ONTEORA 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
Onteora Central School District
Boiceville, 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 Onteora 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 61 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 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 62 through 64 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 September 28, 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
September 28, 2026

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2026. This section is a summary of the 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 basic financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (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 basic financial statements also include notes that provide additional information about the basic financial statements and the balances reported. Required supplementary information follows the basic statements and includes budgetary comparison schedules.

Figure A-1

Summary of the major features of the School District's basic 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.

Figure 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 not 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.

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

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 readily be 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, CM miscellaneous special revenue fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenues, expenditures and changes in fund balances.

- Fiduciary Fund: The School District is the custodian for assets that belong to others, such as the student activities 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.

Figure A-2 – Condensed Statement of Net Position

	Fiscal Year 2026	Fiscal Year 2025	Percentage Change (Incr.;-Decr.)
Assets			
Current and other assets	$ 42,574,924	$ 41,247,897	3.2%
Capital assets - net	50,768,239	46,273,937	9.7%
Total Assets	93,343,163	87,521,834	6.7%
Deferred Outflows of Resources			
Other post-employment benefits	7,160,510	0	100.0%
Pensions	8,509,586	8,678,190	-1.9%
Total Deferred Outflows of Resources	15,670,096	8,678,190	80.6%
Liabilities			
Current liabilities	3,815,437	3,972,407	-4.0%
Long-term liabilities	145,590,824	133,937,778	8.7%
Total Liabilities	149,406,261	137,910,185	8.3%
Deferred Inflows of Resources			
Other post-employment benefits	26,777,222	50,367,738	-46.8%
Pensions	6,185,516	3,922,250	57.7%
Total Deferred Inflows of Resources	32,962,738	54,289,988	-39.3%
Net Position			
Net investment in capital assets	50,743,724	46,236,256	9.7%
Restricted	19,846,491	18,006,747	10.2%
Unrestricted	(143,945,955)	(160,243,152)	10.2%
Total Net Position	$ (73,355,740)	$ (96,000,149)	23.6%

Figure A-3 – Changes in Net Position from Operating Results

	Fiscal Year 2026	Fiscal Year 2025	Percentage Change (Incr.;-Decr.)
Revenues			
Program Revenues			
Charges for services	$ 365,828	$ 344,229	6.3%
Operating grants and contributions	2,246,979	5,099,160	-55.9%
General Revenues			
Property taxes	49,579,224	48,539,797	2.1%
State formula aid	10,407,621	10,357,783	0.5%
Use of money and property	1,732,516	1,962,281	-11.7%
Sale of property and compensation for loss	557,831	12,757	4272.7%
Miscellaneous	614,431	725,168	-15.3%
Total Revenues	65,504,430	67,041,175	-2.3%
Expenses			
General support	7,449,405	6,592,731	13.0%
Instruction	29,177,987	25,640,740	13.8%
Transportation	5,248,760	4,550,152	15.4%
Community service	20,000	20,000	0.0%
Debt service	4,605	10,052	-54.2%
Cost of sales – Lunch Program	959,264	784,640	22.3%
Total Expenses	42,860,021	37,598,315	14.0%
Total Decrease in Net Position	$ 22,644,409	$ 29,442,860	-23.1%

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

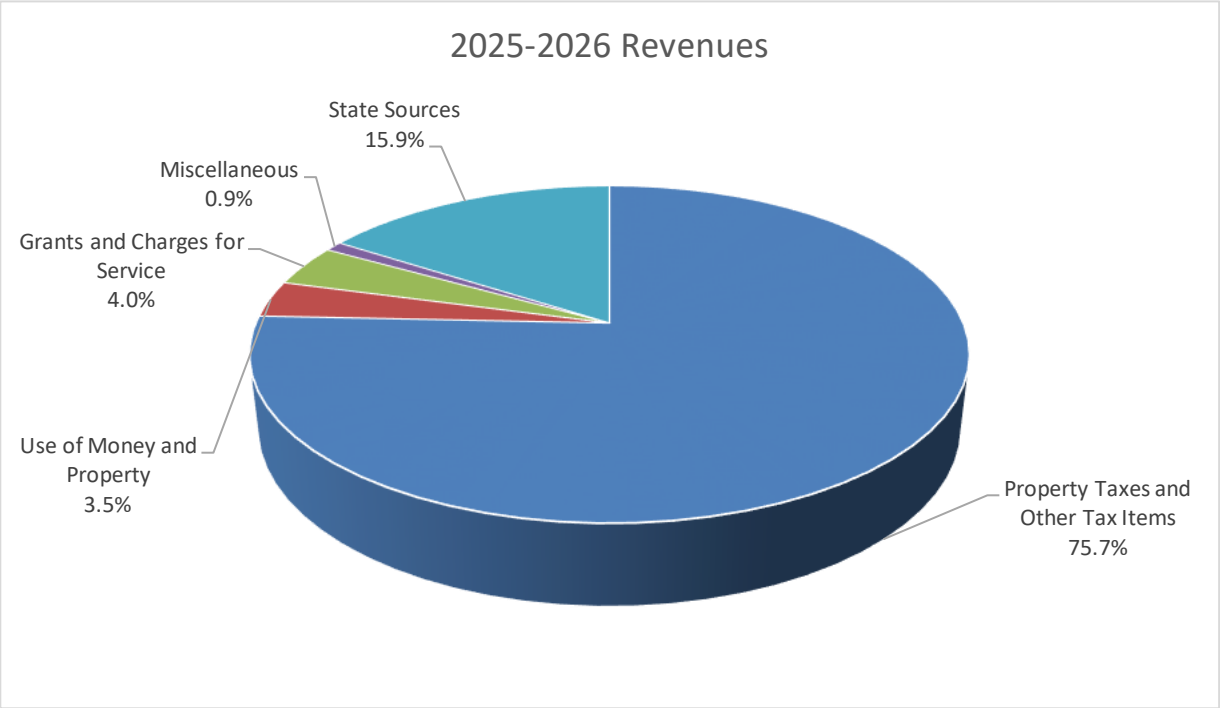


Figure A-5 – Expenses for 2026 – Total Governmental Activities

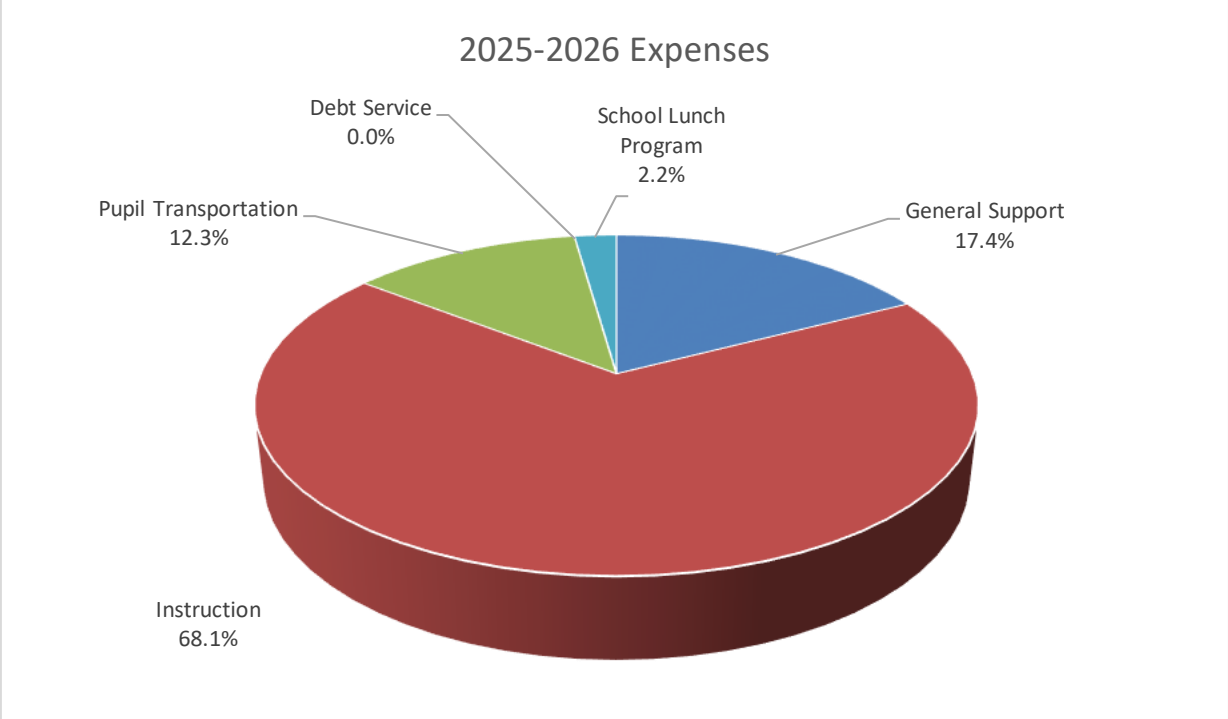


Figure A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's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

Figure A-6 – Net Cost of Governmental Activities

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2026	2025	(Incr.; -Decr.)	2026	2025	(Incr.; -Decr.)
General support	$ 7,449,405	$ 6,592,731	13.0%	$ 7,449,405	$ 6,592,731	13.0%
Instruction	29,177,987	25,640,740	13.8%	27,432,651	21,087,741	30.1%
Pupil transportation	5,248,760	4,550,152	15.4%	5,248,760	4,550,152	15.4%
Community service	20,000	20,000	0.0%	20,000	20,000	0.0%
Debt service - interest	4,605	10,052	-54.2%	4,605	10,052	-54.2%
Cost of sales - lunch program	959,264	784,640	22.3%	91,793	(105,750)	-186.8%
Totals	$ 42,860,021	$ 37,598,315		$ 40,247,214	$ 32,154,926	

DETAILED ANALYSES

Governmental Activities Overall

The School District's 2026 revenue was $65,504,430, a decrease of $1,536,745 and 2.3%. The decrease was primarily due to a decrease in federal grants. Property taxes and New York State aid accounted for the majority of revenue by contributing 72.5% and 15.9% 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 $42,860,021 for 2026. This was an increase of $5,261,706 and 14.0% over prior year. The increase was primarily due to increase in other post-employment benefits. In 2026 and 2025, 80.2% and 80.3% of expenses are for the education, supervision, and transportation of students, respectively.

Net position was $(73,355,740) as of June 30, 2026, which was an increase of $22,644,409 and 23.6% over the prior year.

General Fund

Assets in the General Fund were $31,602,058 and $33,706,843 for the fiscal years ended 2026 and 2025, respectively. The decrease of $2,104,785, or 6.24%, from year to year was primarily due to the transfer of capital reserve funds to a voter-approved capital project fund.

Liabilities in the General Fund were $3,559,078 and $6,558,073 for the fiscal years ended 2026 and 2025, respectively. The decrease of $2,998,995, or 45.73%, from year to year was primarily due to a reduction in the amount the General Fund owed the Capital Fund.

Fund balance in the General Fund was $28,042,980 and $27,148,770 for the fiscal years ended 2026 and 2025, respectively. The increase of $894,210, or 3.29%, from year to year was due to revenues exceeding expenditures.

Revenues in the General Fund were $62,996,099 and $61,689,225 for the fiscal years ended 2026 and 2025, respectively. The increase of $1,306,784, or 2.12%, from year to year was primarily due to the sale of real property (West Hurley Elementary School) and higher real property tax collections.

Expenditures in the General Fund were $57,628,477 and $55,976,686 for the fiscal years ended 2026 and 2025, respectively. The increase of $1,651,791, or 2.95%, from year to year was primarily due to increases in employee benefits and interfund transfers.

Special Aid Fund

Assets in the Special Aid Fund were $1,209,385 and $1,173,033 for the fiscal years ended 2026 and 2025, respectively. The increase of $36,352, or 3.10%, from year to year was due to higher amounts due from the state government.

Liabilities in the Special Aid Fund were $1,209,385 and $1,173,033 for the fiscal years ended 2026 and 2025, respectively. The increase of $36,352, or 3.10%, from year to year was due to higher amounts due to other funds, consistent with the increase in amounts due from the state government.

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 $1,531,103 and $4,365,503 for the fiscal years ended 2026 and 2025, respectively. The decrease of $2,834,400, or 64.93%, from year to year was due to reduced grant funding received by the District, with the loss of the ARP grant representing the largest decrease.

Expenditures in the Special Aid Fund were $1,580,865 and $2,017,056 for the fiscal years ended 2026 and 2025, respectively. The decrease of $436,191, or 21.63%, from year to year was due to reduced grant-funded program activity, driven primarily by the loss of the ARP grant.

School Lunch Fund

Assets in the School Lunch Fund were $790,162 and $568,177 for the fiscal years ended 2026 and 2025, respectively. The increase of $221,985, or 39.07%, from year to year was primarily due to increased cash resulting from amounts borrowed from the General Fund.

Liabilities in the School Lunch Fund were $554,603 and $282,276 for the fiscal years ended 2026 and 2025, respectively. The increase of $272,327, or 96.48%, from year to year was due to a higher amount due to the General Fund related to these borrowings.

Fund balance in the School Lunch Fund was $235,559 and $285,901 for the fiscal years ended 2026 and 2025, respectively. The decrease of $50,342, or 17.61%, from year to year was due to expenditures exceeding revenues.

Revenues in the School Lunch Fund were $867,710 and $898,870 for the fiscal years ended 2026 and 2025, respectively. The decrease of $31,160, or 3.47%, from year to year was primarily due to the absence of donations received in 2026.

Expenditures in the School Lunch Fund were $1,253,052 and $1,210,884 for the fiscal years ended 2026 and 2025, respectively. The increase of $42,168, or 3.48%, from year to year was primarily due to increased employee benefit costs.

Capital Fund

Assets in the Capital Fund were $5,134,068 and $7,613,703 for the fiscal years ended 2026 and 2025, respectively. The decrease of $2,479,635, or 32.57%, from year to year was primarily due to the closeout of certain capital projects and a reduction in amounts due from other funds.

Liabilities in the Capital Fund were $278,439 and $697,343 for the fiscal years ended 2026 and 2025, respectively. The decrease of $418,904, or 60.07%, from year to year was primarily due to the closeout of projects and the reduction of related obligations in advance of the upcoming consolidation capital project.

Fund balance in the Capital Fund was $4,855,629 and $6,916,360 for the fiscal years ended 2026 and 2025, respectively. The decrease of $2,060,731, or 29.80%, from year to year was primarily due to the closeout of certain capital projects.

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

Expenditures in the Capital Fund were $6,149,381 and $4,759,698 for the fiscal years ended 2026 and 2025, respectively. The increase of $1,389,683, or 29.20%, from year to year was primarily due to the final closeout of certain capital projects.

CM Misc. Special Revenue Fund

Assets in the CM Misc. Special Revenue Fund were $88,037 and $87,039 for the fiscal years ended 2026 and 2025, respectively. The increase of $998, or 1.15%, from year to year was due to higher donation balances.

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

Fund balance in the CM Misc. Special Revenue Fund was $88,037 and $87,039 for the fiscal years ended 2026 and 2025, respectively. The increase of $998, or 1.15%, from year to year was due to increased donations.

Revenues in the CM Misc. Special Revenue Fund were $109,518 and $87,577 for the fiscal years ended 2026 and 2025, respectively. The increase of $21,941, or 25.05%, from year to year was due to higher individual donations designated for senior awards.

Expenditures in the CM Misc. Special Revenue Fund were $108,520 and $82,285 for the fiscal years ended 2026 and 2025, respectively. The increase of $26,235, or 31.88%, from year to year was due to increases in both the dollar amount of certain awards and the number of recipients.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

As of June 30, 2026, the School District had $50,768,239 invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment, net of accumulated depreciation.

Capital Assets

Figure A-7 – Capital Assets (Net of Accumulated Depreciation)

	Fiscal Year 2026	Fiscal Year 2025
Land	$ 20,626	$ 20,626
Construction in progress	10,867,990	4,718,609
Buildings, furniture and equipment	39,879,623	41,534,702
Totals	$ 50,768,239	$ 46,273,937

The District's capital assets were higher on June 30, 2026, than they were the year before, increasing by $4,494,302. This change in capital assets occurred due to the ongoing capital projects and related depreciation.

Long-Term Debt

As of June 30, 2026, the School District had $145,010,361in 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.

Figure A-8 – Outstanding Long-Term Debt

	Fiscal Year 2026	Fiscal Year 2025
Other debt	$ 145,010,361	$ 131,616,127
Totals	$ 145,010,361	$ 131,616,127

During 2026, the School District added no new bonds and paid down its debt by retiring $13,166 of outstanding installment purchase debt. Other debt represented judgment and claims, compensated absences and other post-employment benefits.

The District has a Moody's Bond Rating of Aa2/No Outlook.

Table A-9 – Other Information

Onteora Central School District's enrollment for the past 5 years is as follows:

2021-2022	1,114
2022-2023	1,091
2023-2024	1,049
2024-2025	1,007
2025-2026	1,001

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

For 2025-2026, the District saw favorable year-end operating results, with revenues exceeding expenditures by $2 million. The largest area of revenue increase was interest income that is still high, despite analysts' expectations of rate decreases. That coupled with lower-than-expected expenditure in areas such as Special Education, Transportation and Benefits has helped fuel this positive outcome. The District is using the year end surplus to fund a new Capital Reserve that the voters approved as part of the May 2026 budget vote.

Although the financial statements primarily reflect the District's financial position and activity for the current fiscal year, two significant long-term factors should be considered in evaluating the District's financial condition: continued enrollment decline and the planned consolidation of the District from three buildings to two**.**

Declining enrollment is expected to affect future staffing, instructional programming, transportation, facilities and other operating costs. The District will continue to monitor enrollment trends and evaluate whether the current cost structure is sustainable as enrollment changes. Costs for employee salaries and benefits, such as health insurance, retirement and workers' compensation, continue to account for a substantial portion of the budget.

In December 2025, the District voters approved a $41.9 million Capital Project. The Capital Project will be funded by $15 million in cash and a planned borrowing of $26.9 million. This project will add 8 new classrooms and additional restrooms to the Bennett Elementary School. In addition, there will be a new larger art room, expanded library, security vestibule next to a relocated main office, a newly redesigned drop off-pick up area and a safer outdoor play location. At the MS/HS, science classrooms will be modernized, the health office will be updated, and the drainage and accessibility will be improved at the outdoor sports field. The HS/MS track was resurfaced over the summer of 2026.

Upon completion of this project in August 2028, the District will no longer use Woodstock as instructional space and will consolidate all K-12 students into a single campus in Boiceville, NY. Similar to the Phoenicia school, the District hopes to work with the Town of Woodstock to see what, if any, potential community use can be done with the building. This planned consolidation will streamline operations, eliminate duplication and create greater efficiencies over time. This consolidation will also come with increased expenditures in the form of annual debt payments.

On the downside, the District is still facing the potential loss of Foundation Aid. Though the Governor seems to have put her plan to eliminate the Hold Harmless provision of the Foundation Aid formula on hold, there is still the potential of a reduction, or at the very least, limited increases. If the formula does not change the District could lose $7 million of the little over $7.6 million it receives in Foundation Aid. This represents over 10% of Onteora' s revenue. With the Tax Levy Limit still in existence, the District would have no way of replacing this lost revenue without a tax override, which would require a 60% supermajority to pass and has historically not passed.

For the 2026-2027 school year, the District is looking at increased costs for health insurance, utilities and transfer to capital. An additional $1 million over the typical $2.5 million of fund balance to help balance the budget is being used to complete a project at the MS/HS that replaces the elevator that is currently unusable and is over 50 years old, renovate the MS gym floor and remove asbestos in certain areas of the HS.

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:

Monica LaClair, CPA
Assistant Superintendent for Business
Onteora Central School District
4166 State Route 28
Boiceville, New York 12412

ONTEORA CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2026

ASSETS	
Cash	
Unrestricted	$ 15,264,539
Restricted	19,846,491
Receivables	
State and Federal aid	1,627,465
Other receivables	48,782
Inventories	23,527
Net pension asset - proportionate share	5,764,120
Capital assets, net of depreciation	50,768,239
Total Assets	93,343,163
DEFERRED OUTFLOWS OF RESOURCES	
Other post-employment benefits	7,160,510
Pensions	8,509,586
Total Deferred Ouflows of Resources	15,670,096
LIABILITIES	
Payables	
Accounts payable	981,766
Accrued liabilities	296,785
Due to other governments	1,474
Long-term liabilities	
Due and payable within one year	
Compensated absences payable	210,079
Due to Teachers' Retirement System	2,075,386
Due to Employees' Retirement System	234,343
Installment purchase debt	15,604
Due and payable after one year	
Installment purchase debt	8,911
Judgment and claim	988,311
Other post-employment benefits	141,663,324
Net pension liability - proportionate share	806,146
Compensated absences payable	2,124,132
Total Liabilities	149,406,261
DEFERRED INFLOWS OF RESOURCES	
Other post-employment benefits	26,777,222
Pensions	6,185,516
Total Deferred Inflows of Resources	32,962,738
NET POSITION	
Net investment in capital assets	50,743,724
Restricted	
Unemployment insurance reserve	749,004
Retirement contribution reserve fund - TRS	2,058,165
Capital reserve	11,540,220
Repair reserve	33,674
Retirement contribution reserve fund - ERS	3,880,749
Employee benefit accrued liability reserve	1,584,679
Unrestricted	(143,945,955)
Total Net Position	$ (73,355,740)

See notes to basic financial statements.

ONTEORA CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2026

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
General support	$ 7,449,405	$ 0	$ 0	$ (7,449,405)
Instruction	29,177,987	(214,233)	(1,531,103)	(27,432,651)
Pupil transportation	5,248,760	0	0	(5,248,760)
Debt service	4,605	0	0	(4,605)
Community service	20,000	0	0	(20,000)
School lunch program	959,264	(151,595)	(715,876)	(91,793)
Total Functions and Programs	$ 42,860,021	$ (365,828)	$ (2,246,979)	(40,247,214)
GENERAL REVENUES				
Real property taxes				48,148,534
Other tax items				1,430,690
Use of money and property				1,732,516
Sale of property and compensation for loss				557,831
Miscellaneous				614,431
State sources				10,407,621
Total General Revenues				62,891,623
CHANGE IN NET POSITION				22,644,409
TOTAL NET POSITION - BEGINNING OF YEAR				(96,000,149)
TOTAL NET POSITION - END OF YEAR				$ (73,355,740)

See notes to basic financial statements.

ONTEORA CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2026

	General	Special Aid	School Lunch	CM Misc. Special Revenue	Capital	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 9,209,354	$ 374,987	$ 673,374	$ 88,037	$ 4,918,787	$ 15,264,539
Restricted	19,846,491	0	0	0	0	19,846,491
Due from other funds	1,811,762	0	0	0	201,144	2,012,906
State and Federal aid	705,709	834,398	87,358	0	0	1,627,465
Other receivables	28,742	0	5,903	0	14,137	48,782
Inventories	0	0	23,527	0	0	23,527
TOTAL ASSETS	$ 31,602,058	$ 1,209,385	$ 790,162	$ 88,037	$ 5,134,068	$ 38,823,710
LIABILITIES						
Accounts payable	$ 752,575	$ 863	$ 0	$ 0	$ 228,328	$ 981,766
Accrued liabilities	295,630	0	0	0	0	295,630
Due to other funds	201,144	1,208,522	553,129	0	50,111	2,012,906
Due to other governments	0	0	1,474	0	0	1,474
Due to Employees' Retirement System	234,343	0	0	0	0	234,343
Due to Teachers' Retirement System	2,075,386	0	0	0	0	2,075,386
Total Liabilities	3,559,078	1,209,385	554,603	0	278,439	5,601,505
FUND BALANCE						
Nonspendable						
Inventory	0	0	23,527	0	0	23,527
Restricted						
Unemployment insurance reserve	749,004	0	0	0	0	749,004
Retirement contribution reserve fund - TRS	2,058,165	0	0	0	0	2,058,165
Capital reserve	11,540,220	0	0	0	0	11,540,220
Repair reserve	33,674	0	0	0	0	33,674
Retirement contribution reserve fund - ERS	3,880,749	0	0	0	0	3,880,749
Employee benefit accrued liability reserve	1,584,679	0	0	0	0	1,584,679
Assigned	4,641,873	0	212,032	88,037	4,855,629	9,797,571
Unassigned	3,554,616	0	0	0	0	3,554,616
Total Fund Balance	28,042,980	0	235,559	88,037	4,855,629	33,222,205
TOTAL LIABILITIES AND FUND BALANCE	$ 31,602,058	$ 1,209,385	$ 790,162	$ 88,037	$ 5,134,068	$ 38,823,710

See notes to basic financial statements.

ONTEORA 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)	$ 33,222,205
Add:	
Land, building and equipment, net of accumulated depreciation	50,768,239
Pensions	7,282,044
Total	58,050,283
Deduct:	
Accrued interest	1,155
Compensated absences	2,334,211
Other post-employment benefits	161,280,036
Judgment and claim	988,311
Installment purchase debt	24,515
Total	164,628,228
NET POSITION, GOVERNMENTAL ACTIVITIES	$ (73,355,740)

See notes to basic financial statements.

ONTEORA 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	CM Misc. Special Revenue	Capital	Total Governmental Funds
REVENUES						
Real property taxes	$ 48,148,534	$ 0	$ 0	$ 0	$ 0	$ 48,148,534
Other tax items	1,430,690	0	0	0	0	1,430,690
Charges for services	214,233	0	0	0	0	214,233
Use of money and property	1,731,558	0	88	870	0	1,732,516
Sale of property and compensation for loss	557,831	0	0	0	0	557,831
Miscellaneous	505,632	0	151	108,648	0	614,431
State sources	10,407,621	619,437	218,793	0	0	11,245,851
Federal sources	0	911,666	456,478	0	0	1,368,144
Surplus food	0	0	40,605	0	0	40,605
Sales - school lunch	0	0	151,595	0	0	151,595
Total Revenues	62,996,099	1,531,103	867,710	109,518	0	65,504,430
EXPENDITURES						
General support	7,104,484	0	0	108,520	0	7,213,004
Instruction	26,908,898	1,499,788	0	0	0	28,408,686
Pupil transportation	5,004,058	75,674	0	0	0	5,079,732
Community service	20,000	0	0	0	0	20,000
Employee benefits	18,572,436	5,403	351,875	0	0	18,929,714
Debt service						
Principal	13,166	0	0	0	0	13,166
Interest	5,435	0	0	0	0	5,435
Cost of sales	0	0	901,177	0	0	901,177
Capital outlay	0	0	0	0	6,149,381	6,149,381
Total Expenditures	57,628,477	1,580,865	1,253,052	108,520	6,149,381	66,720,295
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,367,622	(49,762)	(385,342)	998	(6,149,381)	(1,215,865)
OTHER FINANCING SOURCES AND USES						
Operating transfers in	15,994	49,762	335,000	0	4,104,644	4,505,400
Operating transfers (out)	(4,489,406)	0	0	0	(15,994)	(4,505,400)
Total Other Financing Sources (Uses)	(4,473,412)	49,762	335,000	0	4,088,650	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	894,210	0	(50,342)	998	(2,060,731)	(1,215,865)
FUND BALANCE - BEGINNING OF YEAR	27,148,770	0	285,901	87,039	6,916,360	34,438,070
FUND BALANCE - END OF YEAR	$ 28,042,980	$ 0	$ 235,559	$ 88,037	$ 4,855,629	$ 33,222,205

See notes to basic financial statements.

ONTEORA 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		$ 65,504,430
EXPENDITURES	66,720,295	
Add:		
Depreciation	2,138,026	
Increase in judgment and claims	331,461	
Increase in compensated absences	22,946	
	2,492,433	
Deduct:		
Fixed assets additions	6,632,328	
Decrease in accrued interest	830	
Other post-employment benefits	17,698,033	
Pensions	2,008,350	
Principal payments of long-term debt	13,166	
	26,352,707	
EXPENDITURES - STATEMENT OF ACTIVITIES		42,860,021
CHANGE IN NET POSITION		$ 22,644,409

See notes to basic financial statements.

ONTEORA CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2026

	Custodial Funds
ASSETS	
Cash	$ 61,125
Total Assets	$ 61,125
NET POSITION	
Reserved for extraclassroom activity	$ 61,125

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2026

ADDITIONS	
Extraclassroom receipts	$ 54,300
Total Additions	54,300
DEDUCTIONS	
Extraclassroom disbursements	44,355
Total Deductions	44,355
CHANGE IN NET POSITION	9,945
NET POSITION - BEGINNING OF YEAR	51,180
NET POSITION - END OF YEAR	$ 61,125

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Onteora 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 Onteora 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 seven 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 basic 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 included with these basic financial statements. The District accounts for assets held as a custodian for various student organizations in a Custodial Fund.

B) Joint Venture

The District is a component district in the Ulster County 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 $5,191,364 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued no serial bonds on behalf of BOCES. As of year-end, the District had no outstanding BOCES debt.

The District's share of BOCES aid amounted to $693,383.

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) Funds Statements

The funds 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.

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, child nutrition or 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.

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.

Miscellaneous Special Revenue Fund: Miscellaneous Special Revenue Fund is used to account for those revenues that are legally restricted to expenditures for a specific purpose.

The District reports the following fiduciary fund:

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.

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.

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

D) Measurement Focus and Basis of Accounting – (Continued)

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 November 4.

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.

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.

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

G) Interfund Transactions – (Continued)

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 9 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.

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

J) Receivables

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

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

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 amounts 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 or estimated historical costs, based on appraisals conducted by independent third-party professionals. 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	$ 5,000	Straight-line	40
Building improvements	5,000	Straight-line	20
Furniture and equipment	5,000	Straight-line	5-15

M) 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.

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

M) Deferred Outflows and Inflows of Resources – (Continued)

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 two items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (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 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)	$ (806,146)	$ 5,764,120
District's portion of the Plan's total net pension asset (liability)	(0.0142889)%	0.097349%
Change in proportion since the prior measurement date	(0.0006766)%	(0.006006)%

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

M) 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 $864,695 for ERS and $309,041 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	$ 461,324	$ 3,021,684	$ 0	$ 0
Changes of assumptions	138,380	2,281,836	0	62,147
Net difference between projected and actual earnings on pension plan investments	0	0	1,445,465	4,501,763
Changes in proportion and differences between the District's contributions and proportionate share of contributions	135,682	408,455	176,141	0
District's contributions subsequent to the measurement date	234,343	1,827,882	0	0
Total	$ 969,729	$ 7,539,857	$ 1,621,606	$ 4,563,910

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:

	ERS	TRS
Year ended:		
2027	$ 303,480	$ (1,137,089)
2028	(536,615)	(1,223,706)
2029	(328,252)	(201,232)
2030	(324,833)	559,101
2031	0	119,827
Thereafter	0	0

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

M) 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 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)

M) 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)

M) 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)	$(5,505,758)	$ (806,146)	$ 3,122,937

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension asset (liability)	$(11,075,829)	$ 5,764,120	$19,934,060

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 $234,343.

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

M) 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 $2,075,386.

Additional pension information can be found in Note 10.

N) 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 no unearned revenue at June 30, 2026.

O) 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 funds 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)

P) 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.

Q) 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.

R) 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 funds financial statements when due.

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

R) Accrued Liabilities and Long-Term Obligations – (Continued)

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.

S) 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 classification 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 $23,527.

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.

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

S) Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

The School District has established the following restricted fund balances:

Currently Utilized by School District:

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund under Restricted Fund Balance.

Repairs

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund under Restricted Fund Balance.

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.

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

S) Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Capital

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

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.

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

S) Equity Classifications – (Continued)

Funds Statements – (Continued)

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.

Order of Use of Fund Balance

The District's policy is to annually determine the appropriate use of fund balance upon recommendation of the Superintendent and Board of Education.

T) 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.

U) 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 School 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.

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. The amounts shown below represent:

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) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the 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. Supplemental appropriations occurred during the year, see supplementary information on page 62.

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

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

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as 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 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)

Excess Fund Balance – Real Property Tax Law Limit

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year.

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.

As of June 30, 2026, all District bank balances were collateralized with a third-party bank with the collateral held in the District's name.

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	17,777,363

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 $19,846,491 within the governmental funds and $61,125 within the fiduciary funds.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in foreign currency and is not exposed to foreign currency risk.

NOTE 5 – INVESTMENT POOL

The District participates in multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, § 119-O, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2026, the School District held $22,292,389 in investments consisting of various investments in securities issued by the United States and its agencies. The investments are highly liquid and considered to be cash equivalents. The following amounts are included as unrestricted cash:

Fund	Amount
General	$22,292,389

The above amount represents the cost of the investment pool shares and is considered to approximate fair value. The investment pools are SEC registered and categorically exempt from the New York State collateralization requirements.

NOTE 6 – 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	$ 20,626	$ 0	$ 0	$ 20,626
Construction in process	4,718,609	6,149,381	0	10,867,990
Total nondepreciable historical cost	4,739,235	6,149,381	0	10,888,616
Capital assets that are depreciated:				
Land improvements	2,806,121	0	0	2,806,121
Building and improvements	57,684,757	0	926,700	56,758,057
Furniture and equipment	5,498,986	567,685	319,305	5,747,366
Total depreciable historical cost	65,989,864	567,685	1,246,005	65,311,544
Less accumulated depreciation:				
Buildings, furniture and equipment	24,455,162	2,138,026	1,161,267	25,431,921
Total accumulated depreciation	24,455,162	2,138,026	1,161,267	25,431,921
Net depreciable historical cost	41,534,702	(1,570,341)	84,738	39,879,623
Total historical cost, net	$ 46,273,937	$ 4,579,040	$ 84,738	$ 50,768,239

Depreciation was allocated to the following programs as follows:	
General support	$ 362,988
Instruction	1,451,478
Pupil transportation	259,538
School lunch program	64,022
Total	$ 2,138,026

NOTE 7 – SHORT-TERM DEBT

The District had no short-term debt for the year ended June 30, 2026.

NOTE 8 – LONG-TERM DEBT

Interest on long-term debt for the year was composed of:

Interest paid	$ 5,435
Less interest accrued in the prior year	(1,985)
Plus interest accrued in the current year	1,155
Total expense	$ 4,605

NOTE 8 – LONG-TERM DEBT – (CONTINUED)

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:					
Installment purchase debt	$ 37,681	$ 0	$ 13,166	$ 24,515	$ 15,604
Other liabilities:					
Judgment and claim	656,850	331,461	0	988,311	0
Other post-employment benefits	128,610,331	13,052,993	0	141,663,324	0
Compensated absences, net	2,311,265	22,946	0	2,334,211	210,079
Total other liabilities	131,578,446	13,407,400	0	144,985,846	210,079
TOTAL LONG-TERM LIABILITIES	$ 131,616,127	$ 13,407,400	$ 13,166	$ 145,010,361	$ 225,683

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

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2026
Installment Purchase Debt	2023	2028	17.10%	$ 24,515

The following is a summary of maturing debt service requirements:

	Principal	Interest	Total
Fiscal year ended June 30,			
2027	$ 15,604	$ 2,998	$ 18,602
2028	8,911	445	9,356
TOTALS	$ 24,515	$ 3,443	$ 27,958

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	$ 1,811,762	$ 201,144	$ 15,994	$ 4,489,406
Special Aid Fund	0	1,208,522	49,762	0
School Lunch Fund	0	553,129	335,000	0
Capital Projects Fund	201,144	50,111	4,104,644	15,994
Total Governmental Activities	2,012,906	2,012,906	4,505,400	4,505,400
Custodial Fund	0	0	0	0
TOTALS	$ 2,012,906	$ 2,012,906	$ 4,505,400	$ 4,505,400

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.

Interfund Revenues and Expenditures

Capital Fund revenue is for local share of various projects.

School Lunch Fund revenue is for the operation of the Food Program.

Special Aid Fund revenue is for the General Fund required portion of the 4408 program.

General Fund expenditures are for transfer of capital reserve, food operation and local share of 4408 costs.

NOTE 10 – 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.

NOTE 10 – PENSION PLANS – (CONTINUED)

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.

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.

NOTE 10 – PENSION PLANS – (CONTINUED)

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 16.03% of covered payroll for the ERS' fiscal year ended March 31, 2026.

	NYSTRS	NYSERS
2025-2026	$ 1,827,882	$ 868,164
2024-2025	1,924,430	777,063
2023-2024	1,916,475	724,956

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2026 was $1,827,882 for the TRS at the contribution rate of 9.59% and $868,164 for the ERS at an average contribution rate of 16.03%.

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 M.

NOTE 11 – 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.

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

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	314
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	279
Total	593

Net OPEB Liability:

The District's total OPEB liability of $141,663,324 was measured as of June 30, 2026, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 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	2.60%
Salary Increases	Varied by years of service and retirement system
Discount Rate	4.32%
Healthcare Cost Trend Rates	6.75% for 2025, decreasing to an ultimate rate of 4.04% by 2075.

The discount rate was based on the S & P Municipal Bond 20-Year High Grade Index.

Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for the ERS Group) projected fully generationally using the MP-2021.

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Changes in the Total OPEB Liability:

Balance at June 30, 2025	$ 128,610,331
Changes for the year:	
Service cost	3,059,794
Interest	6,211,040
Changes in benefit terms	0
Differences between expected and actual experience	(23,122)
Changes in assumptions or other inputs	8,950,637
Benefit payments	(5,145,356)
Net changes	13,052,993
Balance at June 30, 2026	$ 141,663,324

Changes Since Prior Valuation

The following assumptions have been updated since that last full valuation:

- Change in the discount rate from 4.81% in 2025 to 4.32% in 2026.

Economic Assumptions

The three economic assumptions used in the valuation are discount rate, health care cost trend rates, and payroll growth. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

Discount Rate

GASB 75 specifies that the discount rate should be selected based on yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The municipal bond index as of the prior and current measurement dates are as shown below:

Bond Index	June 30, 2025	June 30, 2026
S & P Municipal Bond 20-Year High Grade Index	4.81%	4.32%

As prescribed by GASB 75, since the District does not fund the plan, the discount rate is set equal to the 20-year municipal bond index, which are 4.81% as of June 30, 2025 and 4.32% as of June 30, 2026.

NOTE 11 – 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 (3.32%) or 1 percentage point higher (5.32%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 163,067,558	$ 141,663,324	$ 124,299,091

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 (5.75% decreasing to 3.04%) or 1 percentage point higher (7.75% decreasing to 5.04%) than the current healthcare cost trend rate:

	1% Decrease (5.75% Decreasing to 3.04%)	Healthcare Cost Trend Rates (6.75% Decreasing to 4.04%)	1% Increase (7.75% Decreasing to 5.04%)
Total OPEB Liability	$ 120,717,532	$ 141,663,324	$ 168,213,700

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 $17,698,033. 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	$ 17,248,132
Changes of assumptions or other inputs	7,160,510	9,529,090
Total	$ 7,160,510	$ 26,777,222

NOTE 11 – 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	$ (11,049,310)
2028	(5,408,561)
2029	(4,944,344)
2030	1,785,503
2031	0
Thereafter	0
Total	$ (19,616,712)

NOTE 12 – RISK MANAGEMENT

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

Consortiums and Self Insured Plans

The District participates in Workers' Compensation Alliance, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is $666,279.

NOTE 13 – DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of scholarships.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 14 – CONTINGENCIES AND COMMITMENTS

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

NOTE 15 – TAX ABATEMENTS

The County of Ulster enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The District's property tax revenue was reduced $9,431. The School District received Payment in Lieu of Tax (PILOT) payment totaling $26,060.

NOTE 16 – 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.

ONTEORA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Actual Revenues	Orginal Budget Variance to Final Budget Variance Over (Under)	Final Budget Variance to Actual Variance Over (Under)
REVENUES:					
Local Sources					
Real property taxes	$ 49,402,800	$ 48,148,534	$ 48,148,534	$ 1,254,266	$ 0
Real property tax items	71,000	1,325,266	1,430,690	(1,254,266)	(105,424)
Charges for services	50,000	50,000	214,233	0	(164,233)
Use of money and property	500,000	500,000	1,731,558	0	(1,231,558)
Sale of property and compensation for loss	0	0	557,831	0	(557,831)
Miscellaneous	415,000	430,452	505,632	(15,452)	(75,180)
Total Local Sources	50,438,800	50,454,252	52,588,478	(15,452)	(2,134,226)
State Sources	10,631,452	10,675,680	10,407,621	(44,228)	268,059
Total Revenues	61,070,252	61,129,932	62,996,099	(59,680)	(1,866,167)
OTHER FINANCING SOURCES					
Transfers from other funds	0	0	15,994	0	(15,994)
Total Revenues and Other Financing Sources	61,070,252	61,129,932	63,012,093	$ (59,680)	(1,882,161)

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

ONTEORA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – 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	Orginal Budget Variance to Final Budget Variance Over (Under)	Final Budget Variance to Actual Variance Over (Under)
EXPENDITURES							
General Support							
Board of Education	57,650	62,503	53,228	$ 0	$ 53,228	$ 4,853	$ (9,275)
Central administration	264,463	270,255	261,452	499	261,951	5,792	(8,304)
Finance	589,176	614,776	582,422	0	582,422	25,600	(32,354)
Staff	467,944	532,933	471,467	0	471,467	64,989	(61,466)
Central services	3,542,412	4,856,319	4,213,788	356,302	4,570,090	1,313,907	(286,229)
Special items	924,479	1,572,834	1,522,127	0	1,522,127	648,355	(50,707)
Instructional							
Instruction, administration and improvements	2,564,609	2,645,887	2,470,238	509	2,470,747	81,278	(175,140)
Teaching – regular school	12,967,647	13,065,326	12,347,192	9,953	12,357,145	97,679	(708,181)
Programs for children with handicapping conditions	8,019,288	7,938,218	6,849,434	256,650	7,106,084	(81,070)	(832,134)
Occupational education	1,090,685	1,094,185	1,089,740	0	1,089,740	3,500	(4,445)
Teaching - special school	130,000	74,260	56,093	2,639	58,732	(55,740)	(15,528)
Instructional media	854,690	899,238	832,497	23,615	856,112	44,548	(43,126)
Pupil services	3,360,778	3,413,479	3,263,704	29,221	3,292,925	52,701	(120,554)
Pupil Transportation	6,093,969	5,734,339	5,004,058	0	5,004,058	(359,630)	(730,281)
Community Services	20,000	20,000	20,000	0	20,000	0	0
Employee Benefits	21,412,268	20,784,986	18,572,436	0	18,572,436	(627,282)	(2,212,550)
Debt Service	63,602	63,602	18,601	0	18,601	0	(45,001)
Total Expenditures	62,423,660	63,643,140	57,628,477	679,388	58,307,865	1,219,480	(5,335,275)
Other Financing Uses							
Transfers to other funds	1,165,000	4,551,330	4,489,406	0	4,489,406	3,386,330	(61,924)
Total Expenditures and Other Uses	63,588,660	68,194,470	62,117,883	$ 679,388	$ 62,797,271	$ 4,605,810	$ (5,397,199)
NET CHANGE IN FUND BALANCE	(2,518,408)	(7,064,538)	894,210				
FUND BALANCE – BEGINNING	27,148,770	27,148,770	27,148,770				
FUND BALANCE – ENDING	$ 24,630,362	$ 20,084,232	$ 28,042,980				

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

ONTEORA 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:	
Local Sources	
Real Property Tax Items Change in budget as STAR amount was not known at the time the budget was being proposed to the voters.	$ 1,254,266
Budgetary Expenditures	
Differences – original budget to final budget:	
General Support	
Staff The budget was increased to support additional public relations needs through Ulster BOCES for the December 2025 capital project vote.	64,989

ONTEORA 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)	
General Support – (Continued)	
Central Services The budget was increased for carryover purchase orders from the previous year and for additional year-end repairs as funds allowed.	1,313,907
Special Items The budget was increased to pay off BOCES debt in advance.	648,355
Instructional	
Teaching – Special Schools The budget was reduced due to lower-than-expected summer school enrollment, resulting in lower summer school staff salaries.	55,740

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	
Charges for Services The District received both 2024/2025 and 2025/2026 Day School Tuition during the 2025/2026 school year.	$ 164,233

ONTEORA 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)	
Use of Money and Property Interest rates are volatile, and the District has historically taken a conservative approach when budgeting expected investment interest.	1,231,558
Sale of Property and Compensation for Loss West Hurley Elementary building was sold during the 2025-2026 school year.	557,831
Miscellaneous Gifts and donations exceeded typical senior scholarship donation levels, with several larger contributions received during the period, including two donations of more than $10,000 each. Revenue from the sale of equipment included Board of Education-approved sales of surplus items. These items included a Chevy Silverado truck and a Chevy mini-bus, both of which were sold at auction. Unclassified revenues were higher than budgeted, primarily due to a CPSE administrative re-bill from 2023 totaling more than $26,000.	75,180
Budgetary Expenditures	
Differences – final budget to actual results:	
General Support	
Board of Education District opted for a single voting location and expenses were less.	$ 9,275
Staff Expenses for professional services related to the vote were less than anticipated due to the use of a new single voting location. Legal expenses were also less than anticipated because the District budgeted at the highest level historically expensed.	61,466

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

	General Fund Over (Under)
Budgetary Expenditures – (Continued)	
Differences – final budget to actual results: - (Continued)	
General Support – (Continued)	
Central Services The District budgeted for utilities and fuel using rates that were higher than average. Pitney Bowes postage was not expensed because the District used the prior-year balance. Professional services expenses for maintenance of plant were less than budgeted because the District was unable to obtain timely quotes before year-end, resulting in lower expenses.	642,531
Instructional	
Programs for Children with Handicapping Conditions Expenses were less than budgeted for salaries because certain staff left mid-year and were either not replaced or were replaced at lower salaries. BOCES services were budgeted for special education placements that were ultimately not needed. Public and private school tuition was not expensed because students moved out of the District prior to or during the school year.	1,088,784
Teaching – Special Schools Expenses for summer school non-instructional salaries and supplies were less than budgeted due to lower attendance in the program compared to prior years.	18,167
Pupil Transportation Expenses were less than budgeted for regular and summer contract services, salaries, and fuel due to a reduction in out-of-district placements and less regular runs than anticipated.	730,281
Employee Benefits Expenses were less than budgeted for health insurance because the District budgeted for the possibility that employees could move from buy-out status to family plan coverage during the school year. Additionally, ERS and TRS estimates released may vary from actual billing.	2,212,550

ONTEORA 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 Expenditures – (Continued)	
Differences – final budget to actual results: - (Continued)	
Debt Service MacroLease was paid off; Navitas principal and interest are the only remaining debt.	45,001

ONTEORA 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	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability									
Service cost	$ 3,059,794	$ 4,083,147	$ 4,010,179	$ 4,553,494	$ 6,767,339	$ 7,526,269	$ 4,937,775	$ 2,430,549	$ 2,533,651
Interest	6,211,040	6,655,879	6,393,299	6,284,861	4,906,393	5,260,087	6,533,537	4,973,061	4,649,795
Change of benefit terms	0	0	0	14,463	0	0	0	(35,267)	0
Differences between expected and actual experience	(23,122)	(22,564,414)	(533,767)	(17,387,394)	(9,327,271)	(9,567,186)	(3,032,568)	10,349,132	0
Change of assumptions or other inputs	8,950,637	(11,084,817)	(1,787,311)	(10,816,362)	(44,543,731)	(7,723,362)	46,136,618	42,213,682	(6,596,995)
Benefit payments	(5,145,356)	(4,935,527)	(4,786,750)	(4,904,560)	(5,505,237)	(5,697,078)	(4,875,043)	(4,723,398)	(4,114,743)
Net change in total OPEB liability	13,052,993	(27,845,732)	3,295,650	(22,255,498)	(47,702,507)	(10,201,270)	49,700,319	55,207,759	(3,528,292)
Total OPEB Liability - beginning	128,610,331	156,456,063	153,160,413	175,415,911	223,118,418	233,319,688	183,619,369	128,411,610	131,939,902
Total OPEB Liability - ending	$ 141,663,324	$ 128,610,331	$ 156,456,063	$ 153,160,413	$ 175,415,911	$ 223,118,418	$ 233,319,688	$ 183,619,369	$ 128,411,610
Covered-employee payroll	$ 23,949,531	$ 22,251,402	$ 23,856,853	$ 22,592,809	$ 23,675,537	$ 20,042,473	$ 22,504,259	$ 21,503,674	$ 23,006,912
Total OPEB liability as a percentage of covered-employee payroll	591.51%	577.99%	655.81%	677.92%	740.92%	1113.23%	1036.78%	853.90%	558.14%
Plan's fiduciary net position	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Net OPEB Liability	$ 141,663,324	$ 128,610,331	$ 156,456,063	$ 153,160,413	$ 175,415,911	$ 223,118,418	$ 233,319,688	$ 183,619,369	$ 128,411,610

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

ONTEORA 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 Teachers' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	0.097349%	0.103355%	0.106518%	0.107231%	0.108457%	0.109977%	0.113078%	0.115575%	0.115187%	0.116421%
District's proportionate share of the net pension liability (asset)	$ (5,764,120)	$ (3,083,698)	$ 1,218,119	$ 2,057,646	$(18,794,637)	$ 3,038,951	$ (2,937,774)	$ (2,089,892)	$ (875,537)	$ 1,246,916
District's covered-employee payroll	19,326,816	19,329,218	20,003,495	20,122,530	19,695,173	18,604,050	15,954,406	19,196,461	19,286,023	18,841,888
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.8%	16.0%	6.1%	10.2%	95.4%	16.3%	18.4%	10.9%	4.5%	6.6%
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%

NYS Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	0.0142889%	0.0149655%	0.0165818%	0.0159854%	0.0155608%	0.0150918%	0.0151825%	0.0151983%	0.0151186%	0.0150241%
District's proportionate share of the net pension liability (asset)	$ 806,146	$ 2,565,944	$ 2,441,518	$ 3,427,918	$ (1,272,027)	$ 15,028	$ 4,020,415	$ 1,076,845	$ 487,945	$ 1,411,696
District's covered-employee payroll	5,414,741	5,365,661	5,821,861	5,466,930	4,857,669	4,748,038	4,848,706	4,840,727	4,817,331	4,543,326
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.9%	47.8%	41.9%	62.7%	26.2%	0.3%	82.9%	22.2%	10.1%	31.1%
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%

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

ONTEORA 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 Teachers' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contributions in relation to the contractually required contribution	$ 1,853,442	$ 1,954,184	$ 1,952,341	$ 2,070,608	$ 1,930,127	$ 1,772,966	$ 1,413,530	$ 2,039,084	$ 1,890,030	$ 2,208,269
Contributions in relation to the contractually required contribution	1,853,442	1,954,184	1,952,341	2,070,608	1,930,127	1,772,966	1,413,530	2,039,084	1,890,030	2,208,269
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 19,326,816	$ 19,329,218	$ 20,003,495	$ 20,122,530	$ 19,695,173	$18,604,050	$15,954,406	$19,196,461	$19,286,023	$18,841,888
Contribution as a percentage of covered-employee payroll	9.59%	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%

NYS Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contributions in relation to the contractually required contribution	$ 868,164	$ 777,063	$ 724,956	$ 493,231	$ 792,194	$ 660,636	$ 730,261	$ 716,141	$ 717,452	$ 699,343
Contributions in relation to the contractually required contribution	868,164	777,063	724,956	493,231	792,194	660,636	730,261	716,141	717,452	699,343
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 5,414,741	$ 5,365,661	$ 5,821,861	$ 5,466,930	$ 4,857,669	$ 4,748,038	$ 4,848,706	$ 4,840,727	$ 4,817,331	$ 4,543,326
Contribution as a percentage of covered-employee payroll	16.03%	14.48%	12.45%	9.02%	16.31%	13.91%	15.06%	14.79%	14.89%	15.39%

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

ONTEORA 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	$ 63,588,660
ADDITIONS:	
Prior year's encumbrances	405,147
Donations	15,452
Grants	44,228
Appropriation of reserve	4,140,983
FINAL BUDGET	$ 68,194,470

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2026

2026-2027 voter-approved expenditure budget	$ 66,481,500
Maximum allowed (4% of 2026-2027 budget)	2,659,260
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	4,641,873
Unassigned fund balance	3,554,616
Total unrestricted fund balance	8,196,489
Less:	
Appropriated fund balance and encumbrances	4,641,873
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	$ 3,554,616
Actual percentage	5.3%

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

ONTEORA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2026

			Expenditures				Methods of Financing				
Project Title	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	Local Sources	State Aid	Proceeds of Obligations	Total	Fund Balances
MS/HS Renovation Part I	$ 7,572,781	$ 5,613,392	$ 1,757,272	$ 3,111,387	$ 4,868,659	$ 744,733	$ 4,868,659	$ 0	$ 0	$ 4,868,659	$ 0
MS/HS Renovation Part II	1,227,719	2,420,467	162,002	2,103,465	2,265,467	155,000	2,265,467	0	0	2,265,467	0
MS/HS Renovation Part III	0	416,549	20,762	158,218	178,980	237,569	178,980	0	0	178,980	0
MS/HS Elevator	0	349,592	28,961	236,187	265,148	84,444	1,546,893	0	0	1,546,893	1,281,745
PH/WD Ext Doors	727,236	727,236	1,108,408	25,050	1,133,458	(406,222)	1,133,766	0	0	1,133,766	308
Bennett Addition	27,694,632	27,649,632	0	531,068	531,068	27,118,564	2,914,632	0	0	2,914,632	2,383,564
Bennett Construction	10,144,876	10,144,876	0	0	0	10,144,876	848,420	0	0	848,420	848,420
HS Construction	3,892,749	3,892,749	0	0	0	3,892,749	341,592	0	0	341,592	341,592
Smart School	521,720	521,720	442,664	0	442,664	79,056	0	442,664	0	442,664	0
TOTALS	$ 51,781,713	$ 51,736,213	$ 3,520,069	$ 6,165,375	$ 9,685,444	$ 42,050,769	$ 14,098,409	$ 442,664	$ 0	$ 14,541,073	$ 4,855,629

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

ONTEORA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2026

CAPITAL ASSETS, NET		$ 50,768,239
DEDUCT:		
Short-term portion of Installment Purchase Debt	$ 15,604	
Long-term portion of Installment Purchase Debt	8,911	
		24,515
NET INVESTMENT IN CAPITAL ASSETS		$ 50,743,724

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

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
Onteora Central School District
Boiceville, 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 Onteora 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 September 28, 2026.

Report on Internal Control Over Financial Reporting

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
September 28, 2026

ONTEORA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2026

WEST & COMPANY CPAs PC

INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Onteora Central School District
Boiceville, 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 Onteora 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
September 28, 2026

ONTEORA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2026

ASSETS		
Cash	$	61,125
TOTAL ASSETS	$	61,125
LIABILITIES AND CLUB BALANCES		
Club balances	$	61,125
TOTAL LIABILITIES AND CLUB BALANCES	$	61,125

See notes to financial statements.

ONTEORA 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	$ 798	$ 154	$ 577	$ 375
Bookstore	169	0	0	169
Belleayre Bash	3,861	12,686	8,416	8,131
Class of 2026	4,542	10,216	14,758	0
Class of 2027	754	6,375	962	6,167
Class of 2028	2,050	4,978	3,046	3,982
Class of 2029	0	1,065	306	759
DECA	88	1,401	1,389	100
French Club	2,808	336	1,000	2,144
Marching Band	2,046	2,451	937	3,560
Literary Club	1,620	466	786	1,300
Model Congress	1,028	6,820	7,452	396
MS SAC	259	2,727	1,938	1,048
MS TUFS	337	0	0	337
MS Yearbook	1,489	917	0	2,406
Sales Tax	262	151	152	261
Spanish Club	1,496	200	440	1,256
HS Student Government	1,898	234	47	2,085
Theatre	13,406	275	0	13,681
HS Yearbook	11,531	2,623	1,798	12,356
HS TUFS	738	225	351	612
TOTALS	$ 51,180	$ 54,300	$ 44,355	$ 61,125

See notes to financial statements.

ONTEORA 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 Onteora 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 and their corresponding cash accounts are reflected in the Custodial Fund of the basic financial statements of the District.

The books and records of the Onteora Central School District's Extraclassroom Activities 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 accompanying the District's basic financial statements.

WEST & COMPANY CPAs PC

September 28, 2026

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

In planning and performing our audit of the financial statements of the Onteora 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 over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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. We previously reported on the District's internal control in our report dated September 28, 2026. A separate report dated September 28, 2026, contains our report on significant deficiencies or material weaknesses in the District's internal control. This letter does not affect our report dated September 28, 2026, on the financial statements of Onteora Central School District.

Our comments and recommendations for the year ended June 30, 2026, are as follows:

Prior-Year Findings

1. Disbursement Testing

Prior Condition: During our testing of disbursements in the prior year we noted that 3 of 40 purchase orders were dated after the invoice.

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

2. General Fixed Asset Group of Accounts

Prior Condition: During our review of the fixed assets, it was noted that an asset was added twice.

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

3. Extraclassroom

Prior Condition: During the testing of disbursements, we noted that the club advisor used the District's sales tax exemption, which is forbidden.

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

4. **Summer Handicap 4408**

   Prior Condition: During the review of Summer Handicap receivables, we noted that several years' worth of receivables remain on the books.

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

5. **Claims Audit Process**

   Prior Condition: We noted inconsistencies in the signatures contained on the claims packet.

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

6. **Unassigned General Fund Balance**

   Prior Condition: The District's unassigned General Fund balance at June 30, 2025, was in excess of the New York State Real Property Tax Law limit, which restricts this balance to an amount not greater than 4% of the District's appropriation budget for the upcoming year.

   Status: This condition is unchanged as of June 30, 2026.

   Recommendation: We recommend that the Board review and modify its plan to reduce the District's unassigned General Fund balance to the statutory limit.

Current-Year Findings

1. **Extraclassroom Activity Clubs**

   Condition: During our testing of Extraclassroom, we noted that someone other than the treasurer signed the receipts and DAS disbursements.

   Recommendation: The District should review its approval procedures and determine only the appropriate officer signs.

2. **Fixed Assets**

   Condition: The District does not have a formal process to account for fixed assets and reconcile the reports at yearend.

   Recommendation: The District should develop a month end process to review fixed assets and determine that all the activity has been properly included and deletions have been removed.

* * * * * * * * * *

We would like to thank the District's staff for their cooperation throughout this engagement. We are available, at any time convenient for the Board, to discuss this management letter, the basic financial statements, the single audit and any other financial matters the Board may wish to discuss.

Very truly yours,

WEST & COMPANY CPAs PC

WEST & Company CPAs PC