$ 54,010,643

See paragraph on supplementary schedules included in independent auditors' report.

TICONDEROGA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE YEARS ENDED JUNE 30, 2026, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018 AND 2017

NYS Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	0.0066211%	0.0063726%	0.0067667%	0.0069231%	0.0065096%	0.0071497%	0.0072407%	0.0069095%	0.0075849%	0.0069992%
District's proportionate share of the net pension liability (asset)	$ 373,546	$ 1,092,626	$ 996,328	$ 1,484,600	$ (532,132)	$ 7,119	$ 1,917,387	$ 489,560	$ 244,799	$ 657,658
District's covered-employee payroll	2,423,760	2,239,917	2,203,156	1,831,322	2,069,733	2,069,733	2,105,251	2,129,781	2,118,458	1,870,146
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.4%	48.8%	45.2%	81.1%	25.7%	0.3%	91.1%	23.0%	11.6%	35.2%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.4%	96.3%	98.2%	94.7%

NYS Teachers' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	0.034313%	0.035601%	0.036846%	0.037268%	0.037114%	0.040298%	0.042800%	0.043617%	0.044029%	0.043472%
District's proportionate share of the net pension liability (asset)	$ (2,031,714)	$ (1,062,205)	$ 421,366	$ 715,132	$ (6,431,422)	$ 1,113,543	$ (1,111,944)	$ (788,705)	$ (334,661)	$ 465,605
District's covered-employee payroll	6,754,187	7,404,441	6,797,556	7,050,685	6,299,272	6,299,272	6,846,645	7,143,677	7,104,668	6,977,100
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.1%	14.3%	6.2%	10.1%	102.1%	17.7%	16.2%	11.0%	4.7%	6.7%
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.00%	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.70%	99.00%

See paragraph on supplementary schedules included in independent auditors' report.

TICONDEROGA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2026, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018 AND 2017

NYS Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 357,468	$ 319,331	$ 255,987	$ 228,987	$ 283,393	$ 291,435	$ 299,531	$ 327,745	$ 311,731	$ 386,916
Contributions in relation to the contractually required contribution	357,468	319,331	255,987	228,987	283,393	291,435	299,531	327,745	311,731	386,916
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 2,423,760	$ 2,239,917	$ 2,203,156	$ 1,831,322	$ 2,069,733	$ 2,069,733	$ 2,105,251	$ 2,129,781	$ 2,118,458	$ 1,870,146
Contribution as a percentage of covered-employee payroll	14.75%	14.26%	11.62%	12.50%	13.69%	14.08%	14.23%	15.39%	14.71%	20.69%

NYS Teachers' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 647,727	$ 748,589	$ 700,250	$ 647,008	$ 600,329	$ 606,010	$ 758,692	$ 696,257	$ 817,713	$ 889,506
Contributions in relation to the contractually required contribution	647,727	748,589	700,250	647,008	600,329	606,010	758,692	696,257	817,713	889,506
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 6,754,187	$ 7,404,441	$ 6,797,556	$ 7,050,685	$ 6,299,272	$ 6,299,272	$ 6,846,645	$ 7,143,677	$ 7,104,668	$ 6,977,100
Contribution as a percentage of covered-employee payroll	9.59%	10.11%	10.30%	9.18%	9.53%	9.62%	11.08%	9.75%	11.51%	12.75%

See paragraph on supplementary schedules included in independent auditors' report.

TICONDEROGA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2026

ADOPTED BUDGET	$ 22,886,569
ADDITIONS:	
Prior year's encumbrances	426,682
FINAL BUDGET	$ 23,313,251

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2026

2026-2027 voter-approved expenditure budget	$ 23,879,043
Maximum allowed (4% of 2026-2027 budget)	955,162
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	1,086,910
Unassigned fund balance	755,163
Total unrestricted fund balance	1,842,073
Less:	
Appropriated fund balance and encumbrances	1,086,910
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	$ 755,163
Actual percentage	3.2%

See paragraph on supplementary schedules included in independent auditors' report.

TICONDEROGA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

JUNE 30, 2026

			Expenditures				Methods of Financing			
Project Title	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	Local Sources	Proceeds of Obligations	Total	Fund Balances
Portico Project	$ 725,000	$ 725,000	$ 314,527	$ 373,358	$ 687,885	$ 37,115	$ 225,523	$ 500,825	$ 726,348	$ 38,463
Capital Outlay 2025	100,000	100,000	97,231	240	97,471	2,529	100,000	0	100,000	2,529
Capital Outlay 2024	100,000	100,000	97,475	0	97,475	2,525	100,000	0	100,000	2,525
Capital Outlay 2026	100,000	100,000	0	100,000	100,000	0	100,000	0	100,000	0
Leases	903,222	903,222	571,781	313,441	885,222	18,000	0	885,222	885,222	0
TOTALS	$ 1,928,222	$ 1,928,222	$ 1,081,014	$ 787,039	$ 1,868,053	$ 60,169	$ 525,523	$ 1,386,047	$ 1,911,570	$ 43,517

See paragraph on supplementary schedules included in independent auditors' report.

TICONDEROGA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

JUNE 30, 2026

CAPITAL ASSETS, NET		$ 25,590,254
DEDUCT:		
Short-term portion of leases payable	231,471	
Long-term portion of leases payable	452,815	
Short-term portion of bonds payable	1,275,000	
Long-term portion of bonds payable	6,660,000	
		8,619,286
NET INVESTMENT IN CAPITAL ASSETS		$ 16,970,968

See paragraph on supplementary schedules included in independent auditors' report.

WEST & COMPANY CPAs PC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ticonderoga Central School District as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 20, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ticonderoga Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2026-001.

Ticonderoga Central School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Ticonderoga Central School District's response to the findings identified in our audit and described in the accompanying schedule of findings. Ticonderoga Central School District's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

WEST & COMPANY CPAs PC

Gloversville, New York
October 20, 2026

TICONDEROGA CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2025

FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

FINDING 2026-001 – U. S. DEPARTMENT OF EDUCATION REJECTION OF THE JUNE 30, 2022 AUDIT REPORT

Condition

The Ticonderoga Central School District was notified by the U. S. Department of Education on September 30, 2024, that the June 30, 2022 audit report was rejected and the District must engage an auditing firm to reperform the audit.

Criteria

2 CFR 200.343(a) states that the non-federal entity must submit no later than 90 calendar days after the end date of the period of performance. Ticonderoga Central School District's SF-SAC Data Collection Form submitted for the year ended June 30, 2022, was rejected by the U. S. Department of Education.

Cause and Effect

The result of not accepting the June 30, 2022 audit submission may delay future receipt of funding from federal sources or the School District may have to refund federal monies or make other restitution that would be material to the major program.

Questions Costs

None known.

Repeat Finding

The finding is a repeat of finding 2025-001 from the prior year.

Recommendation

The School District is required to engage an independent auditing firm to reperform the June 30, 2022 audit.

Management's Response

We agree with the recommendation.

TICONDEROGA CENTRAL SCHOOL DISTRICT

5 CALKINS PLACE
TICONDEROGA, NY 12833

Scott Nephew
Superintendent of Schools
Office- (518) 585-7400, Ext. 1135
Fax- (518) 585-2682
snephew@ticonderogak12.org

Laurie A. Cossey
Business Administrator
Office- (518) 585-7400, Ext. 1134
Fax- (518) 585-2682
lcossey@ticonderogak12.org

To Whom it May Concern:

Please accept the following corrective action plan for the fiscal year ending June 30, 2026:

2026-001 U.S. Department of Education Rejection of June 30, 2022 Audit Report

Summary of finding: The District was notified by the U.S. Department of Education that the June 30, 2022 audit report was rejected and the District must engage an auditing firm to reperform the audit.

Statement of Concurrence or Nonconcurrence: We agree with the finding of the independent auditor.

Corrective Action: Ticonderoga Central School District has established a relationship with an accounting firm to file an updated report by June 30, 2027.

Contact Person: Laurie Cossey, School Business Administrator, phone (518) 585-7400, etc. 1134, fax (518) 585-2682 or email lcossey@ticonderogak12.org.

Sincerely,

Laurie A. Cossey

Laurie A. Cossey
School Business Administrator

TICONDEROGA CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2026

WEST & COMPANY CPAs PC

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Ticonderoga Central School District (the District) as of June 30, 2026, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the District as of June 30, 2026, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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.

WEST & COMPANY CPAs PC

Gloversville, New York
October 20, 2026

TICONDEROGA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2026

ASSETS		
Cash	$	66,258
TOTAL ASSETS	$	66,258
LIABILITIES AND CLUB BALANCES		
Liabilities	$	1,395
Club balances		64,863
TOTAL LIABILITIES AND CLUB BALANCES	$	66,258

See notes to financial statements.

TICONDEROGA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2026

	Balance July 1, 2025	Receipts	Disbursements	Balance June 30, 2026
Art Club	$ 655	$ 704	$ 926	$ 433
Class of 2025	6	0	6	0
Class of 2026	6,948	11,986	18,704	230
Class of 2027	11,647	6,440	4,937	13,150
Class of 2028	3,210	7,970	3,740	7,440
Class of 2029	2,284	7,874	5,023	5,135
Class of 2030	2,399	3,528	476	5,451
Class of 2031	0	6,643	3,054	3,589
FBLA Club	1,441	0	1,441	0
Foreign Language	216	0	0	216
Jr. High Drama Club	3,086	100	709	2,477
Jr. High School Music	2,523	0	0	2,523
Jr./Sr. High Yearbook	1,019	0	1,019	0
Key Club	2,597	450	1,630	1,417
National Honor Society	168	600	378	390
Sales Tax	3,071	7	1,683	1,395
Sr. High School Music	3,850	4,069	4,866	3,053
Sr. High Drama Club	9,913	13,584	13,813	9,684
Student Recognition	1,541	0	300	1,241
Student Voice	4,016	3,570	1,255	6,331
Sweethearts & Heroes Club	384	1,186	846	724
Interest	61	39	0	100
Quiz Bowl	1,189	1,250	1,160	1,279
TOTALS	$ 62,224	$ 70,000	$ 65,966	$ 66,258

See notes to financial statements.

TICONDEROGA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Funds of the Ticonderoga Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. However, since the Board of Education does exercise general oversight, these funds are reflected in the Custodial Fund of the basic financial statements of the District.

The books and records of the Ticonderoga Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

NOTE 2 – MANAGEMENT LETTER

Management letter items associated with the Extraclassroom Activity Funds are included in the management letter associated with the District's basic financial statements.

WEST & COMPANY CPAs PC

October 20, 2026

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

Re: Management Letter
June 30, 2026

In planning and performing our audit of the basic financial statements of the Ticonderoga Central School District for the year ended June 30, 2026, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and improving operating efficiency. The memorandum that follows summarizes our comments and recommendations regarding those matters. We previously reported on the District's internal control in our report dated October 20, 2026. This report does not affect our report dated October 20, 2026, on the financial statements of the Ticonderoga Central School District.

Prior-Year Comments

1) **Extraclassroom Activity Funds**

Prior Condition: During our audit, we noted that 5 clubs were fiscally inactive.

Status: At June 30, 2026 there were 2 clubs that were fiscally inactive.

Recommendation: We recommend the board review the fiscally inactive clubs and close them if no activity is going to continue.

2) **Capital Fund**

Prior Condition: During our audit, we noted that the Capital Fund books and records did not reflect lease transactions for the current fiscal year.

Status: This condition was corrected as of June 30, 2026.

Current-Year Comments

1) **Extraclassroom**

Condition: During our audit, we noted the following:

a. During our audit of extraclassroom receipts we noted, that 6 were missing the central treasurer's signature, 2 did not remit sales tax and 7 were missing profit & loss statements

b. During our audit of extraclassroom disbursements we noted, that 2 were missing the central treasurer's signature and 2 did not charge sales tax.

Recommendation: We recommend that District review NYS Education Pamphlet #2 and comply with its guidelines.

* * * * * * * * * * * * * * * * * * *

We appreciate the assistance and courtesies extended to us by your staff during our fieldwork.

Please let us know if you would like to discuss our comments and recommendations.

Very truly yours,

WEST & COMPANY CPAs PC

WEST & Company CPAs PC