

CATSKILL CENTRAL SCHOOL DISTRICT

**Financial Statements and
Required Report
As of and For the Year Ended
June 30, 2025
Together with Independent Auditor's Report**

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INDEPENDENT AUDITOR'S REPORT

October 9, 2025

To the Board of Education of
Catskill Central School District:

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 Catskill Central School District (School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Catskill Central School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

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(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Responsibilities of Management for the Financial Statements (Continued)

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 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles general accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension (asset) liability and contributions – pension plans and changes in total OPEB liability, and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historic context.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Required Supplementary Information (Continued)

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

Other Information

Management is responsible for the other information included in the financial statement. The other information comprises the Schedule of Change from Original Budget to Revised Budget and the Real Property Tax Limit – General Fund, Schedule of Project Expenditures – Capital Projects Fund and the Schedule of Net Investment in Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2025, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

CATSKILL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The following is a discussion and analysis of the Catskill Central School District's (the School District) financial performance for the fiscal year ended June 30, 2025. 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 School-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The School District experienced an increase of \$2,567,763 in total net position during the year. The increase was primarily due to increases in State Aid and interest earned in revenues.
- The School District's 2024-2025 actual revenue exceed budgeted revenues by \$499,221.
- The School District's 2024-2025 expenditures including encumbrances were under expended by \$4,315,695 due to in most part to savings in pupil services, employee benefits, programs for children with handicapping conditions and regular school teaching savings due to maximizing federal and state grant funding, administrative restricting, and staffing attrition.

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 *School-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 School-wide statements.
- The *governmental funds statements* tell how basic services, such as special education, were financed in the *short-term*.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-1 shows how the various sections of this annual report are arranged and related to one another.

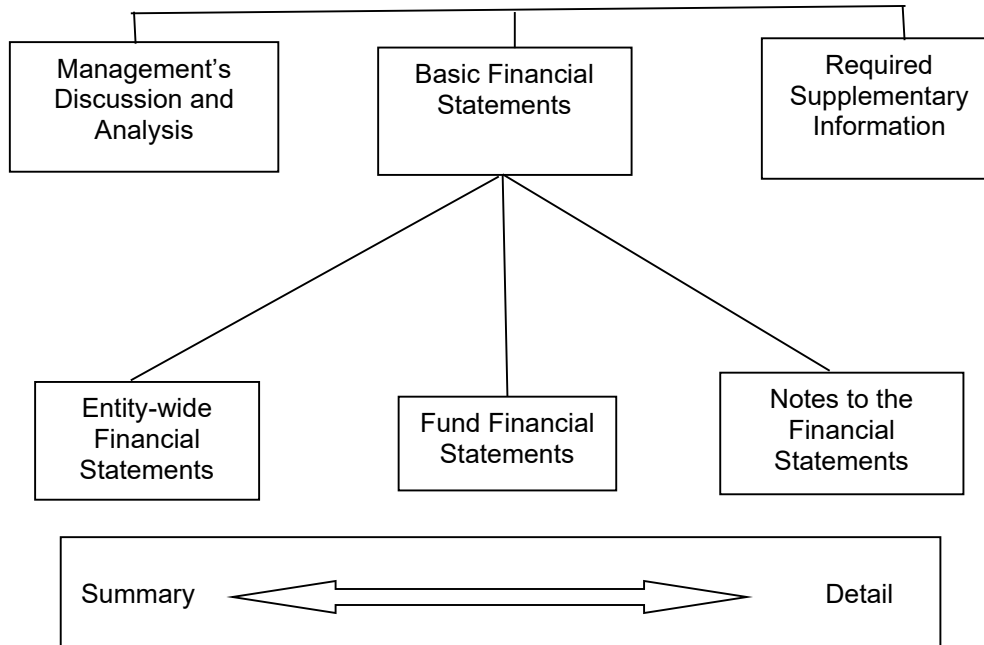


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Figure A-2 Major Features of the School-Wide and Fund Financial Statements

	School-Wide	Fund Financial Statements
		Governmental Funds
Scope	Entire School District	The daily operating activities of the School District, such as instruction and special education.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and change in fund balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.
Type of asset/liability, deferred outflows/inflows of resources information	All assets, liabilities, deferred outflows & inflows of resources both financial and capital, short-term and long-term debt.	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The School-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 and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two School-wide statements report the School District's *net position* and how they have changed. Net position – the difference between the School District's assets, deferred outflows of resources, 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 bases and the condition of buildings and other facilities should be considered.

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

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

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenses using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position has constraints placed on use by external sources or imposed by law.
 - Unrestricted net position is net position that does not meet any of the above restrictions.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's 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. The funds have been established by the State of New York.

The School District has the following types 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 School-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund, capital projects fund, and the miscellaneous special revenue fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as scholarships and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and by those to whom the assets belong. The School District excludes these activities from the School District wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's net position as of June 30, 2025, are as detailed in Tables A-3 and A-4.

Figure A-3 Condensed Statement of Net Position (In Thousands of Dollars)

	Fiscal Year 2025	Fiscal Year 2024	Percent Change
Current and other assets	\$ 20,654	\$ 20,852	-0.95%
Noncurrent assets	<u>72,690</u>	<u>76,690</u>	-5.22%
Total assets	<u>93,344</u>	<u>97,542</u>	-4.30%
Deferred outflows of resources	<u>12,724</u>	<u>15,443</u>	-17.61%
Current liabilities	7,978	6,720	18.72%
Long-term liabilities	<u>79,937</u>	<u>90,823</u>	-11.99%
Total liabilities	<u>87,915</u>	<u>97,543</u>	-9.87%
Deferred inflows of resources	<u>28,090</u>	<u>23,519</u>	19.44%
Net position:			
Net investment in capital assets	36,766	34,794	5.67%
Restricted	13,995	12,262	14.13%
Unrestricted	<u>(56,271)</u>	<u>(55,134)</u>	-2.06%
Total net position	<u>\$ (5,511)</u>	<u>\$ (8,078)</u>	31.78%

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Changes in Net Position

The School District paid down \$3,210,000 in long-term debt during 2024-2025.

The School District's fiscal year 2025 revenue totaled \$49,859,801 (see Table A-4). Property taxes and state aid accounted for most of the School District's revenue by contributing 49% and 40%, respectively, of every dollar raised (see Table A-5). The remainder came from fees charged for services, interest earnings, and other miscellaneous sources.

The total cost of all programs and services totaled \$47,292,038 for fiscal year 2025.

Figure A-4 Changes in Net Position from Operating Results (In Thousands of Dollars)

	<u>Fiscal Year 2025</u>	<u>Fiscal Year 2024</u>	<u>Percent Change</u>
Revenue:			
Charges for services	\$ 68	\$ 86	-21.36%
Operating grants	3,501	4,578	-23.52%
General revenue:			
Property taxes	24,501	24,436	0.26%
Use of money and property	1,075	1,250	-14.01%
Sale of property and compensation for loss	217	541	-59.81%
State aid	19,937	19,948	-0.06%
Miscellaneous	561	1,566	-64.15%
Total revenue	<u>49,860</u>	<u>52,405</u>	-4.86%
Expenses:			
General support	8,794	8,791	0.04%
Instruction	32,055	34,764	-7.79%
Transportation	3,837	3,524	8.89%
Debt service - Interest	1,653	1,770	-6.62%
School Lunch Program	953	827	15.23%
Total expenses	<u>47,292</u>	<u>49,676</u>	-4.80%
Change in net position	<u>\$ 2,568</u>	<u>\$ 2,729</u>	5.91%

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Figure A-5: Revenue Sources for 2025:

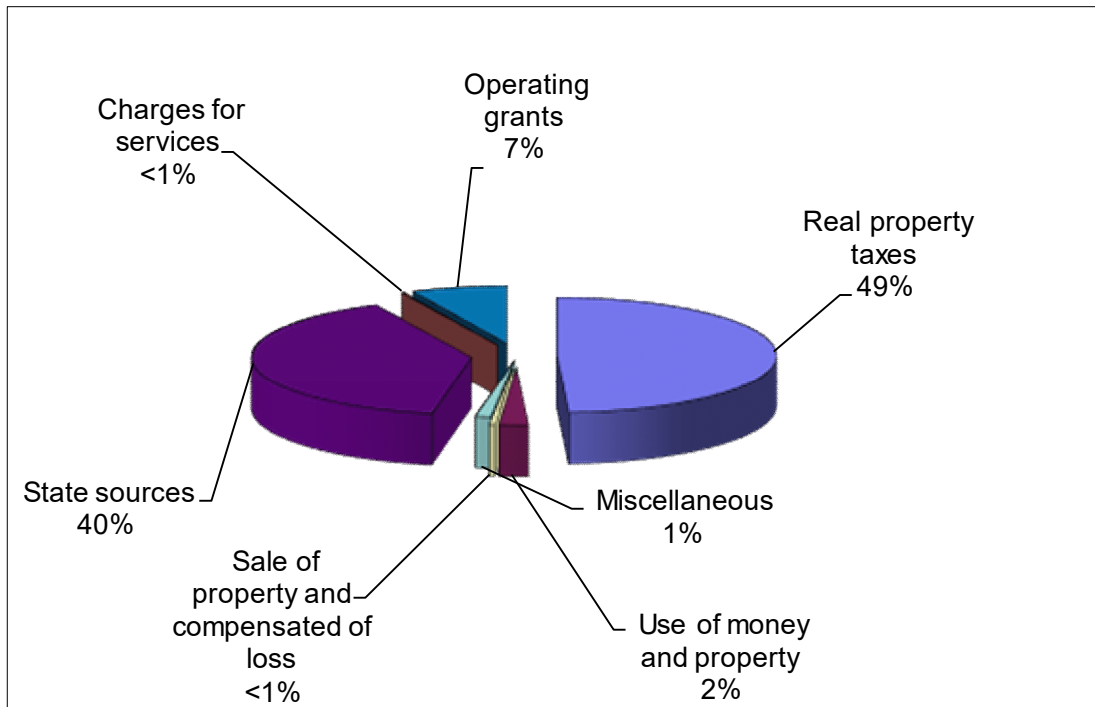
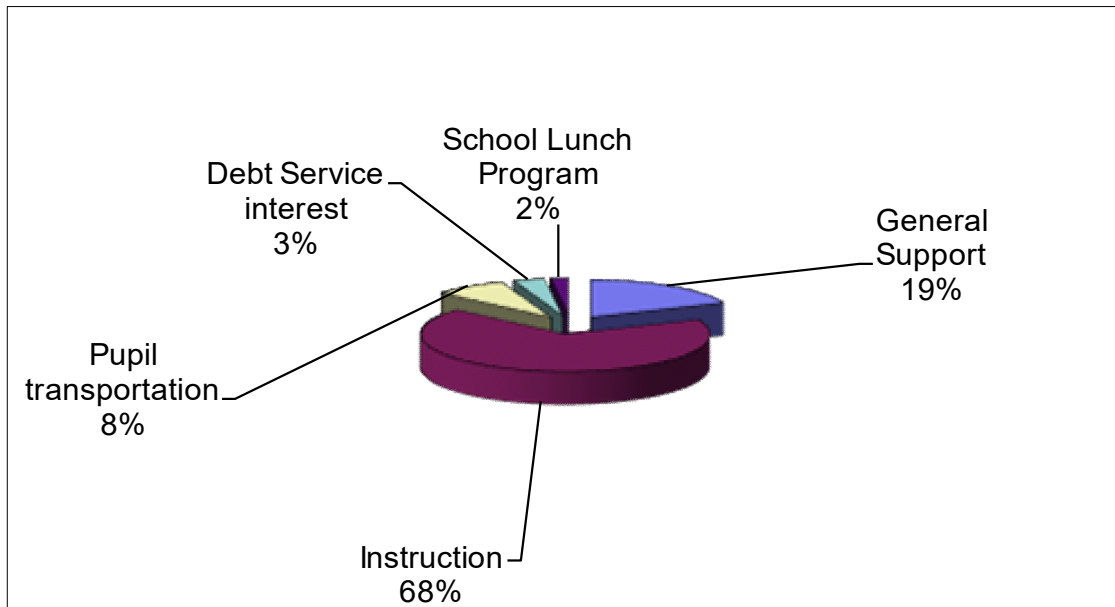


Figure A-6: Sources of Expenses for 2025:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities

Revenue for the School District's governmental activities totaled \$49,859,801 while total expenses were \$47,292,038. Accordingly, net position increased by \$2,567,763. The School District's current year financial condition can be attributed to:

- Continued requirement to record OPEB liability in accordance with GASB 75.
- Deferred outflows and inflows recorded in accordance with GASBs 68 and 71.
- Long range planning on the part of the administration.
- Community support of the School District, as evidenced by its approval of the School District's annual budgets.
- Continuing state and federal aid.
- Use of services from BOCES and subsequent year's BOCES aid.

Figure A-7 presents the cost of several of the School District's major activities. The figure 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-7 Net Cost of Governmental Activities (In Thousands of Dollars)

	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
General support	\$ 8,794	\$ 8,794	\$ 8,791	\$ 8,791
Instruction	32,055	29,416	34,764	30,968
Pupil transportation	3,837	3,837	3,524	3,524
Debt service - Interest	1,653	1,653	1,770	1,770
School Lunch Program	953	23	827	(41)
	<u>\$ 47,292</u>	<u>\$ 43,723</u>	<u>\$ 49,676</u>	<u>\$ 45,012</u>

The cost of all governmental activities for the year was \$47,292,038.

- The users of the School District's programs financed \$67,629 of the costs through charges for services.
- The federal and state government financed \$3,501,149 of the costs through operating grants.
- The majority of costs were financed by the School District's taxpayers and unallocated NYS aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variations between years for the governmental fund financial statements are not the same as variations between years for the school-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt.

Governmental Funds Highlights

General Fund – The School District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The original budget for the General Fund was revised by \$23,576 during the year. The supplemental appropriations consist of carryover encumbrances from the prior year (\$1,030,484).

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

Governmental Funds Highlights (Continued)

In the General Fund for the year-ended, June 30, 2025, actual revenues exceeded expenditures by \$374,785. Significant revenue sources include Real Property Taxes, STAR Reimbursement and Other Tax Items (\$24,500,554), and State Aid (\$19,936,756). New York State operating aid is tied to the growth in New York State personal income and the available funds in the state budget. Actual expenditures and encumbrances were \$4,315,695 less than revised budget. For the fiscal year 2025-2026, the School District has appropriated \$2,896,629 of fund balance to reduce the tax levy.

The total fund balance in the General Fund increased by \$374,785, during the 2024-2025 school year. At June 30, 2025, unassigned fund balance amounts to \$1,973,765, total assigned fund balance amounts to \$3,192,256, and total restricted fund balance amounts to \$12,864,635.

Special Aid Fund – The School District expenditures of \$2,562,209 were funded primarily by state and federal grants.

School Lunch Fund – The fund ended the year with a fund balance of \$28,155, which is an increase of \$17,498 from prior year. The main factor for the increase in the school lunch fund is due to higher sales, an increase on the reimbursement rate and an increase in the interest of the investment account.

Capital Projects Fund – The fund ended the year with a deficit fund balance of (\$1,603,667), a decrease of \$877,934 from prior year. The decrease in fund balance is caused by the capital projects expenditures from bond proceeds issued in 2023-2024.

Debt Service Fund – The fund ended the year with a fund balance of \$358,209.

Miscellaneous Special Revenue Fund – The fund ended the year with a fund balance of \$844,217. This fund includes scholarships, extracurricular activities and donations.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the general fund.

Revenue Variances

- Revenues are more than budgeted primarily due to increased NYS aid and interest earnings.

Expenditure Variances

- The School District has a net favorable budgetary surplus of \$4,814,916. Significant budgetary variances include:
 - Pupil Services: \$389,638 due to administrative and instructional staff reductions due to the needs of the student body including declining enrollment.
 - Employee Benefits: \$660,201 due to utilization of federal grant funding and reduction in workforce.
 - Programs for Children with Handicapping Conditions: \$974,429 due to declining enrollment that resulted in administrative and instructional reduction.
 - Regular School Teaching: \$610,537 due to declining enrollment that resulted in administrative and instructional staff reduction.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

General Fund Budgetary Highlights (Continued)

Figure A-8 Results vs. Budget (In Thousands of Dollars)

The general fund is the only fund for which a budget is legally adopted.

	Original Budget	Final Budget	Actual	Encumbrances	Variance (Actual/Budget)
Revenue:					
Local sources	\$ 25,532	\$ 25,532	\$ 26,056	\$ -	\$ 524
State sources	19,975	19,975	19,937	-	(38)
Federal sources	150	150	164	-	14
Total	<u>45,657</u>	<u>45,657</u>	<u>46,157</u>	<u>-</u>	<u>499</u>
Expenditures:					
General support	5,218	6,210	5,278	166	766
Instruction	23,608	24,451	21,990	130	2,331
Transportation	3,976	4,086	3,635	-	450
Employee benefits	10,927	10,076	9,416	-	660
Debt service - Interest	2,328	2,227	2,074	-	154
Debt service - Principal	3,150	3,210	3,289	-	(79)
Total	<u>49,206</u>	<u>50,260</u>	<u>45,682</u>	<u>296</u>	<u>4,283</u>
Other financing sources (uses)					
Transfer in	92	92	92	-	-
Transfers out	(225)	(225)	(192)	-	(33)
Total	<u>(133)</u>	<u>(133)</u>	<u>(100)</u>	<u>-</u>	<u>(33)</u>
Revenue over/under expenditures	<u>\$ (3,682)</u>	<u>\$ (4,736)</u>	<u>\$ 375</u>	<u>\$ (296)</u>	<u>\$ 4,815</u>

The General Fund is the only fund for which a budget is legally adopted. The School District's 2024-2025 actual revenue was more than its budgeted revenue by \$499,221 due primarily to additional property tax, state aid, the BOCES refund and interest earnings.

The School District's 2024-2025 expenditures, including encumbrances, were under expended by \$4,315,695 due in most part to savings in utility and fuel costs, savings in employee salary and benefits, and significant savings by shifting general fund expenses to expiring federal grant programs.

Capital Assets

At the end of 2025, the School District had an investment of \$74,823,756 in a broad range of capital assets.

Figure A-9 presents the School district's investment in capital assets, net of accumulated depreciation, as of June 30, 2025 and June 30, 2024.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

Figure A-9 Capital Assets (Net of Depreciation in Thousands)

	Fiscal Year 2025	Fiscal Year 2024
Land	\$ 220	\$ 220
Buildings and improvements	70,486	72,825
Construction in progress	1,914	811
Land improvements	1,565	1,692
Machinery and equipment	320	417
Lease equipment	319	725
Total	<u>\$ 74,824</u>	<u>\$ 76,690</u>

The decrease in capital assets during the current fiscal year is a result of the remaining balance of the \$40,000,000 capital project being completed.

Long-Term Liabilities

As of June 30, 2025, the School District had \$84,798,777 in long-term liabilities. Detailed information about the School District's long-term liabilities is included in the notes to the financial statements.

Figure A-9 Outstanding Long-Term Liabilities (In Thousands of Dollars)

	Fiscal Year 2025	Fiscal Year 2024
General obligation bonds	\$ 38,440	\$ 42,134
Compensated absences	1,347	1,391
Lease obligations	82	161
Net pension liabilities	1,978	2,578
Total other postemployment benefits	<u>42,952</u>	<u>48,509</u>
Total	<u>\$ 84,799</u>	<u>\$ 94,773</u>

During 2025, the School District paid down its long-term bonded debt by \$3,210,000. Further the School District's OPEB liability decreased by \$5,556,290 due to the net effect of changes in actuarial assumptions.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

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

- Health insurance rates are expected to continually increase and affect the School District's financial health.
- Impact of unstable NYS Budget in uncertain economic environment could negatively impact the School District's state aid.
- The School District's property (school) tax increase has been limited to the tax cap legislation calculation.
- Costs of addressing the zero-emissions vehicles from NYS that requires purchase of only zero-emission buses beginning in 2027 under current legislation.

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:

Matthew Parker
Business Manager
Catskill Central School District
343 West Main Street
Catskill, New York 12414

CATSKILL CENTRAL SCHOOL DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2025**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents - unrestricted	\$ 3,936,906
Cash and cash equivalents - restricted	14,135,575
Accounts receivable	77,086
State and federal aid receivable	2,053,107
Due from other governments	437,974
Inventory	<u>13,667</u>
Total current assets	<u>20,654,315</u>

NONCURRENT ASSETS:

Net pension asset - TRS	2,292,664
Capital assets, not depreciated	2,134,084
Capital assets, net	<u>72,689,672</u>

TOTAL ASSETS

97,770,735

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - ERS	968,253
Deferred outflows of resources - TRS	5,499,548
Deferred outflows of resources - OPEB	5,933,028
Deferred outflows of resources - refunding	<u>323,051</u>

Total Deferred Outflows of Resources

12,723,880

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

110,494,615

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	1,223,541
Unearned revenue	14,740
Due to Teachers' Retirement System	1,601,949
Due to Employees' Retirement System	156,485
Bond interest accrual	119,387
Due to other governments	30
Total other postemployment benefits liability due within one year	1,145,992
Compensated absences due within one year	244,373
Lease payable due within one year	81,538
Bonds payable due within one year	<u>3,390,000</u>

Total current liabilities

7,978,035

LONG-TERM LIABILITIES:

Bonds payable, net of current portion	32,435,000
Bonds premium, net	2,615,022
Total other postemployment benefits liability	41,806,502
Net pension liability - ERS	1,977,824
Compensated absences, net	<u>1,102,526</u>

Total long-term liabilities

79,936,874

TOTAL LIABILITIES

87,914,909

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - ERS	40,227
Deferred inflows of resources - TRS	2,787,892
Deferred inflows of resources - OPEB	<u>25,262,213</u>

Total Deferred Inflows of Resources

28,090,332

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

116,005,241

NET POSITION

Net investment in capital assets	36,765,979
Restricted	13,994,843
Unrestricted	<u>(56,271,448)</u>
TOTAL NET POSITION	<u>\$ (5,510,626)</u>

CATSKILL CENTRAL SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Expenses</u>	<u>Program Revenue</u>		Net (Expense) Revenue and Changes in <u>Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS:				
General support	\$ 8,794,175	\$ -	\$ -	\$ (8,794,175)
Instruction	32,054,982	4,753	2,634,068	(29,416,161)
Pupil transportation	3,837,152	-	-	(3,837,152)
Debt service interest	1,652,756	-	-	(1,652,756)
School lunch program	<u>952,973</u>	<u>62,876</u>	<u>867,081</u>	<u>(23,016)</u>
TOTAL FUNCTIONS/PROGRAMS	\$ <u>47,292,038</u>	\$ <u>67,629</u>	\$ <u>3,501,149</u>	<u>(43,723,260)</u>
GENERAL REVENUE:				
Real property taxes				24,500,554
Use of money and property				1,074,896
Sale of property and compensation for loss				217,405
Miscellaneous				561,412
State sources				<u>19,936,756</u>
TOTAL GENERAL REVENUE				<u>46,291,023</u>
CHANGE IN NET POSITION				2,567,763
NET POSITION - beginning of year				<u>(8,078,389)</u>
NET POSITION - end of year				<u>\$ (5,510,626)</u>

The accompanying notes are an integral part of these statements.

CATSKILL CENTRAL SCHOOL DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025**

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents - unrestricted	\$ 3,660,968	\$ 140,998	\$ -	\$ 134,940	\$ 3,936,906
Cash and cash equivalents - restricted	12,864,635	-	140,732	1,130,208	14,135,575
Accounts receivable	77,086	-	-	-	77,086
Due from other funds	2,912,795	71,011	-	524,703	3,508,509
State and federal aid receivable	1,070,946	922,409	-	59,752	2,053,107
Due from other governments	437,974	-	-	-	437,974
Inventory	-	-	-	13,667	13,667
TOTAL ASSETS	<u>\$ 21,024,404</u>	<u>\$ 1,134,418</u>	<u>\$ 140,732</u>	<u>\$ 1,863,270</u>	<u>\$ 24,162,824</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable	\$ 1,129,883	\$ 4,529	\$ 32,462	\$ 28,841	\$ 1,195,715
Accrued Liabilities	27,826	-	-	-	27,826
Unearned revenue	10,994	-	-	3,746	14,740
Due to other funds	76,631	1,129,889	1,711,937	590,052	3,508,509
Due to other governments	-	-	-	30	30
Due to Teachers' Retirement System	1,601,949	-	-	-	1,601,949
Due to Employees' Retirement System	146,465	-	-	10,020	156,485
TOTAL LIABILITIES	<u>\$ 2,993,748</u>	<u>\$ 1,134,418</u>	<u>\$ 1,744,399</u>	<u>\$ 632,689</u>	<u>\$ 6,505,254</u>

(Continued)

The accompanying notes are an integral part of these statements.

CATSKILL CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2025

	General	Special Aid	Capital Projects	Non-Major Funds	Total Governmental Funds
FUND BALANCE:					
Nonspendable:					
Inventory	\$ -	\$ -	\$ -	\$ 13,667	\$ 13,667
Total nonspendable fund balance	-	-	-	13,667	13,667
Restricted:					
Unemployment reserve	333,457	-	-	-	333,457
Retirement contributions - ERS	1,636,134	-	-	-	1,636,134
Retirement contributions - TRS	1,540,969	-	-	-	1,540,969
Employee benefits and accrued liabilities	1,299,773	-	-	-	1,299,773
Capital projects	4,963,284	-	-	-	4,963,284
Tax certiorari	347,231	-	-	-	347,231
Liability reserve	155,445	-	-	-	155,445
Repair reserve	1,803,542	-	-	-	1,803,542
Debt service	-	-	-	339,126	339,126
Worker's compensation reserve	784,800	-	-	-	784,800
Other	-	-	-	791,082	791,082
Total restricted fund balance	12,864,635	-	-	1,130,208	13,994,843
Assigned:					
Unappropriated	295,627	-	-	72,218	367,845
Appropriated for subsequent year expenditures	2,896,629	-	-	-	2,896,629
Total assigned fund balance	3,192,256	-	-	72,218	3,264,474
Unassigned	1,973,765	-	(1,603,667)	14,488	384,586
TOTAL FUND BALANCE	18,030,656	-	(1,603,667)	1,230,581	17,657,570
TOTAL LIABILITIES AND FUND BALANCE	\$ 21,024,404	\$ 1,134,418	\$ 140,732	\$ 1,863,270	\$ 24,162,824

The accompanying notes are an integral part of these statements.

CATSKILL CENTRAL SCHOOL DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO GOVERNMENT-WIDE NET POSITION JUNE 30, 2025

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

Total governmental fund balance	\$ 17,657,570
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	74,823,756
Pension related government wide activity:	
Deferred outflows - ERS/TRS	6,467,801
Deferred inflows - ERS/TRS	(2,828,119)
Net pension liability - ERS	(1,977,824)
Net pension asset - TRS	2,292,664
OPEB related government wide activity:	
Deferred outflows of resources	5,933,028
Deferred inflows of resources	(25,262,213)
Total OPEB liability	(42,952,494)
Long-term bonds payable and lease payable are not due in the current period and, therefore, are not reported in the funds	(35,906,538)
Bond premium is recorded as revenue in the fund financial statements, but is amortized over the life of the bond under full accrual accounting.	(2,615,022)
Deferred amount on bond refundings in governmental-wide statements using the full accrual method of accounting, not recognized on the fund financial statements, which use the modified accrual method	323,051
Long-term liabilities, including compensated absences is not due and payable in the current period and, therefore, are not reported in the funds	(1,346,899)
Interest payable is to be recorded in the government-wide statements under full accrual accounting	<u>(119,387)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (5,510,626)</u>

The accompanying notes are an integral part of these statements.

CATSKILL CENTRAL SCHOOL DISTRICT

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	General	Special Aid	Capital Projects	Non-Major Funds	Total Governmental Funds
REVENUE:					
Real property taxes	\$ 24,500,554	\$ -	\$ -	\$ -	\$ 24,500,554
Charges for services	4,753	-	-	-	4,753
Use of money and property	1,022,169	-	-	52,727	1,074,896
Sale of property and compensation for loss	217,405	-	-	-	217,405
Miscellaneous	311,115	-	10,355	239,942	561,412
State sources	19,936,756	597,836	-	138,124	20,672,716
Federal sources	163,823	1,872,409	-	728,957	2,765,189
Sales - School lunch	-	-	-	62,876	62,876
	<u>46,156,575</u>	<u>2,470,245</u>	<u>10,355</u>	<u>1,222,626</u>	<u>49,859,801</u>
Total revenue					
EXPENDITURES:					
General support	5,277,915	18,018	-	-	5,295,933
Instruction	21,989,902	2,408,835	-	-	24,398,737
Pupil transportation	3,635,332	135,356	-	-	3,770,688
Employee benefits	9,415,759	-	-	67,131	9,482,890
Debt service - Interest	2,073,637	-	-	-	2,073,637
Debt service - Principal	3,289,226	-	-	-	3,289,226
Cost of sales	-	-	-	828,585	828,585
Capital outlay	-	-	1,006,499	-	1,006,499
Other	-	-	-	253,211	253,211
	<u>45,681,771</u>	<u>2,562,209</u>	<u>1,006,499</u>	<u>1,148,927</u>	<u>50,399,406</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>474,804</u>	<u>(91,964)</u>	<u>(996,144)</u>	<u>73,699</u>	<u>(539,605)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	91,945	91,964	118,210	-	302,119
Operating transfers (out)	<u>(191,964)</u>	<u>-</u>	<u>-</u>	<u>(110,155)</u>	<u>(302,119)</u>
Total other financing sources (uses)	<u>(100,019)</u>	<u>91,964</u>	<u>118,210</u>	<u>(110,155)</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>374,785</u>	<u>-</u>	<u>(877,934)</u>	<u>(36,456)</u>	<u>(539,605)</u>
FUND BALANCE - beginning of year	<u>17,655,871</u>	<u>-</u>	<u>(725,733)</u>	<u>1,267,037</u>	<u>18,197,175</u>
FUND BALANCE - end of year	<u>\$ 18,030,656</u>	<u>\$ -</u>	<u>\$ (1,603,667)</u>	<u>\$ 1,230,581</u>	<u>\$ 17,657,570</u>

The accompanying notes are an integral part of these statements.

CATSKILL CENTRAL SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balance - Total governmental funds	\$ (539,605)
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position.	1,103,625
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(2,562,896)
Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities .	(181,943)
Leases are expenditures in governmental funds, net of disposals, but are capitalized in the statement of net position.	(224,704)
Repayments of long-term debt, including leases, are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	3,289,226
Bond premiums amortization is not recorded as revenue in the governmental funds, but is recorded in the statement of activities.	484,407
Deferred amount on bond refunding amortization is not recorded as expenditures in the governmental funds, but are recorded in the statement of activities.	(60,643)
Compensated absences do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	44,040
Other postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	943,433
Pension expense resulting from GASB 68 related reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities.	275,706
Bond accruals do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	<u>(2,883)</u>
Change in net position - Governmental activities	<u>\$ 2,567,763</u>

The accompanying notes are an integral part of these statements.

CATSKILL CENTRAL SCHOOL DISTRICT

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2025**

	Custodial Fund	Private Purpose Trust Fund
ASSETS:		
Cash	\$ -	\$ -
Total assets	-	-
LIABILITIES:		
Other liabilities	-	-
Total liabilities	-	-
NET POSITION:		
Restricted for others	\$ -	\$ -

CATSKILL CENTRAL SCHOOL DISTRICT

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Custodial Fund	Private Purpose Trust Fund
ADDITIONS:		
Tax collections for other governments	\$ 1,038,695	\$ -
PILOT collections for the other governments	69,656	-
Total additions	1,108,351	-
DEDUCTIONS:		
Payments of tax to other governments	1,038,695	-
Payments of PILOT to other governments	69,656	-
Total deductions	1,108,351	-
CHANGES IN NET POSITION	-	-
FUND BALANCE - beginning of year	-	-
NET POSITION - end of year	\$ -	\$ -

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

1. NATURE OF OPERATIONS

Catskill Central School District provides K-12 public education to students living within its geographic borders.

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

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

Reporting Entity

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

The reporting entity of the School District is based upon criteria set forth by generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Extraclassroom Activity Funds

The extraclassroom activity funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. Separate audited financial statements, (cash basis) of the extraclassroom activity funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in the Miscellaneous Special Revenue fund.

1. NATURE OF OPERATIONS (Continued)

Joint Venture

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

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

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

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Presentation

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

School-Wide Statements

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

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The School District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

The accounts of the School District are organized into funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated.

Governmental Fund Types

Governmental funds are those in which most governmental functions of the School District are reported. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position rather than upon determination of net income.

The School District reports the following major governmental funds:

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

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

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

The School District reports the following non-major governmental funds:

School Lunch Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Miscellaneous Special Revenue Fund: This fund accounts for proceeds from various funding sources, which may be restricted by donors or designated by the School District for specific purposes. The transactions of the Extraclassroom Activity Funds and scholarships are included in this fund.

Debt Service Fund: This fund is used to account for and report on the accumulation of resources to be used for redemption of general long-term indebtedness.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governmental units, and/or other fund because their resources do not belong to the School District and are not available to be used.

There is one type of fiduciary fund:

Custodial Fund: This fund is strictly custodial in nature and does not involve the measurement of results of operations. Assets are held by the School District as an agent for various groups.

Measurement Focus and Basis of Accounting

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

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

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The School District considers all revenue reported in the governmental funds to be available if the revenue is collected within ninety days after the end of the fiscal year.

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

Restricted Cash and Cash Equivalents

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purpose.

Accounts, State and Federal Aid and Other Government Receivables

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

Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues are recognized as earned or as specific program expenditures are incurred. Allowances are recorded only when appropriate.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Real property taxes are levied annually by the board of education no later than September 1, and become a lien on July 30. Taxes are collected during the period September 1 to November 2.

Uncollected real property taxes are subsequently enforced by the County of Greene. An amount representing uncollected real property taxes is transmitted to the County for enforcement and is paid by the County to the School District no later than the forthcoming April 1. The County guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

Inventory and Prepaid Items

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the School 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 School-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 purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these non-liquid assets (inventories) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Interfund Transactions

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

In the School-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different funds. Eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Net

Land and construction in progress 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 School-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 5,000	N/A	N/A
Buildings and improvements	5,000	SL	5-40
Machinery and equipment	5,000	SL	5-40

Capital assets also include lease assets with term greater than one year. The School District does not implement a capitalization threshold for lease assets. Lease assets are amortized on a straight-line basis over the term of the lease.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the School-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Long-term obligations represent the School 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.

Employee Benefits

Compensated absences

In accordance with GASB Statement No. 101, Compensated Absences, the School District recognizes a liability for leave time that has been (1) been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years and (3) is more likely than not to be used as time off or settled (for example paid in cash to employee) during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of its employee resignations or retirements. The compensated absence liability includes salary related benefits, where applicable.

Other Benefits

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

Other Postemployment Benefits

In addition to providing the pension benefits described, the School District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the School District and the retired employee.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

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

Unearned Revenue

Unearned revenue is reported when potential revenue meets both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 60 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year rather than when measurable and available.

Unearned revenue recorded in governmental funds is generally not recorded in the School-wide statements.

Short Term Debt

The School District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of a bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes to be converted to long-term financial within 5 years after the original issue date.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the School 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.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

School District-wide Statements – Equity Classifications

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

Net investment in capital assets - consists of net capital assets, (cost less accumulated depreciation) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

Restricted net position - reports net position when constraints placed on the assets 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.

Restricted net position consists of the following:

Unemployment reserve	\$ 333,457
Retirement contributions - ERS	1,636,134
Retirement contributions - TRS	1,540,969
Employee benefits and accrued liabilities	1,299,773
Capital Projects	4,963,284
Tax certiorari	347,231
Liability reserve	155,445
Repair reserve	1,803,542
Debt service	339,126
Worker's compensation reserve	784,800
Other	791,082
Total:	<u>\$ 13,994,843</u>

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

Governmental Fund Financial Statements – Equity Classifications

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

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually are required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund and prepaid expenditures in the general fund.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has available the following restricted fund balances:

Capital Reserve

Capital reserve (Education Law §3651) is 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. Expenditures 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.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements – Equity Classifications (Continued)

Repair

Repair reserve (GML §6-d) is 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.

Workers' Compensation

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

Unemployment Insurance

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

Reserve for Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. The reserve is accounted for in the debt service fund under restricted fund balance.

Liability Claims and Property Loss

Liability claims and property loss reserve, (Education Law §1709(8) (c), are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by School Districts, except city School Districts with a population greater than 125,000. These reserves are accounted for in the general fund under restricted fund balance.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements – Equity Classifications (Continued)

Tax Certiorari Reserve

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

Employee Benefit Accrued Liability Reserve

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due to 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.

Employee Retirement Contribution

Employee Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the general fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

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

Assigned fund balance – Includes amounts that are constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to \$295,627.

As of June 30, 2025, the School District's encumbrances were classified as follows:

General support	\$	165,887
Instruction		129,688
Transportation		<u>52</u>
Total encumbrances	\$	<u><u>295,627</u></u>

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements – Equity Classifications (Continued)

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the 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 Fund Balance Spending Policy

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

Use of Estimates

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

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

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

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

Total fund balance of the School District's governmental funds differs from net position of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

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

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

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

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued)

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

Pension Differences

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

OPEB Differences

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

4. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

Budgets

The School District's administration prepares a proposed budget for approval by the Board of Education for the General Fund.

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

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) 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.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets (Continued)

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. No supplemental appropriations occurred during the year.

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.

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

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the School 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.

Fund Balance

Portions of fund balances are restricted and not available for current expenditures, as reported in the governmental funds' balance sheet.

Fund Deficit

The Capital Project Fund has a deficit of \$1,603,667. The fund deficit in the Capital Project Fund will be eliminated in future years as interfund transfers are made from General Fund.

5. CASH AND CASH EQUIVALENTS

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

The School District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby the School District holds a portion of the investments in cooperation with other participants. At June 30, 2025, the School District held \$1,154,744 in NYCLASS consisting of various investments in securities issued by the United States and its agencies. NYCLASS is rated 'AAAm' from Standard & Poor's Global Ratings. Amounts held with NYCLASS are highly liquid and the amount held represents the cost of the investment pool shares, which are considered to approximate fair value. Additional information concerning NYCLASS, including the annual report, can be found on its website www.newyorkclass.org.

5. CASH AND CASH EQUIVALENTS (Continued)

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash	\$ 17,211,650	\$ 16,917,737
Cash equivalents	<u>1,154,744</u>	<u>1,154,744</u>
	<u>\$ 18,366,394</u>	<u>\$ 18,072,481</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 16,711,650	
Covered by FDIC insurance	<u>500,000</u>	
Total	<u>\$ 17,211,650</u>	

The cash equivalents held at NYCLASS are collateralized as follows: U.S. Treasuries and NYS Municipal bonds are backed by the full faith and credit of the U.S. government and the State of New York and therefore do not require collateral. The other permissible investments are collateralized in accordance with NYS GML section 10.

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

Restricted cash consists of the following:

General fund:

Unemployment reserve	\$ 333,457
Retirement contributions - ERS	1,636,134
Retirement contributions - TRS	1,540,969
Employee benefits and accrued liabilities	1,299,773
Capital Projects	4,963,284
Liability reserve	347,231
Repair reserve	155,445
Debt service	1,803,542
Worker's compensation reserve	<u>784,800</u>
	<u>\$ 12,864,635</u>

Capital Projects fund	<u>\$ 140,732</u>
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Debt Service fund	<u>\$ 339,126</u>
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Miscellaneous Special Revenue fund:

Cash on deposit for scholarships and extraclassroom activity funds	<u>\$ 791,082</u>
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6. PARTICIPATION IN BOCES

During the year, the School District was billed \$1,993,385 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$1,034,476.

The financial statements for BOCES are available from the BOCES administrative office.

7. CAPITAL ASSETS, NET

Capital asset balances and activity for the year ended June 30, 2025, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 219,670	\$ -	\$ -	\$ 219,670
Construction in progress	810,789	1,103,625	-	1,914,414
Total non-depreciable cost	<u>1,030,459</u>	<u>1,103,625</u>	<u>-</u>	<u>2,134,084</u>
Capital assets that are depreciated:				
Land improvements	3,203,295	-	-	3,203,295
Buildings and improvements	104,588,051	-	-	104,588,051
Machinery and equipment	4,530,037	-	-	4,530,037
Total depreciable historical cost	<u>112,321,383</u>	<u>-</u>	<u>-</u>	<u>112,321,383</u>
Less accumulated depreciation:				
Land improvements	1,511,271	127,374	-	1,638,645
Buildings and improvements	31,762,835	2,338,905	-	34,101,740
Machinery and equipment	4,113,472	96,617	-	4,210,089
Total accumulated depreciation	<u>37,387,578</u>	<u>2,562,896</u>	<u>-</u>	<u>39,950,474</u>
Lease assets, being amortized				
Intangible Right-to-Use Lease - Equipment	1,124,073	-	225,807	898,266
Total lease assets, being amortized	<u>1,124,073</u>	<u>-</u>	<u>225,807</u>	<u>898,266</u>
Less accumulated amortization				
Intangible Right-to-Use Lease - Equipment	398,663	181,943	1,103	579,503
Total accumulated amortization	<u>398,663</u>	<u>181,943</u>	<u>1,103</u>	<u>579,503</u>
Total governmental activities capital asset, net	<u>\$ 76,689,674</u>	<u>\$ (1,641,214)</u>	<u>\$ 224,704</u>	<u>\$ 74,823,756</u>

Depreciation and amortization expense for the year ended June 30, 2025, was allocated to specific functions as follows:

	<u>Depreciation</u>	<u>Amortization</u>
General support	\$ 1,365,126	\$ -
Instruction	1,179,100	181,943
Pupil transportation	18,670	-
Total	<u>\$ 2,562,896</u>	<u>\$ 181,943</u>

8. SHORT-TERM DEBT

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

The School 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 School 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. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

As of June 30, 2025, there were no short-term notes outstanding.

9. LONG-TERM DEBT

Interest on debt for the year was composed of:

Interest paid	\$ 2,073,637
Less: interest accrued in the prior year	(116,504)
Less: amortization expense on bond premium	(484,407)
Plus: interest accrued in the current year	119,387
Plus: amortization expense on refunding bonds	<u>60,643</u>
Total expense	<u>\$ 1,652,756</u>

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

	July 01, 2024			June 30, 2025	Amounts Due Within	Long-term
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>One Year</u>	<u>Portion</u>
Government activities:						
Bonds and notes payable						
General obligation debt:						
Serial bonds	\$ 39,035,000	\$ -	\$ 3,210,000	\$ 35,825,000	\$ 3,390,000	\$ 32,435,000
Bond premium	3,099,429	-	484,407	2,615,022	-	2,615,022
Other long-term debt:						
Compensated absences	1,390,939	-	(A) 44,040	1,346,899	244,373	1,102,526
Lease obligations	160,764	-	79,226	81,538	81,538	-
Net pension liabilities	2,577,899	319,073	919,148	1,977,824	-	1,977,824
Total other postemployment benefits	<u>48,508,784</u>	<u>-</u>	<u>5,556,290</u>	<u>42,952,494</u>	<u>1,145,992</u>	<u>41,806,502</u>
Total long-term liabilities	<u>\$ 94,772,815</u>	<u>\$ 319,073</u>	<u>\$ 10,293,111</u>	<u>\$ 84,798,777</u>	<u>\$ 4,861,903</u>	<u>\$ 79,936,874</u>

(A) Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately.

9. LONG-TERM DEBT (Continued)

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

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	June 30, 2025 <u>Balance</u>
Refunding Bond	2017	2032	5.00%	\$ 1,780,000
Refunding Bond	2022	2030	5.00%	4,420,000
Serial Bond	2022	2037	5.00%	21,075,000
Refunding Bond	2022	2026	5.00%	130,000
O&M Bond	2023	2027	3.00%	165,000
Serial Bond	2024	2040	5.00%	<u>8,255,000</u>
				<u>\$ 35,825,000</u>

The following is a summary of the maturity of bonds payable:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	3,390,000	1,786,305	\$ 5,176,305
2027	3,240,000	1,617,845	4,857,845
2028	3,290,000	1,456,550	4,746,550
2029	3,455,000	1,292,050	4,747,050
2030-2034	13,590,000	4,169,150	17,759,150
2035-2039	<u>8,860,000</u>	<u>958,000</u>	<u>9,818,000</u>
Totals	<u>\$ 35,825,000</u>	<u>\$ 11,279,900</u>	<u>\$ 47,104,900</u>

10. LEASE AGREEMENTS

The School District leases various equipment, primarily from Questar III BOCES. The leases do not contain renewal options. The leases have various inception dates and remaining terms of 48 months. Lease agreements are summarized as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Total</u> <u>Lease Liability</u>
Network Printer	2.88%	\$ <u>81,538</u>
Total		<u>\$ 81,538</u>

10. LEASE AGREEMENTS (Continued)

Activity of lease liabilities for the year ended June 30, 2025, is summarized as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
\$ 160,764	\$ -	\$ 79,226	\$ 81,538	\$ 81,538

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 81,538	\$ 1,477	\$ 83,015
Total Future Payments	\$ 81,538	\$ 1,477	\$ 83,015

11. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables, other than between governmental activities, are eliminated on the statement of net position.

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

The following is a summary of interfund activity:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 2,912,795	\$ 76,631	\$ 91,945	\$ 191,964
Special Aid fund	71,011	1,129,889	91,964	-
School Lunch fund	-	80,052	-	-
Debt Service fund	19,083	-	-	91,945
Capital Projects fund	-	1,711,937	118,210	-
Misc. Special Revenue fund	505,620	510,000	-	18,210
Totals	\$ 3,508,509	\$ 3,508,509	\$ 302,119	\$ 302,119

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

12. PENSION PLANS

New York State Employees' Retirement System

The School District participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing 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), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27th, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>
2025	\$ 465,937
2024	465,468
2023	366,879

12. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

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

At June 30, 2025, the School District reported a net pension liability of \$1,977,824 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2024. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2025, the School District's proportion was 0.0115354%, which was an increase from its proportion measured at June 30, 2024 of 0.000270%.

For the year ended June 30, 2025, the School District recognized pension expense of \$465,937. At June 30, 2025, the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 490,909	\$ 23,156
Changes of Assumptions	82,946	-
Net difference between projected and actual earnings on pension plan investments	155,175	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	82,739	17,071
Contributions subsequent to the measurement date	156,484	-
Total	<u>\$ 968,253</u>	<u>\$ 40,227</u>

The School District recognized \$156,484 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2025 which will be recognized as an increase of the net pension liability in the year ending June 30, 2026.

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

Plan's Year Ending March 31,	2026	\$ 354,854
	2027	533,255
	2028	(148,154)
	2029	<u>31,587</u>
		<u>\$ 771,542</u>

12. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Inflation	2.90%
Salary scale	4.3 % indexed by service
Projected COLAs	1.5% compounded annually
Decrements	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2021
Investment Rate of Return	5.9% compounded annually, net of investment expenses

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of term</u>
Domestic Equity	25%	3.5%
International Equity	14%	6.6%
Private Equity	15%	7.3%
Real Estate	12%	5.0%
Opportunistic/ARS portfolio	3%	4.3%
Credit	4%	5.4%
Real Assets	4%	5.6%
Fixed Income	22%	2.0%
Cash	1%	0.3%
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

12. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.90%) or 1% higher (6.90%) than the current rate:

	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
Employer's Proportionate Share of Net Pension Liability (Asset)	<u>\$ 5,724,071</u>	<u>\$ 1,977,824</u>	<u>\$ (1,150,295)</u>

Pension Plan Fiduciary Net Position (In Thousands)

The components of the pension plan's net pension liability as of March 31, 2025, was as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	<u>\$ 247,600,239</u>
Net position	<u>230,454,512</u>
Net pension liability (asset)	<u>\$ 17,145,727</u>
ERS net position as a percentage of total pension liability	93.08%

New York State Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. The system offers 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.

The New York State Teachers' Retirement Board administers NYSTRS. The system provides 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

12. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Contributions (Continued)

The School District is required to contribute at an actuarially determined rate. The School District contributions made to the systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>TRS</u>
2025	\$ 1,454,790
2024	1,431,973
2023	1,403,896

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

At June 30, 2025, the School District reported a net pension asset of \$2,292,664 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2023. The School District's proportion of the net pension asset was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2025 the School District's proportionate share was 0.076842%, which was a decrease from its proportion measured at June 30, 2024 of 0.003532%.

For the year ended June 30, 2025, the School District recognized pension expense of \$1,309,176. At June 30, 2025 the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,468,779	\$ -
Changes of Assumptions	1,371,478	230,695
Net difference between projected and actual earnings on pension plan investments	-	2,547,346
Changes in proportion and differences between the District's contributions and proportionate share of contributions	204,501	9,851
Contributions subsequent to the measurement date	<u>1,454,790</u>	<u>-</u>
Total	<u>\$ 5,499,548</u>	<u>\$ 2,787,892</u>

The School District recognized \$1,454,790 as a deferred outflow of resources related to pensions resulting from the School District's contributions subsequent to the measurement date of June 30, 2024, which will be recognized as an increase of the net pension asset in the year ending June 30, 2026.

12. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

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

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

Plan's Year Ending June 30,	2025	\$ (1,137,496)
	2026	2,857,913
	2027	(426,408)
	2028	(488,246)
	2029	320,591
	Thereafter	130,512
		<u>\$ 1,256,866</u>

Actuarial Assumptions

The total pension liability at the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2024. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal										
Inflation	2.40%										
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.										
	<table><thead><tr><th><u>Service</u></th><th><u>Rate</u></th></tr></thead><tbody><tr><td>5</td><td>5.18%</td></tr><tr><td>15</td><td>3.64%</td></tr><tr><td>25</td><td>2.50%</td></tr><tr><td>35</td><td>1.95%</td></tr></tbody></table>	<u>Service</u>	<u>Rate</u>	5	5.18%	15	3.64%	25	2.50%	35	1.95%
<u>Service</u>	<u>Rate</u>										
5	5.18%										
15	3.64%										
25	2.50%										
35	1.95%										
Projected COLAs	1.30% compounded annually										
Investment Rate of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.										

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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

12. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of term</u>
Domestic Equity	33%	6.6%
International Equity	15%	7.4%
Global Equity	4%	6.9%
Real Estate Equity	11%	6.3%
Private Equity	9%	10.0%
Domestic Fixed Income	16%	2.6%
Global Bonds	2%	2.5%
Private Debt	2%	5.9%
Real Estate Debt	6%	3.9%
High-yield Bonds	1%	4.8%
Cash Equivalents	1%	0.5%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension asset as of June 30, 2024 was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from School Districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' 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.

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

The following presents the net pension liability (asset) of the School District calculated using the discount rate of 6.95 percent, as well as what the School Districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

	1% Decrease <u>(5.95%)</u>	Current Discount <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Employer's Proportionate Share of Net Pension Liability (Asset)	<u>\$ 10,589,949</u>	<u>\$ (2,292,664)</u>	<u>\$ (13,127,288)</u>

12. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Pension Plan Fiduciary Net Position

The components of the current year net pension liability (asset) of the employers as of June 30, 2024, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 142,837,826,465
Net position	145,821,434,780
Net pension liability (asset)	<u>\$ (2,983,608,315)</u>
TRS net position as a percentage of total pension liability	102.09%

13. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The School District administers a defined benefit OPEB plan and provides OPEB for all permanent full-time general and public safety employees of the School District. The plan is a single-employer defined benefit plan (the Plan). The Plan provides for Article 11 of the State Compiled Statutes which grants the authority to establish and amend the benefit terms and financial requirements to the School 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 trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the benefit terms:

Actives	247
Retirees	110
Beneficiaries	4
Spouses of Retirees	<u>28</u>
Total participants	<u>389</u>

Total OPEB Liability

The School District's total OPEB liability of \$42,952,494 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

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

Payroll growth	2.40 percent including inflation
Discount Rate	5.20 percent as of June 30, 2025
Healthcare Cost Trend Rates	6.8 percent, decreasing to an ultimate rate of 3.8 percent over 55 years.
Participation rate	Assumed that 100% of future retirees eligible for coverage will elect the benefit.
Cost method	Entry Age Normal

The discount rate was based on the Bond Buyer General Obligation 20-year municipal bond index.

Mortality rates were RP-2014 adjusted to PubT-2010 Headcount-Weighted Mortality Table projected to the valuation date with Scale MP-2021 Ultimate Scale.

The actuarial assumptions used in the June 30, 2025 valuation were based on the NYS ERS assumptions first adopted on April 1, 2020 and NYS TRS assumptions first adopted on June 30, 2015 with the exception of mortality rates.

Changes in the Total OPEB Liability

Balance at July 1, 2024	\$ 48,508,784
Changes for the Year	
Service cost	2,101,908
Interest	1,967,801
Effect of plan changes	-
Effect of demographic gains or losses	563,518
Effect of assumptions changes or inputs	(9,100,171)
Benefit payments	<u>(1,089,346)</u>
Net changes	<u>(5,556,290)</u>
Balance at June 30, 2025	<u>\$ 42,952,494</u>

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.20%) or 1 percentage point higher (6.20%) than the current discount rate:

	1% Decrease (4.20%)	Current Discount (5.20%)	1% Increase (6.20%)
Total OPEB Liability	<u>\$ 50,085,386</u>	<u>\$ 42,952,494</u>	<u>\$ 37,204,561</u>

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.80%) or 1 percentage point higher (7.80%) than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease (5.80%)	Current Discount (6.80%)	1% Increase (7.80%)
Total OPEB Liability	<u>\$ 36,170,875</u>	<u>\$ 42,952,494</u>	<u>\$ 51,663,577</u>

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

For the year ended June 30, 2025, the School District recognized OPEB expense of \$145,913. At June 30, 2025, the School 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	\$ 1,623,895	\$ 4,238,229
Changes of assumptions	<u>4,309,133</u>	<u>21,023,984</u>
Total	<u>\$ 5,933,028</u>	<u>\$ 25,262,213</u>

13. OTHER POSTEMPLOYMENT 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 OPEB expense as follows:

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2026	\$ (3,923,796)
2027	(3,470,371)
2028	(3,476,953)
2029	(3,585,028)
2030	(2,491,133)
Thereafter	<u>(2,381,904)</u>
	<u>\$ (19,329,185)</u>

14. RISK MANAGEMENT

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

15. CONTINGENCIES AND COMMITMENTS

Litigation

During the ordinary course of business, the School District is subject to lawsuits regarding tax certioraris, liability claims and other matters. The School District and its attorneys believes any liability in excess of insurance coverage is immaterial.

Grant

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

16. TAX ABATEMENTS

All real property in New York State is subject to taxation unless specific legal provision grant it exempt status. Real property exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes ranging from Article 18-A of the Real Property Tax Law, the Agriculture and Markets Law and the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for county, city/town, and school purposes, whereas others pertain only to certain of these purposes. Some tax exemptions are mandated by State law, others are subject to local option and/or local determination of eligibility criteria.

16. TAX ABATEMENTS (Continued)

The School District enters into real property tax abatement agreements with local businesses under Title I of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the “Act”). Under the Act, localities may grant property tax abatements for a business’ property tax bill for the purpose of attracting or retaining business within their jurisdiction. The abatements may be granted to any business located within or promising to relocate within the School District’s property limits.

The County of Greene enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District had 4 tax abatements through the County of Greene Industrial Development Agency. For the year ended June 30, 2025 the School District had taxes abated of \$288,755. The School District received Payments in Lieu of Taxes (PILOT) payments totaling \$3,758,104.

Owner/Property	Purpose	Assessment	Tax Rate	Tax Value	PILOT Received	Amount of Tax Abated
Athens Generating Company, LP	PILOT	\$351,310,187	11.186489	\$ 3,929,928	\$ 3,698,431	\$ 231,497
Bogart Solar, LLC	Solar PILOT	1,206,750	32.010821	38,629	22,208	16,421
Village of Catskill Housing Authority	PILOT	1,250,100	32.010821	40,017	16,505	23,512
Camptown, LLC	PILOT	1,196,000	32.010821	38,285	20,960	17,325
Total Payment in Lieu of Taxes				<u>\$ 4,046,859</u>	<u>\$ 3,758,104</u>	<u>\$ 288,755</u>

17. CONTINGENCIES AND COMMITMENTS

General Information

The school district participates in various federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the School District’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

Tax Certiorari Proceedings

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

18. SUBSEQUENT EVENTS

The School District has evaluated subsequent events through October 9, 2025, and determined that there were no matters that would have a material effect on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CATSKILL CENTRAL SCHOOL DISTRICT

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUE					
LOCAL SOURCES:					
Real property taxes	\$ 24,522,154	\$ 24,522,154	\$ 24,500,554	\$ -	\$ (21,600)
Charges for services	6,500	6,500	4,753	-	(1,747)
Use of money and property	625,000	625,000	1,022,169	-	397,169
Sale of property and compensation for loss	53,525	53,525	217,405	-	163,880
Miscellaneous	<u>325,300</u>	<u>325,300</u>	<u>311,115</u>	<u>-</u>	<u>(14,185)</u>
Total local sources	25,532,479	25,532,479	26,055,996	-	523,517
State sources	19,974,875	19,974,875	19,936,756	-	(38,119)
Federal sources	<u>150,000</u>	<u>150,000</u>	<u>163,823</u>	<u>-</u>	<u>13,823</u>
Total revenue	<u>\$ 45,657,354</u>	<u>\$ 45,657,354</u>	<u>\$ 46,156,575</u>	<u>\$ -</u>	<u>\$ 499,221</u>

(Continued)

CATSKILL CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)

(Continued)

FOR THE YEAR ENDED JUNE 30, 2025

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	<u>Encumbrances</u>	Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	\$ 62,367	\$ 65,092	\$ 37,368	\$ 1,862	\$ 25,862
Central administration	277,739	316,086	311,867	-	4,219
Finance	581,278	609,081	577,063	16,248	15,770
Staff	270,803	306,274	280,482	3,769	22,023
Central services	3,470,612	4,319,590	3,480,780	144,008	694,802
Special items	<u>554,774</u>	<u>594,131</u>	<u>590,355</u>	<u>-</u>	<u>3,776</u>
Total general support	<u>5,217,573</u>	<u>6,210,254</u>	<u>5,277,915</u>	<u>165,887</u>	<u>766,452</u>
INSTRUCTION:					
Instruction, administration, and improvement	1,490,110	1,544,465	1,409,757	24,100	110,608
Teaching - Regular school	10,542,241	10,667,687	10,022,228	34,922	610,537
Programs for children with handicapping conditions	7,200,491	7,701,733	6,690,328	36,976	974,429
Programs for English language learners	179,918	175,918	200,790	-	(24,872)
Teaching - Special school	70,036	13,536	6,137	-	7,399
Occupational education	950,673	950,673	843,034	-	107,639
Instructional media	1,367,362	1,369,061	1,208,252	5,013	155,796
Pupil services	<u>1,807,057</u>	<u>2,027,691</u>	<u>1,609,376</u>	<u>28,677</u>	<u>389,638</u>
Total instruction	<u>23,607,888</u>	<u>24,450,764</u>	<u>21,989,902</u>	<u>129,688</u>	<u>2,331,174</u>
Pupil transportation	3,975,850	4,085,668	3,635,332	52	450,284
Employee benefits	10,927,184	10,075,960	9,415,759	-	660,201
Debt service - Interest	2,327,502	2,227,411	2,073,637	-	153,774
Debt service - Principal	<u>3,150,000</u>	<u>3,210,000</u>	<u>3,289,226</u>	<u>-</u>	<u>(79,226)</u>
Total expenditures	<u>49,205,997</u>	<u>50,260,057</u>	<u>45,681,771</u>	<u>295,627</u>	<u>4,282,659</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers (in)	91,945	91,945	91,945	-	-
Operating transfers (out)	<u>(225,000)</u>	<u>(225,000)</u>	<u>(191,964)</u>	<u>-</u>	<u>33,036</u>
Total other financing sources (uses)	<u>(133,055)</u>	<u>(133,055)</u>	<u>(100,019)</u>	<u>-</u>	<u>33,036</u>
Total expenditures and other financing sources (uses)	<u>49,339,052</u>	<u>50,393,112</u>	<u>45,781,790</u>	<u>295,627</u>	<u>4,315,695</u>
NET CHANGE IN FUND BALANCE	(3,681,698)	(4,735,758)	374,785	(295,627)	4,814,916
FUND BALANCE - beginning of year	<u>17,655,871</u>	<u>17,655,871</u>	<u>17,655,871</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 13,974,173</u>	<u>\$ 12,920,113</u>	<u>\$ 18,030,656</u>	<u>\$ (295,627)</u>	<u>\$ 4,814,916</u>

CATSKILL CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30,

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.0115354%	0.0112656%	0.0113479%	0.0104202%	0.0107198%	0.0095550%	0.0010077%	0.0096432%	0.0099093%	0.0108217%
Proportionate share of the net pension liability (asset)	\$ 1,978	\$ 1,659	\$ 2,433	\$ (852)	\$ 11	\$ 2,530	\$ 714	\$ 311	\$ 931	\$ 1,737
Covered-employee payroll	\$ 3,958	\$ 3,796	\$ 4,053	\$ 3,830	\$ 5,829	\$ 3,488	\$ 3,334	\$ 2,616	\$ 3,171	\$ 3,322
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.97%	43.70%	60.03%	-22.25%	0.19%	72.53%	21.42%	11.89%	29.36%	52.29%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.0768420%	0.0803740%	0.0808650%	0.0815520%	0.0814920%	0.0837070%	0.0829100%	0.0832200%	0.0835900%	0.0837200%
Proportionate share of the net pension liability (asset)	\$ (2,293)	\$ 919	\$ 1,552	\$ (14,132)	\$ 2,252	\$ (2,175)	\$ (1,499)	\$ (633)	\$ 895	\$ (8,696)
Covered-employee payroll	\$ 14,390	\$ 14,672	\$ 11,264	\$ 14,383	\$ 12,013	\$ 14,469	\$ 14,660	\$ 13,461	\$ 13,486	\$ 13,147
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-15.93%	6.26%	13.78%	-98.25%	18.75%	-15.03%	-10.23%	-4.70%	6.64%	-66.14%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.09%	99.17%	97.37%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

CATSKILL CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30,**

	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Contractually required contribution	\$ 466	\$ 465	\$ 367	\$ 448	\$ 400	\$ 366	\$ 446	\$ 350	\$ 509	\$ 605
Contributions in relation to the contractually required contribution	<u>466</u>	<u>465</u>	<u>367</u>	<u>448</u>	<u>400</u>	<u>366</u>	<u>446</u>	<u>350</u>	<u>509</u>	<u>605</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,958	\$ 3,796	\$ 4,053	\$ 3,830	\$ 5,829	\$ 3,488	\$ 3,334	\$ 2,616	\$ 3,171	\$ 3,322
Contributions as a percentage of covered-employee payroll	11.77%	12.25%	9.05%	11.71%	6.86%	10.48%	13.39%	13.37%	16.06%	18.21%

	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN										
Contractually required contribution	\$ 1,455	\$ 1,432	\$ 1,404	\$ 1,319	\$ 1,225	\$ 1,484	\$ 1,323	\$ 1,546	\$ 1,710	\$ 2,205
Contributions in relation to the contractually required contribution	<u>1,455</u>	<u>1,432</u>	<u>1,404</u>	<u>1,319</u>	<u>1,225</u>	<u>1,484</u>	<u>1,323</u>	<u>1,546</u>	<u>1,710</u>	<u>2,205</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 14,390	\$ 14,672	\$ 11,264	\$ 14,383	\$ 12,013	\$ 14,469	\$ 14,660	\$ 13,461	\$ 13,486	\$ 13,147
Contributions as a percentage of covered-employee payroll	10.11%	9.76%	12.46%	9.17%	10.20%	10.26%	9.03%	11.48%	12.68%	16.77%

CATSKILL CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30,

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability										
Service cost	\$ 2,102	\$ 1,781	\$ 1,859	\$ 3,255	\$ 2,877	\$ 1,880	\$ 2,450	\$ 2,399		
Interest	1,968	1,805	1,978	1,495	1,262	1,618	1,666	1,573		
Effect of plan changes	-	-	-	-	-	-	(267)	-		
Effect of demographic gains or losses	564	-	(6,740)	-	2,470	-	602	(133)		
Effect of assumptions changes or inputs	(9,100)	(2,229)	(2,420)	(15,625)	6,179	7,339	(12,319)	-		
Benefit payments	(1,089)	(1,049)	(967)	(1,156)	(1,026)	(869)	(830)	(754)		
Total change in total OPEB liability	(5,556)	308	(6,290)	(12,031)	11,762	9,968	(8,698)	3,085		
Total OPEB liability - beginning	48,508	48,200	54,490	66,521	54,759	44,791	53,489	50,403		
Total OPEB liability - ending	\$ 42,952	\$ 48,508	\$ 48,200	\$ 54,490	\$ 66,521	\$ 54,759	\$ 44,791	\$ 53,488		
Covered-employee payroll	\$ 16,717	\$ 15,211	\$ 15,211	\$ 15,690	\$ 15,690	\$ 14,293	\$ 14,293	\$ 15,268		
Total OPEB liability as a percentage of covered-employee payroll	256.9%	318.9%	316.9%	347.3%	424.0%	383.1%	313.4%	350.3%		

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

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

Discount rate	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

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

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

SUPPLEMENTARY INFORMATION

CATSKILL CENTRAL SCHOOL DISTRICT, NEW YORK

**SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	School Lunch	Miscellaneous Special Revenue	Debt Service	Total Non-Major Governmental Funds
ASSETS				
Cash and cash equivalents - unrestricted	\$ 61,880	\$ 73,060	\$ -	\$ 134,940
Cash and cash equivalents - restricted	-	791,082	339,126	1,130,208
Due from other funds	-	505,620	19,083	524,703
State and federal aid receivable	59,752	-	-	59,752
Inventory	13,667	-	-	13,667
TOTAL ASSETS	\$ 135,299	\$ 1,369,762	\$ 358,209	\$ 1,863,270
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 13,296	\$ 15,545	\$ -	\$ 28,841
Due to other governments	30	-	-	30
Due to Employees' Retirement System	10,020	-	-	10,020
Due to other funds	80,052	510,000	-	590,052
Unearned revenues	3,746	-	-	3,746
TOTAL LIABILITIES	107,144	525,545	-	632,689
Fund balance				
Nonspendable				
Inventory	13,667	-	-	13,667
Restricted				
Debt service	-	-	339,126	339,126
Other	-	791,082	-	791,082
Total restricted fund balance	-	791,082	339,126	1,130,208
Assigned				
Other	-	53,135	19,083	72,218
Total assigned fund balance	-	53,135	19,083	72,218
Unassigned	14,488	-	-	14,488
TOTAL FUND BALANCE	28,155	844,217	358,209	1,230,581
TOTAL LIABILITIES AND FUND BALANCE	\$ 135,299	\$ 1,369,762	\$ 358,209	\$ 1,863,270

The accompanying notes are an integral part of these statements.

CATSKILL CENTRAL SCHOOL DISTRICT, NEW YORK

**SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2025**

	School Lunch	Miscellaneous Special Revenue	Debt Service	Total Non-Major Governmental Funds
REVENUE:				
Use of money and property	\$ 6,311	\$ 30,986	\$ 15,430	\$ 52,727
Miscellaneous	-	239,942	-	239,942
State sources	138,124	-	-	138,124
Federal sources	728,957	-	-	728,957
Sales - school lunch	62,876	-	-	62,876
Total revenue	<u>936,268</u>	<u>270,928</u>	<u>15,430</u>	<u>1,222,626</u>
EXPENDITURES:				
Employee benefits	67,131	-	-	67,131
Cost of sales	828,585	-	-	828,585
Other	23,054	230,157	-	253,211
Total expenditures	<u>918,770</u>	<u>230,157</u>	<u>-</u>	<u>1,148,927</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>17,498</u>	<u>40,771</u>	<u>15,430</u>	<u>73,699</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	(18,210)	(91,945)	(110,155)
Total other sources (uses)	<u>-</u>	<u>(18,210)</u>	<u>(91,945)</u>	<u>(110,155)</u>
CHANGE IN FUND BALANCE	<u>17,498</u>	<u>22,561</u>	<u>(76,515)</u>	<u>(36,456)</u>
FUND BALANCE - beginning of year	<u>10,657</u>	<u>821,656</u>	<u>434,724</u>	<u>1,267,037</u>
FUND BALANCE - end of year	<u>\$ 28,155</u>	<u>\$ 844,217</u>	<u>\$ 358,209</u>	<u>\$ 1,230,581</u>

The accompanying notes are an integral part of these statements.

OTHER INFORMATION (UNAUDITED)

CATSKILL CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET - GENERAL FUND
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 49,430,997
Add: Prior year's encumbrances	<u>1,030,484</u>
Original budget	50,461,481
Budget revision:	<u>23,576</u>
Final budget	<u>\$ 50,485,057</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-26 voter-approved expenditure budget	\$ 49,619,677	
Maximum allowed (4% of 2025-26 budget)		<u>\$ 1,984,787</u>

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

Unrestricted fund balance:	
Assigned fund balance	\$ 3,192,256
Unassigned fund balance	<u>1,973,765</u>
	<u>\$ 5,166,021</u>

Less:

Appropriated fund balance	\$ 2,896,629
Encumbrances included in assigned fund balance	<u>295,627</u>
Total adjustments	<u>\$ 3,192,256</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 1,973,765</u>
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Actual percentage	3.98%
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* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

CATSKILL CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)
 FOR THE YEAR ENDED JUNE 30, 2025

PROJECT TITLE	Revised Appropriation	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2025
		Prior Years	Current Year	Total			State Aid	Local Sources	Total	
Districtwide	\$ 75,090,251	\$ 41,418,992	\$ 1,064,499	\$ 42,483,491	\$ 32,606,760	\$ 36,545,000	\$ -	\$ 4,234,621	\$ 40,779,621	\$ (1,703,870)
Buses 2022-2023	58,296	58,296	(58,000)	296	58,000	58,296	-	-	58,296	58,000
Equipment	341,704	299,501	-	299,501	42,203	261,704	-	80,000	341,704	42,203
Total	\$ 75,490,251	\$ 41,776,789	\$ 1,006,499	\$ 42,783,288	\$ 32,706,963	\$ 36,865,000	\$ -	\$ 4,314,621	\$ 41,179,621	\$ (1,603,667)

CATSKILL CENTRAL SCHOOL DISTRICT

**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)
JUNE 30, 2025**

Capital assets, net		\$ 74,823,756
Deduct:		
Unamortized bond premium	2,615,022	
Short-term portion of bonds payable	3,390,000	
Long-term portion of bonds payable	32,435,000	
Short-term portion of lease payable	<u>81,538</u>	
		38,521,560
Add:		
Unamortized amount on refunding bonds		323,051
Unspent bond proceeds		<u>140,732</u>
Net investment in capital assets		<u>\$ 36,765,979</u>

REQUIRED REPORT UNDER *GOVERNMENT AUDITING STANDARDS*

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

October 9, 2025

To the Board of Education of
Catskill Central School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Catskill Central School District (School District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we considered to be significant deficiencies.

(Continued)

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

School District's Response to Finding

The School District's response to the finding identified in our audit described in the accompanying schedule of finding and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

CATSKILL CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiencies identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Section II – Reconciliation of Special Aid Fund

Finding 2025-001 (Significant Deficiency)

Criteria – Periodic reconciliation of grant fund revenues, expenditures, and receivables to supporting grant records and reports filed with funding agencies is necessary to maintain an accurate accounting of state and federal grants.

Condition – During our audit, we noted that the Special Aid Fund was not reconciled on a timely and consistent basis throughout the year. Several discrepancies were identified between the School District’s general ledger and grant records, including unreconciled differences in accounts receivable. Audit adjustments were made to properly report these balances.

Cause – The School District did not perform timely or complete reconciliations between its internal accounting records and grant records.

Effect – The lack of timely reconciliations increases the risk of errors or misstatements in grant reporting and the School District’s financial statements, and may result in improper recognition of revenue or expenditures. Cash flow may also be impacted as reimbursement claims may not be timely or accurate.

Recommendation – We recommend that the School District establishes formal reconciliation procedures for all grants on a periodic, regular basis.

Management Response – The School District agrees with this finding. Management will review procedures in place over the Special Aid Fund grants and conduct more timely and consistent reconciliations throughout the year.

CATSKILL CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2025

Section II – Year End Closing Procedures

Finding 2025-002 (Significant Deficiency)

Criteria – The year-ending closing procedures should result in complete and accurate records that support the basic financial statements, footnotes, and supporting schedules in accordance with generally accepted accounting principles.

Condition – During our audit of the School District’s financial statements, we noted deficiencies in the year-end closing process. Multiple account balances were misstated prior to audit adjustments, which could have resulted in material misstatements to the financial statements had they not been detected and corrected during the audit.

Cause – The School District’s year-end closing process did not include sufficient review and reconciliation procedures to identify and record all necessary accruals, deferrals, and adjustments prior to audit.

Effect – Without adequate year-end closing procedures, there is an increased risk that financial statements may be materially misstated. The reliance on external auditors to identify and propose adjustments indicates a significant deficiency in internal control over financial reporting.

Recommendation – We recommend that the School District strengthen its year-end closing procedures by:

- Developing and following a detailed year-end closing checklist.
- Providing staff with additional training on GAAP requirements.
- Implementing a formal review process to ensure completeness and accuracy of all year-end accruals and adjustments prior to submission for audit.
- Considering periodic interim reconciliations during the year to reduce the risk of year-end misstatements

Management’s Response: The School District agrees with this finding. Management will review and enhance year-end closing procedures, including developing a comprehensive checklist and implementing additional supervisory review, to ensure all financial information is properly recorded before year-end.