

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

**Financial Statements
As of and For the Year Ended
June 30, 2026
Together with Independent Auditor's Reports**

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

October 12, 2026

To the Board of Education of
Voorheesville 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 Voorheesville Central School District as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the 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 Voorheesville Central School District, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial 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 presentation 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.

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.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the 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 judgment, 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 generally 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 historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's 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.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

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 annual report. 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 12, 2026, 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.

Bonardis & Co. LLP

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are school district-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the District-wide financial statements.
- The *governmental fund statements* tell how basic services such as instruction and support functions were financed in the short-term, as well as what remains for future spending.

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.

District-Wide Statements

The School District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred inflow/outflows of resources, 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 District-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 inflow/outflows of resources, and liabilities – 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

District-Wide Statements (Continued)

Net position of the governmental activities differs 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.

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – 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 type 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 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 District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund, and the capital projects 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 the collection of library taxes. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

Financial Summary

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

Figure 1 – Voorheesville Central School District's Net Position (\$ thousands)

	Fiscal Year 2026	Fiscal Year 2025	Percent Change
Current assets	\$ 33,669	\$ 18,176	85%
Noncurrent assets	44,699	31,915	40%
Total assets	<u>78,369</u>	<u>50,091</u>	56%
Deferred outflows of resources	<u>16,109</u>	<u>17,034</u>	-5%
Current liabilities	26,660	21,027	27%
Long-term liabilities	<u>107,451</u>	<u>79,388</u>	35%
Total liabilities	<u>134,111</u>	<u>100,415</u>	34%
Deferred inflows of resources	<u>23,466</u>	<u>29,361</u>	-20%
Net position:			
Investment in capital assets, net of related debt	17,135	17,888	-4%
Restricted	11,353	15,094	-25%
Unrestricted	<u>(91,589)</u>	<u>(95,632)</u>	-4%
Total net position	<u>\$ (63,100)</u>	<u>\$ (62,650)</u>	1%

Financial Summary (Continued)

Figure 2 – Change in Voorheesville Central School District’s Net Position (In thousands of dollars)

	Fiscal Year 2026	Fiscal Year 2025	Percentage Change
Revenue:			
Charges for services	\$ 363	\$ 632	-43%
Operating grants	1,239	817	52%
General revenue:			
Real property taxes	21,442	20,125	7%
Other tax items	876	894	-2%
Use of money and property	716	998	-28%
State sources	9,594	9,098	5%
Federal sources	48	98	-51%
Other	792	699	13%
Total revenue	35,070	33,361	5%
Expenses:			
General support	5,744	5,187	11%
Instruction	25,176	23,665	6%
Pupil transportation	2,394	2,326	3%
Community service	22	37	-39%
Debt service	1,170	692	69%
Cost of sales	1,012	858	18%
Total expenses	35,519	32,765	8%
Change in net position	(449)	596	-175%
Net Position - beginning of year	(62,650)	(63,247)	-1%
Net Position - end of year	\$ (63,100)	\$ (62,650)	

DETAILED ANALYSIS

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

Figure 1 shows that, as of June 30, 2026, the School District’s total net position – assets and deferred outflows minus liabilities and deferred inflows – was approximately \$63.1 million, a decrease of \$449 thousand, or .7% from June 30, 2025. This decrease is primarily due to the relationship between current year governmental revenue and expenses, including changes associated with other post-employment benefits, pension-related activity, and capital asset activity.

Figure 2 shows that expenditures exceeded revenues in the current year, resulting in a decrease in net position. All the School District’s activity is governmental in nature, and various events contributed to the overall decrease in net position. However, the primary factors affecting the change of net position were other post-employment benefits (OPEB), pension costs and governmental program expenses:

1. Increase in governmental program expense
2. Increase in general revenue offsetting governmental expenses
3. Increase in employee benefit and long-term obligation activity

DETAILED ANALYSIS (Continued)

Increase in Governmental Program Expense

The School District incurred approximately \$35.5 million in governmental expenses during the fiscal year. After recognizing \$1.6 million in program revenues from charges for services and operating grants, the net cost of governmental programs was approximately \$33.9 million. Instruction and general support represents significant components of the District's governmental activities.

Increase in General Revenue

General revenues totaled approximately \$33.5 million and consisted primarily of real property taxes of approximately \$21.4 million and State sources of approximately \$9.6 million. Additional revenues included other tax items, use of money and property, miscellaneous revenues, and Medicaid reimbursements. These revenues funded substantially all of the School District's net governmental program costs; however, they were approximately \$449 thousand less than net program expenses for the year.

Increase in Other Post-Employment Benefits and Long-Term Obligations

Government-wide financial results were also affected by changes in pension and other post-employment benefit obligations required to be recognized under governmental accounting standards. These amounts include actuarially determined liabilities and related deferred inflows and outflows and may fluctuate significantly from year to year independently of the School District's General Fund operating results.

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

The School District reports two major funds individually in the governmental fund financial statements. Those funds are the General Fund and the Capital Projects Fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the School District's current financial health are more apparent in the fund financial statements than the government-wide financial statements. There were significant changes to the major funds, as shown in Figure 3 and discussed in more detail below.

Figure 3 – Revenues, Expenditures, and Change in Fund Balances

	General Fund		Capital Projects Fund	
	Fiscal Year 2026	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2025
Total revenues	\$ 33,210,099	\$ 31,500,986	\$ 106,179	\$ 102,543
Total expenditures	32,121,833	30,098,946	12,704,465	8,984,365
Excess (deficiency) of revenues over expenditures	1,088,266	1,402,040	(12,598,286)	(8,881,822)
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	-	20,597,063	350,000
Proceeds from energy performance contract debt	-	-	700,929	958,346
BANS redeemed from appropriation	-	-	290,000	-
Operating transfers in	33,443	-	109,000	2,297,537
Operating transfers (out)	(214,240)	(2,335,895)	(151,262)	-
Total other financing sources (uses)	(180,797)	(2,335,895)	21,545,730	3,605,883
Change in fund balance	907,469	(933,855)	8,947,444	(5,275,939)
Fund balance - beginning of year	8,250,342	9,184,197	(5,943,720)	(667,781)
Fund balance - end of year	\$ 9,157,811	\$ 8,250,342	\$ 3,003,724	\$ (5,943,720)

DETAILED ANALYSIS (Continued)

General Fund

The fund balance of the School District's General Fund increased by \$907 thousand, or 11%. This increase in fund balance is largely attributable to cost containment procedures resulting in lower expenditures combined with increase in state aid revenues.

Capital Projects Fund

Outlays for capital assets increased by \$3.7 million from the prior year, or 41%. This increase was the product of the School District's approved 2022 Capital ES and transportation project, which had approximately \$12.7 million in expenditures in the current year. The capital project was approved by voters in December 2022, and includes but is not limited to, work for the addition of a new transportation facility, ES infrastructure and instructional spaces, and Energy Performance enhancements.

Significant Capital Asset and Long-term Financing Activity:

Capital Asset Activity

The School District had significant buildings and improvement additions in the current year, approximately \$21 million. This was largely due to the capital outlay expenditures in the Capital Projects Fund for the 2022 capital project that is currently ongoing at the School District. Detailed information about these projects have been previously described.

Long-Term Financing Activity

Total bonds payable outstanding decreased by \$782 thousand in the current year. The School District issued two new bonds in the current year and continued to pay down their outstanding debt.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared, the School District was aware of the following circumstances that could significantly affect its financial position and operations in future years:

Rising employee benefit and contractual costs. The School District continues to experience increases in employee health insurance and other benefit costs, as well as contractual salary obligations. These expenditures represent significant recurring costs and may continue to increase at rates greater than certain recurring revenues.

State aid and revenue growth. The School District remains dependent upon New York State aid as a significant source of revenue. Changes in State funding formulas, annual State budget decisions, and economic conditions may affect future aid levels. For 2026-27, the District's Foundation Aid increase was approximately 1.33%, while certain major expenditures were projected to increase at substantially higher rates, including an approximately 6.37% increase in health insurance costs.

Property tax levy limitations. The School District's ability to increase property tax revenues continues to be affected by New York State's property tax levy limitation. The limitation may constrain the School District's ability to generate recurring revenue sufficient to offset increases in salaries, employee benefits, transportation, utilities and other operating expenditures.

FACTORS BEARING ON THE DISTRICT'S FUTURE (Continued)

Use of fund balance and reserves. Maintaining appropriate levels of fund balance and reserves will remain an important component of the School District's long-term financial planning. The adopted 2026-27 budget includes the planned use of \$868,384 of unassigned fund balance, \$400,000 from the Employees' Retirement System reserve and \$450,000 from the Debt Service Fund to support the spending plan. Continued reliance upon fund balance and reserves to finance recurring operations may not be sustainable over the long-term and will require continued monitoring through the School District's multi-year financial planning process.

Enrollment and student service needs. Changes in student enrollment and student needs may continue to affect staffing, instructional programming, special education services, transportation and facility utilization. Previous District enrollment studies projected potential enrollment growth and were an important consideration in the School District's capital planning.

Capital improvements and debt service. The School District continues to implement significant capital improvements, including improvements to the elementary school and transportation facilities. Completion of these projects and the resulting debt service, State building aid and ongoing operating costs will continue to affect the District's long-term financial position. The 2025-26 budget, for example, incorporated approximately \$1.02 million for debt repayment associated with the 2022 capital improvement project.

Transportation and fleet requirements. The School District will continue to evaluate its transportation fleet replacement needs, available State aid, infrastructure requirements and changes in State requirements relating to zero-emission school buses. These factors may affect the timing and cost of future vehicle and infrastructure investments.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Voorheesville Central School District
Business Office, PO Box 498
Voorheesville, NY 12186
Call (518) 765-3313 Ext. 1102

VOORHEESVILLE CENTRAL SCHOOL DISTRICT**STATEMENT OF NET POSITION
JUNE 30, 2026****ASSETS AND DEFERRED OUTFLOWS OF RESOURCES****CURRENT ASSETS:**

Cash and cash equivalents - unrestricted	\$ 3,199,565
Cash and cash equivalents - restricted	28,876,014
Accounts receivable	231,426
Due from other governments	492,649
State and federal aid receivable	853,968
Inventory	15,698
Total current assets	<u>33,669,320</u>

NONCURRENT ASSETS:

Capital assets, net depreciable	29,990,046
Capital assets, non-depreciable	11,157,400
Net pension asset - TRS	3,552,030
Total noncurrent assets	<u>44,699,476</u>

TOTAL ASSETS 78,368,796

DEFERRED OUTFLOWS OF RESOURCES:

Deferred outflows of resources - other postemployment benefits	10,816,428
Deferred outflows of resources- ERS	867,782
Deferred outflows of resources - TRS	4,424,545
Total deferred outflows of resources	<u>16,108,755</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES 94,477,551

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**CURRENT LIABILITIES:**

Accounts payable	1,881,521
Accrued liabilities	41,518
Due to other governments	1,085
Bond anticipation notes	16,210,000
Accrued bond interest	995,998
Due to Teachers' Retirement System	1,275,368
Due to Employees' Retirement System	176,113
Unearned revenue	221,272
Bonds payable due within one year	922,515
Installment purchase debt, due within one year	139,096
Total other postemployment benefits due within one year	4,559,965
Lease payable due within one year	235,968
Total current liabilities	<u>26,660,419</u>

LONG-TERM LIABILITIES:

Total other postemployment benefits, net of current portion	79,223,847
Bonds payable, net of current portion	24,777,800
Bonds premium, net	709,997
Installment purchase debt, net of current portion	1,520,179
Compensated absences	568,240
Net pension liability - ERS	590,382
Lease payable, net of current portion	60,539
Total long-term liabilities	<u>107,450,984</u>

TOTAL LIABILITIES 134,111,403

DEFERRED INFLOWS OF RESOURCES:

Deferred inflows of resources - other postemployment benefits	19,216,904
Deferred inflows of resources- ERS	1,273,682
Deferred inflows of resources - TRS	2,975,465
Total deferred inflows of resources	<u>23,466,051</u>

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES 157,577,454

NET POSITION

Net investment in capital assets	17,135,414
Restricted	11,353,314
Unrestricted	<u>(91,588,631)</u>
TOTAL NET POSITION	<u>\$ (63,099,903)</u>

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2026

		<u>Program Revenue</u>		Net (Expense)
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Revenue and Changes in Net Position</u>
FUNCTIONS/PROGRAMS:				
General support	\$ 5,744,048	\$ -	\$ -	\$ (5,744,048)
Instruction	25,176,119	153,479	567,112	(24,455,528)
Pupil transportation	2,394,004	-	-	(2,394,004)
Community service	22,467	-	-	(22,467)
Debt service interest	1,170,491	-	-	(1,170,491)
School lunch program	<u>1,012,009</u>	<u>209,310</u>	<u>672,365</u>	<u>(130,334)</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ 35,519,138</u>	<u>\$ 362,789</u>	<u>\$ 1,239,477</u>	<u>\$ (33,916,872)</u>
GENERAL REVENUE:				
Real property taxes				\$ 21,441,896
Other tax items				875,848
Sale of property and compensation for loss				22,640
Use of money and property				716,379
Miscellaneous				768,899
State sources				9,593,528
Medicaid reimbursement				<u>48,187</u>
TOTAL GENERAL REVENUE				<u>33,467,377</u>
CHANGE IN NET POSITION				(449,495)
NET POSITION - beginning of year				<u>(62,650,408)</u>
NET POSITION - end of year				<u>\$ (63,099,903)</u>

The accompanying notes are an integral part of these statements.

VOORHEESVILLE CENTRAL SCHOOL DISTRICT
**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2026**

	Governmental Fund Types			Total
	General Funds	Capital Project Funds	Non Major Funds	Governmental Funds
ASSETS				
Cash and cash equivalents - unrestricted	\$ 3,198,326	\$ -	\$ 1,239	\$ 3,199,565
Cash and cash equivalents - restricted	6,664,380	20,564,062	1,647,572	28,876,014
Accounts receivable	230,387	-	1,039	231,426
Due from other governments	492,649	-	-	492,649
State and federal aid receivable	481,533	102,543	269,892	853,968
Due from other funds	444,082	-	239,112	683,194
Inventory	-	-	15,698	15,698
TOTAL ASSETS	\$ 11,511,357	\$ 20,666,605	\$ 2,174,552	\$ 34,352,514
LIABILITIES				
Accounts payable	\$ 448,878	\$ 1,423,153	\$ 9,490	\$ 1,881,521
Accrued liabilities	41,518	-	-	41,518
Due to other governments	-	-	1,085	1,085
Due to other funds	209,676	29,728	443,790	683,194
Due to Teachers' Retirement System	1,275,368	-	-	1,275,368
Due to Employees' Retirement System	176,113	-	-	176,113
Bond anticipation notes	-	16,210,000	-	16,210,000
Unearned revenue	201,993	-	19,279	221,272
TOTAL LIABILITIES	2,353,546	17,662,881	473,644	20,490,071
FUND BALANCE				
Nonspendable:				
Inventory	-	-	15,698	15,698
Restricted:				
Unemployment	31,598	-	-	31,598
Retirement	2,972,481	-	-	2,972,481
Repair	291,472	-	-	291,472
Capital projects	2,648,181	3,003,724	-	5,651,905
Debt service	-	-	1,433,278	1,433,278
Insurance reserve	720,648	-	-	720,648
Other	-	-	251,932	251,932
Total restricted fund balance	6,664,380	3,003,724	1,685,210	11,353,314
Assigned:				
Unappropriated	157,330	-	-	157,330
Appropriated for subsequent year expenditures	868,384	-	-	868,384
Total assigned fund balance	1,025,714	-	-	1,025,714
Unassigned	1,467,717	-	-	1,467,717
TOTAL FUND BALANCE	9,157,811	3,003,724	1,700,908	13,862,443
TOTAL LIABILITIES AND FUND BALANCE	\$ 11,511,357	\$ 20,666,605	\$ 2,174,552	\$ 34,352,514

The accompanying notes are an integral part of these statements.

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO GOVERNMENT-WIDE NET POSITION JUNE 30, 2026

Total governmental fund balance	\$ 13,862,443
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	41,147,446
Pension related government wide activity:	
Deferred outflows of resources	5,292,327
Net pension liability	(590,382)
Net pension asset	3,552,030
Deferred inflows of resources	(4,249,147)
OPEB related government wide activity:	
Deferred outflows of resources	10,816,428
Total OPEB liability	(83,783,812)
Deferred inflows of resources	(19,216,904)
Bonds payable, lease payable and installment purchase debt are not due and payable in the current period and, therefore, are not reported in the funds.	(27,656,097)
Bond premium is recorded as revenue in the fund financial statements, but is capitalized and amortized over the life of the bond under full accrual accounting	(709,997)
Compensated absences at year end in the government-wide statements under full accrual accounting.	(568,240)
Accrued interest payable at year end in the government-wide statements under full accrual accounting.	<u>(995,998)</u>
Net position of governmental activities	<u>\$ (63,099,903)</u>

The accompanying notes are an integral part of these statements.

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026**

	Governmental Fund Types			Total Governmental Funds
	General Funds	Capital Project Funds	Non Major Funds	
REVENUE				
Real property taxes	\$ 21,441,896	\$ -	\$ -	\$ 21,441,896
Other tax items	875,848	-	-	875,848
Charges for services	153,479	-	-	153,479
Use of money and property	563,214	-	155,535	718,749
Sale of property and compensation for loss	22,640	-	-	22,640
Miscellaneous	508,907	106,179	149,659	764,745
State sources	9,595,928	-	699,224	10,295,152
Federal sources	-	-	540,253	540,253
Medicaid reimbursement	48,187	-	-	48,187
Sales - School lunch	-	-	209,310	209,310
TOTAL REVENUE	33,210,099	106,179	1,753,981	35,070,259
EXPENDITURES				
General support	3,740,674	-	-	3,740,674
Instruction	15,312,997	-	-	15,312,997
Pupil transportation	1,554,990	-	-	1,554,990
Community service	22,467	-	-	22,467
Employee benefits	9,365,497	1,516	-	9,367,013
Debt service - principal	1,313,769	-	-	1,313,769
Debt service - interest	811,439	-	-	811,439
Cost of sales	-	-	875,254	875,254
Capital outlays	-	12,702,949	-	12,702,949
Other	-	-	921,895	921,895
TOTAL EXPENDITURES	32,121,833	12,704,465	1,797,149	46,623,447
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,088,266	(12,598,286)	(43,168)	(11,553,188)
OTHER SOURCES AND (USES)				
Proceeds from issuance of debt	-	20,597,063	-	20,597,063
Proceeds from energy performance contract debt	-	700,929	-	700,929
Premium on issuance of debt	-	-	611,319	611,319
BANs redeemed from appropriations	-	290,000	-	290,000
Operating transfers in	33,443	109,000	223,059	365,502
Operating transfers (out)	(214,240)	(151,262)	-	(365,502)
Total other sources (uses)	(180,797)	21,545,730	834,378	22,199,311
CHANGE IN FUND BALANCE	907,469	8,947,444	791,210	10,646,123
FUND BALANCE - beginning of year	8,250,342	(5,943,720)	909,698	3,216,320
FUND BALANCE - end of year	\$ 9,157,811	\$ 3,003,724	\$ 1,700,908	\$ 13,862,443

The accompanying notes are an integral part of these statements.

VOORHEESVILLE 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, 2026

Net change in fund balance - governmental funds	\$ 10,646,123
Capital outlays, net disposals, are expenditures in governmental funds, but are capitalized in the statement of net position.	12,744,105
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(1,527,999)
Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(230,944)
Pension expense resulting from GASB 68 reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities.	1,313,010
Repayment of long-term debt and lease liability are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	1,020,506
Proceeds from the issuance of long-term debt are recorded as other financing sources in the governmental funds, but are recorded as liabilities in the statement of net position.	(20,597,063)
Bond premiums are not recorded as revenue in the governmental funds but are recorded in the statement of activities.	(611,319)
Proceeds from the issuance of installment purchase debt are recorded as other financing sources in the governmental funds, but are recorded as liabilities in the statement of net position.	(700,929)
Amortization of premiums associated with long-term debt are not recorded as an expenditure in the governmental funds, but are recorded as liabilities in the statement of net position.	29,002
Accrued other postemployment benefits do not require the expenditure of current resources and, therefore, are not reported as expenditures in the governmental funds.	(2,080,657)
Accrued compensated absences do not require the expenditure of current resources and are, therefore not reported as expenditures in the governmental funds.	(65,276)
Accrued interest expense does not require the expenditure of current resources and is, therefore, not reported as expenditures in the governmental funds.	<u>(388,054)</u>
Change in net position - Governmental activities	<u>\$ (449,495)</u>

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2026

	Custodial Funds
ASSETS:	
Cash	\$ -
Total assets	\$ -
LIABILITIES:	
Other liabilities	\$ -
Total liabilities	-
NET POSITION:	
Restricted for others	\$ -

The accompanying notes are an integral part of these statements.

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2026

	Custodial Funds
ADDITIONS:	
Tax collections for other governments	\$ 1,329,231
Total additions	<u>1,329,231</u>
DEDUCTIONS:	
Payments of tax to other governments	<u>1,329,231</u>
Total deductions	<u>1,329,231</u>
CHANGE IN NET POSITION	-
NET POSITION - beginning of year	<u>-</u>
NET POSITION - end of year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2026

1. NATURE OF OPERATIONS

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

Reporting Entity

The 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 (BOE). The President of the Board serves as 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. Board members have 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 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 a brief description of an entity 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 BOE 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 for various student organizations in a Miscellaneous Special Revenue fund.

Joint Venture

The School District is a component school district in the Capital Region 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.

1. NATURE OF OPERATIONS (CONTINUED)

Joint Venture (Continued)

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

During the year, the School District was billed \$3,165,521 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$1,080,767.

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 generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the 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 District-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, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the 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 includes charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

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:

Federal Fund - Used to account for proceeds from state and federal grants that are restricted for specific educational programs.

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.

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

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

Fiduciary Funds

These funds are used to account for fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the School District-wide financial statements 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 - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District as 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.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

The School District-wide and fiduciary fund 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 fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 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.

Cash and Cash Equivalents

Restricted Cash

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

Accounts Receivable/Due from Other Governments/State and Federal Receivable

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

Property Taxes

Real property taxes are levied annually by the board of education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31. Taxes not collected by October 31 are turned over to Albany County who assumes all responsibility for collection. Uncollected real property taxes are subsequently enforced by the County. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the School District no later than the following April 1.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 inventory 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 District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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 revenues to provide financing or other services.

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

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

Capital Assets

In the School District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold is used to report capital assets and the range of estimated useful lives by type of assets is as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 5,000	N/A	N/A
Buildings and improvements	5,000	SL	30-40
Site improvements	5,000	SL	15-20
Furniture and equipment	5,000	SL	5-20

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets also include lease assets with terms 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.

Compensated absences

In accordance with GASB Statement No. 101, Compensated Absences, the School District recognizes a liability for leave time that has been (1) 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 funds only if the liability has matured because of its employee resignations or retirements. The compensated absences liability includes salary related benefits, where applicable.

The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the governmental funds inasmuch as it will be funded from current financial resources and the statement of net position for amounts to be paid from future financial resources.

Other Benefits

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

School District employees may choose to participate in the School District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

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

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net 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.

Short Term Debt

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short Term Debt (Continued)

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.

At June 30, 2026, the School District had the following BANs outstanding:

Purpose	Issued	Maturity	Beginning Balance	Issued	Principal Paid	Redeemed	Ending Balance
General Obligations	7/10/2024	7/10/2025	\$12,500,000	\$ -	\$ 290,000	\$12,210,000	\$ -
General Obligations	7/9/2025	7/9/2026	-	12,210,000	-	-	12,210,000
General Obligations	3/24/2026	7/9/2026	-	4,000,000	-	-	4,000,000
			<u>\$12,500,000</u>	<u>\$16,210,000</u>	<u>\$ 290,000</u>	<u>\$12,210,000</u>	<u>\$16,210,000</u>

Accrued Liabilities and Long-Term Obligations

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

Long-term obligations represent the 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.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is 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.

Unearned Revenue

Unearned revenue is reported when potential revenue does not meet 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 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year rather than when measurable and available.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

School District-wide Statements - Equity Classifications

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

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

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

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

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

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

Reserve for Debt Service

According to General Municipal Law §6-l, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

Repair Reserve

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, that are of a type not recurring annually. The BOE, 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.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Financial Statements - Equity classifications (Continued)

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits 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.

Insurance Reserve

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

Liability Claims and Property Loss

According to General Municipal Law §1709(8)(c), this reserve must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve 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.

Tax Certiorari

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the funds without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgements 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. This reserve is accounted for in the General Fund.

Retirement Contribution

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 operation and condition of the fund must be provided to the board. This reserve is accounted for in the General Fund.

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by 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. This reserve is accounted for in the General Fund.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Financial Statements - Equity classifications (Continued)

Unemployment Insurance Reserve

This 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 School District 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 the tax (contribution) basis, excess resources in the fund may be transferred to any other reserve fund. The reserve is accounted for in the General Fund under restricted fund balance.

Reserve for Tax Reduction

This reserve (EL §1604, §1709) is used for the gradual use of the proceeds of the sale of School District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the School District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. This reserve is accounted for in the General Fund.

Reserve for Insurance Recoveries

Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the General Fund.

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 the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balance includes the following:

Unemployment	\$ 31,598
Retirement	2,972,481
Repair	291,472
Capital projects	5,651,905
Debt service	1,433,278
Insurance reserve	720,648
Other	<u>251,932</u>
Total	<u>\$ 11,353,314</u>

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Financial Statements - Equity classifications (Continued)

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, the BOE. The School District has no committed fund balances as of June 30, 2026.

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 represent purchase commitments made by the School District's purchasing agent through their authorization of a purchase order prior to year-end. Encumbrances reported in the General Fund amounted to \$157,330. As of June 30, 2026, the School District's encumbrances were classified as follows:

Assigned fund balance:

General support	\$ 77,203
Instruction	80,123
Pupil Transportation	<u>4</u>
Total encumbrances	<u>\$157,330</u>

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. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year's budget 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 non-spendable 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, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenue and expenses 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 DISTRICT-WIDE STATEMENTS

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

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

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

Statement of 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.

The categories shown below represent:

- **Long-Term Revenue and Expense Differences**

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

- **Capital Related Differences**

Capital related differences include the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation 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 demonstration of its stewardship over District resources follows.

Budgets

The School District 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 appropriation budget.

Appropriations are adopted at the program line-item level.

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

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

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

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

Encumbrances

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

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

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 the New York Cooperative Liquid Assets Securities System (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2026, the School District held \$7,366,291 in investments consisting of various investments in securities issued by the United States and its agencies. NYCLASS is rated 'AAAm' by S&P Global Ratings. The investments are highly liquid, and the amount held represents the amortized 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 as www.newyorkclass.org.

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

	Bank Balance	Carrying Amount
Cash	\$25,186,618	\$24,709,288
Cash equivalents	<u>7,366,291</u>	<u>7,366,291</u>
	<u>\$32,552,909</u>	<u>\$32,075,579</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$24,686,618	
Covered by FDIC insurance	<u>500,000</u>	
Total	<u>\$25,186,618</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 State of New York and therefore do not require collateral. The other permissible investments are collateralized in accordance with NYS GML section 10.

5. CASH AND CASH EQUIVALENTS (CONTINUED)

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

Restricted cash consists of the following:

General fund:

Cash on deposit for reserves:

Unemployment	\$ 31,598
Retirement	2,972,481
Repair	291,472
Capital projects	2,648,181
Insurance reserve	<u>720,648</u>

Total general fund restricted cash \$ 6,664,380

Total capital project fund restricted cash \$20,564,062

Non-major funds:

Cash on deposit for extraclassroom
activities and scholarships

\$ 243,730

Cash on deposit for debt service

1,403,842

Total non-major funds restricted cash \$ 1,647,572

6. CAPITAL ASSETS, NET

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

	Balance 7/1/2025	Additions	Deletions	Balance 6/30/2026
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 273,657	\$ -	\$ -	\$ 273,657
Construction in progress	19,223,139	12,331,950	20,671,346	10,883,743
Total nondepreciable cost	19,496,796	12,331,950	20,671,346	11,157,400
Capital assets that are depreciated:				
Buildings and improvements	26,218,146	20,653,901	-	46,872,047
Furniture and equipment	6,900,624	449,248	196,474	7,153,398
Total depreciable historical cost	33,118,770	21,103,149	196,474	54,025,445
Less accumulated depreciation:				
Buildings and improvements	17,986,354	1,200,478	-	19,186,832
Furniture and equipment	4,972,789	327,521	176,826	5,123,484
Total accumulated depreciation	22,959,143	1,527,999	176,826	24,310,316
Total depreciable cost - net	10,159,627	19,575,150	19,648	29,715,129
Lease assets, being amortized				
Right to Use Asset - Equipment	1,216,297	-	-	1,216,297
Total lease assets, being amortized	1,216,297	-	-	1,216,297
Less accumulated amortization				
Right to Use Asset - Equipment	710,436	230,944	-	941,380
Total accumulated amortization	710,436	230,944	-	941,380
Total governmental activities capital asset, net	\$ 30,162,284	\$ 31,676,156	\$ 20,690,994	\$ 41,147,446

Depreciation and amortization expense for the year ended June 30, 2026, was allocated to specific functions as follows:

	Depreciation	Amortization
General support	\$ 244,480	\$ -
Instruction	1,145,999	230,944
Pupil transportation	30,560	-
School lunch	106,960	-
Total	\$ 1,527,999	\$ 230,944

7. INTERFUND BALANCES AND ACTIVITY

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General	\$ 444,082	\$ 209,676	\$ 33,443	\$ 214,240
Federal	209,676	353,813	202,619	-
Capital Projects	-	29,728	109,000	151,262
Debt Service	29,436	-	20,440	-
School Lunch	<u>-</u>	<u>89,977</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 683,194</u>	<u>\$ 683,194</u>	<u>\$ 365,502</u>	<u>\$ 365,502</u>

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

Transfers are used to finance certain special aid programs, support capital project expenditures and school lunch programs.

8. DEBT

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

	Balance <u>6/30/2025</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2026</u>	Due Within <u>One Year</u>
Serial bonds	\$ 5,885,710	\$ 20,597,063	\$ 782,458	\$ 25,700,315	\$ 922,515
Bond premium	127,680	611,319	29,002	709,997	-
Total other postemployment benefits	74,330,921	13,824,023	4,371,132	83,783,812	4,559,965
Net pension liability	1,805,993	-	1,215,611	590,382	-
Installment-purchase obligations	1,659,275	-	-	1,659,275	139,096
Compensated absences	502,964	65,276	-	568,240	-
Lease liability	<u>534,555</u>	<u>-</u>	<u>238,048</u>	<u>296,507</u>	<u>235,968</u>
	<u>\$ 84,847,098</u>	<u>\$ 35,097,681</u>	<u>\$ 6,636,251</u>	<u>\$ 113,308,528</u>	<u>\$ 5,857,544</u>

Interest on all debt for the year was composed of:

Interest paid	\$ 811,439
Less: Interest accrued in the prior year	(607,944)
Plus: Interest accrued in the current year	995,998
Less: Amortization on bond premium	<u>(29,002)</u>
Total interest expense	<u>\$ 1,170,491</u>

8. 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>	<u>6/30/26 Balance</u>
2015 Refunding	2015	2030	2.14-3.27%	\$ 420,000
2021 Bus Bond	2021	2027	0.85%	52,052
2021 Serial Bond	2021	2037	2.00%	3,955,000
2022 Bus Bond	2022	2027	2.95%	158,000
2024 Bus Bond	2024	2028	4.45%	253,200
2025 Bus Bond	2025	2029	4.00%	265,000
2026 Bus Bond	2025	2030	3.50%	371,000
2026 Serial Bond	2026	2054	3.75%	<u>20,226,063</u>
Total bond issue				<u>\$ 25,700,315</u>

The following is a summary of the maturity of long-term indebtedness as of June 30, 2026:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 922,515	\$ 934,429	\$ 1,856,944
2028	1,768,400	913,305	2,681,705
2029	1,744,400	851,487	2,595,887
2030	1,625,000	790,110	2,415,110
2031	1,470,000	733,619	2,203,619
2032-2036	8,010,000	2,862,144	10,872,144
2037-2041	6,835,000	1,459,094	8,294,094
Thereafter	<u>3,325,000</u>	<u>1,024,431</u>	<u>4,349,431</u>
Totals	<u>\$ 25,700,315</u>	<u>\$ 9,568,619</u>	<u>\$ 35,268,934</u>

In May 2025, the School District entered into a \$1,659,275 lease-purchase agreement to install energy saving equipment and/or upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over fifteen years, with a semi-annual installment through December 2040. Payments include interest at 3.99%. The School District drew down \$700,929 in FY26 for this funding. The contractual liability as of June 30, 2026, was \$1,659,275. This agreement constitutes direct borrowing, and the outstanding balance is secured by equipment under the agreement. Upon payment of all required lease payments, ownership of the equipment transfers to the School District for a nominal consideration of \$1.00.

8. DEBT (CONTINUED)

The following is a summary of the maturity of installment purchase debt:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 139,096	\$ 64,272	\$ 203,368
2028	86,939	59,797	146,736
2029	90,443	56,293	146,736
2030	94,088	52,649	146,737
2031	97,879	48,857	146,736
2032-2036	551,839	181,841	733,680
2037-2041	598,991	61,323	660,314
	<u>\$ 1,659,275</u>	<u>\$525,032</u>	<u>\$ 2,184,307</u>

9. LEASES

The School District leases various equipment from Northeastern Regional Information Center (NERIC). The leases do not contain renewal options. The leases have various inception dates and remaining terms of 1-57 months. Lease agreements are summarized as follows:

<u>Descriptions</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>
NERIC Equipment	0.12% - 0.25%	\$ 296,507
		<u>\$ 296,507</u>

Activity of lease liabilities for the year ended June 30, 2026, 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>
\$ 534,555	\$ -	\$ 238,048	\$ 296,507	\$ 235,968

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	235,968	8,716	244,684
2028	60,539	632	61,171
	<u>\$ 296,507</u>	<u>\$ 9,348</u>	<u>\$ 305,855</u>

10. PENSION PLANS

New York State Employees' Retirement System

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

The system is noncontributory except for employees who joined the System after July 27th, 1976, who contribute 3.0 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier 6 vary based on a sliding salary scale. 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 System's 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:

	ERS
2026	\$ 609,685
2025	\$ 511,612
2024	\$ 418,717

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

At June 30, 2026, the School District reported a net pension liability of \$590,382 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2026, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2025. The School District's proportion of the net pension liability was based on a projection of the 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, 2026, the School District's proportionate share was .0104645 percent, which was a decrease of .000069% from its proportionate share measured at June 30, 2025.

10. PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2026, the School District recognized pension expense of \$655,294. At June 30, 2026, the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 337,851	\$ -
Changes of assumptions	101,343	-
Net difference between projected and actual earnings on pension plan investments	-	1,058,588
Changes in proportion and differences between the District's contributions and proportionate share of contributions	252,475	215,094
Contributions subsequent to the measurement date	176,113	-
Total	<u>\$ 867,782</u>	<u>\$ 1,273,682</u>

The School District recognized \$176,113 as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2027.

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 Ended March 31:

2027	\$ 242,980
2028	(374,853)
2029	(217,490)
2030	(232,650)
	<u>\$ (582,013)</u>

10 PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability at March 31, 2026 was determined by using an actuarial valuation as of April 1, 2025, with update procedures used to roll forward the total pension liability to March 31, 2026.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.90%
Salary Scale	5.2% indexed by service
Projected COLAs	1.5% compounded annually
Decrement	Developed from the Plan's 2020 experience study of period April 1, 2020 through March 31, 2025
Mortality improvements	Society of Actuaries scale MP-2021
Investment Rate of Return	5.9% compounded annually, net of investment expense

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 returns, 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 percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	25%	3.29%
International Equity	14%	5.85%
Private Equity	15%	7.00%
Real Estate	12%	5.20%
Opportunistic /ARS Portfolio	3%	5.13%
Credit	4%	5.10%
Real Assets	4%	5.54%
Fixed Income	22%	1.75%
Cash	1%	0.25%
	<u>100%</u>	

10. PENSION PLANS (CONTINUED)

New York State Employees' Retirement System (Continued)

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.

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 5.90%, 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 Assumption (5.90%)	1% Increase (6.90%)
Proportionate Share of Net Pension liability (asset)	<u>\$ 4,032,149</u>	<u>\$ 590,382</u>	<u>\$ (2,287,087)</u>

The components of the current-year net pension liability of the employers as of March 31, 2026, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 253,773,040
Net position	<u>248,131,290</u>
Net pension liability (asset)	<u>\$ 5,641,750</u>
Fiduciary net position as a percentage of total pension liability	97.78%

10. PENSION PLANS (CONTINUED)

New York State Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer 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. NYSTRS 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

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS 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.

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

	TRS
2026	\$ 1,143,161
2025	\$ 1,190,856
2024	\$ 1,094,784

10. PENSION PLANS (CONTINUED)

New York State Teachers' Retirement System (Continued)

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

At June 30, 2026, the School District reported a net pension asset of \$3,552,032 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2025, and the total pension asset used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2024. The School District's proportion of the net pension asset 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, 2026 the School District's proportionate share was 0.059990%, which was an increase of 0.001242% from its proportionate share measured at June 30, 2025.

For the year ended June 30, 2026, the School District recognized pension expense (income) of (\$208,058). At June 30, 2026, the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,862,056	\$ -
Changes of assumptions	1,406,138	38,297
Net difference between projected and actual earnings on pension plan investments	-	2,774,127
Changes in proportion and differences between the District's contributions and proportionate share of contributions	13,190	163,041
Contributions subsequent to the measurement date	<u>1,143,161</u>	<u>-</u>
Total	<u>\$ 4,424,545</u>	<u>\$ 2,975,465</u>

The School District recognized \$1,143,161 as deferred outflows of resources related to pensions resulting from the School District's contributions subsequent to the measurement date, June 30, 2025 which will be recognized as a reduction of the net pension liability in the year ending June 30, 2027.

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

2026	\$ 1,762,638
2027	(798,678)
2028	(831,840)
2029	(186,007)
2030	296,239
Thereafter	<u>63,567</u>
	<u>\$ 305,919</u>

10. PENSION PLANS (CONTINUED)

New York State Teachers' Retirement System (Continued)

Actuarial Assumptions

The total pension asset at the June 30, 2025 measurement date was determined by an actuarial valuation as of June 30, 2024, with update procedures used to roll forward the total pension asset to June 30, 2025. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal										
Inflation	2.50%										
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.										
	<table><tr><th><u>Service</u></th><th><u>Rate</u></th></tr><tr><td>5</td><td>5.80%</td></tr><tr><td>15</td><td>3.66%</td></tr><tr><td>25</td><td>2.68%</td></tr><tr><td>35</td><td>2.04%</td></tr></table>	<u>Service</u>	<u>Rate</u>	5	5.80%	15	3.66%	25	2.68%	35	2.04%
<u>Service</u>	<u>Rate</u>										
5	5.80%										
15	3.66%										
25	2.68%										
35	2.04%										
Projected COLAs	1.40% 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 of 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 expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

10. PENSION PLANS (CONTINUED)

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, 2025 are summarized in the following table:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	33%	6.70%
International Equity	15%	7.40%
Global Equity	4%	7.00%
Real Estate Equity	11%	6.50%
Private Equity	9%	9.80%
Domestic Fixed Income	16%	2.60%
Global Bonds	2%	2.40%
High-Yield Bonds	1%	4.70%
Private Debt	2%	6.10%
Real Estate Debt	6%	4.70%
Cash Equivalents	1%	0.60%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension asset 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

The following presents the net pension liability (asset) of the school districts 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% lower (5.95 percent) or 1% higher (7.95 percent) than the current rate:

	1% Decrease (5.95%)	Current Discount (6.95%)	1% Increase (7.95%)
Proportionate Share of Net Pension Liability (asset)	<u>\$ 6,825,271</u>	<u>\$ (3,552,030)</u>	<u>\$(12,283,989)</u>

10. PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (asset) of the employers as of June 30, 2025, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 148,272,068,018
Net position	<u>154,193,125,241</u>
Net pension liability (asset)	\$ <u>(5,921,057,223)</u>
TRS net position as a percentage of total pension liability	103.99%

11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The School District's defined benefit OPEB plan, provides OPEB for all employees who meet the NYSTRS/NYSERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the School District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the School District according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits.

The plan is a single-employer defined benefit OPEB plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving	186
Active employees	<u>211</u>
Total participants	<u>397</u>

Total OPEB Liability

The School District's total OPEB liability of \$83,783,812 was measured as of June 30, 2026, and was determined by an actuarial valuation as of June 30, 2024.

11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Payroll Growth	Varied by years of service and retirement system
Discount rate	4.32%
Mortality table	Pub-2010 Headcount-weighted table projected fully generationally using MP-2021
Medical Health care trends	6.75% from 2024 to 2025, decreasing to an ultimate rate of 4.04% by 2075
Dental Health care trends	3.00% per annum

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates are based on recent mortality tables published by SOA (Pub-2010), which were based on the public pension plans mortality experience from calendar years 2008 to 2013.

Changes in the Total OPEB Liability

Balance at July 1, 2025	<u>\$ 74,330,921</u>
Changes for the Year	
Service cost	2,484,110
Interest	3,590,912
Changes of benefit terms	-
Changes in assumptions or other inputs	5,904,967
Differences between expected and actual experience	1,844,034
Benefit payments	<u>(4,371,132)</u>
Net changes	<u>9,452,891</u>
Balance at June 30, 2026	<u><u>\$ 83,783,812</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.81% in 2025 to 4.32% in 2026.

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

	3.32%	4.32%	5.32%
Total OPEB Liability	<u>\$ 98,051,882</u>	<u>\$ 83,783,812</u>	<u>\$ 72,366,616</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 or 1 percentage point higher than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease (5.75% decreasing to 3.04%)	Current Trend (6.75% decreasing to 4.04%)	1% Increase (7.75% decreasing to 5.04%)
Total OPEB Liability	<u>\$ 70,220,241</u>	<u>\$ 83,783,812</u>	<u>\$101,383,798</u>

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

For the year ended June 30, 2026, the School District recognized OPEB expense of \$6,451,789. At June 30, 2026, 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
Difference between expected and actual experience	\$ 3,709,082	\$ 4,620,887
Changes in assumption	<u>7,107,346</u>	<u>14,596,017</u>
Total	<u>\$ 10,816,428</u>	<u>\$ 19,216,904</u>

11. 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>
2027	\$ (2,250,799)
2028	(5,370,663)
2029	(1,947,579)
2030	(122,936)
2031	1,291,501
Thereafter	-
	<u>\$ (8,400,476)</u>

12. RISK MANAGEMENT

General

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.

Health Insurance

One of the School District's health insurance plans is self-insured and is reported in the general fund.

All known claims filed and an estimate of all incurred, but not reported claims existing at June 30, 2026, have been recorded as accrued liabilities in the government-wide statements.

The School District establishes health insurance claims liabilities based on estimates of the ultimate cost of claims. Claims under this plan are paid during the year or in the subsequent year. The length of time that claims may be submitted is limited to ninety days after year-end. The School District has a stop loss insurance limiting its liability to \$250,000 per insured for CDPHP and \$500,000 for Blue Shield of Northeastern New York.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to the liability in the period in which they are made.

13. CONTINGENCIES AND COMMITMENTS

Litigation

The School District has been named a defendant in several tax certiorari cases. A review by management and the School District's attorneys indicate that these actions are not substantial enough to materially affect the financial position of the School District.

Grants

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

14. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2026, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. Among other changes, the Statement modifies certain Management's Discussion and Analysis (MD&A) requirements, updates presentation requirements for unusual or infrequent items, and makes certain changes to budgetary comparison information and statistical section reporting.

15. SUBSEQUENT EVENT

Subsequent to June 30, 2026, the School District redeemed two Bond Anticipation Notes (BANs) upon their maturity in July. The BANs were retired utilizing proceeds from a serial bond issued by the School District in June 2026. As the bond was issued prior to year-end, no additional long-term debt was incurred subsequent to June 30, 2026. Management evaluated subsequent events through October 12, 2026.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under) Actual
REVENUE					
Local sources:					
Real property taxes	\$ 22,253,153	\$ 22,253,153	\$ -	\$ 21,441,896	\$ (811,257)
Other tax items	20,000	20,000	-	875,848	855,848
Charges for services	142,400	142,400	-	153,479	11,079
Use of money and property	305,585	305,585	-	563,214	257,629
Sale of property and compensation for loss	8,500	26,445	17,945	22,640	(3,805)
Miscellaneous	<u>200,000</u>	<u>206,149</u>	<u>6,149</u>	<u>508,907</u>	<u>302,758</u>
Total local sources	22,929,638	22,953,732	24,094	23,565,984	612,252
State sources	9,638,156	9,638,156	-	9,595,928	(42,228)
Medicaid reimbursement	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>48,187</u>	<u>(1,813)</u>
Total revenue	<u>32,617,794</u>	<u>32,641,888</u>	<u>24,094</u>	<u>33,210,099</u>	<u>568,211</u>

(Continued)

The accompanying notes are an integral part of this schedule

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under) Actual
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	\$ 45,479	\$ 47,538	\$ 2,059	\$ 40,510	\$ 7,028
Central administration	280,204	275,608	(4,596)	274,652	956
Finance	641,894	682,231	40,337	655,969	26,262
Staff	251,646	223,659	(27,987)	217,243	6,416
Central services	2,455,238	2,449,080	(6,158)	2,277,822	171,258
Special items	<u>398,216</u>	<u>355,012</u>	<u>(43,204)</u>	<u>351,681</u>	<u>3,331</u>
Total general support	<u>4,072,677</u>	<u>4,033,128</u>	<u>(39,549)</u>	<u>3,817,877</u>	<u>215,251</u>
INSTRUCTION:					
Instruction, administration, and improvement	957,991	972,767	14,776	918,877	53,890
Teaching - Regular school	9,028,362	9,103,875	75,513	8,507,483	596,392
Programs for children with handicapping conditions	3,534,285	3,626,866	92,581	3,375,138	251,728
Occupational education	378,672	323,901	(54,771)	323,901	-
Teaching - Special school	58,352	58,352	-	31,360	26,992
Instructional media	1,006,787	717,995	(288,792)	482,021	235,974
Pupil services	<u>1,956,922</u>	<u>2,007,748</u>	<u>50,826</u>	<u>1,754,340</u>	<u>253,408</u>
Total instruction	<u>16,921,371</u>	<u>16,811,504</u>	<u>(109,867)</u>	<u>15,393,120</u>	<u>1,418,384</u>
Pupil transportation	1,599,735	1,740,902	141,167	1,554,994	185,908
Community service	77,349	77,349	-	22,467	54,882
Employee benefits	9,785,072	9,798,392	13,320	9,365,497	432,895
Debt service - principal	1,072,458	1,313,769	241,311	1,313,769	-
Debt service - interest	<u>826,589</u>	<u>811,439</u>	<u>(15,150)</u>	<u>811,439</u>	<u>-</u>
Total expenditures	<u>34,355,251</u>	<u>34,586,483</u>	<u>231,232</u>	<u>32,279,163</u>	<u>2,307,320</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	33,443	33,443
Transfers to other funds	<u>(170,000)</u>	<u>(170,000)</u>	<u>-</u>	<u>(214,240)</u>	<u>(44,240)</u>
Total other financing sources (uses)	<u>(170,000)</u>	<u>(170,000)</u>	<u>-</u>	<u>(180,797)</u>	<u>(10,797)</u>
Total expenditures and other financing sources (uses)	<u>34,525,251</u>	<u>34,756,483</u>	<u>231,232</u>	<u>32,459,960</u>	<u>2,296,523</u>
NET CHANGE IN FUND BALANCE	(1,907,457)	(2,114,595)	(207,138)	750,139	2,864,734
FUND BALANCE - beginning of year	<u>8,250,342</u>	<u>8,250,342</u>	<u>-</u>	<u>8,250,342</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 6,342,885</u>	<u>\$ 6,135,747</u>	<u>\$ (207,138)</u>	<u>\$ 9,000,481</u>	<u>\$ 2,864,734</u>

The accompanying notes are an integral part of this schedule

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Comparison Information - Unaudited FOR THE YEAR ENDED JUNE 30, 2026

		General Fund Over (Under)
BUDGETARY REVENUES		
Differences - final budget to actual		
Other tax items revenues in the General Fund exceeded the final budget due to the School District not budgeting for PILOT payments and STAR reimbursement.	\$	855,848
Use of money and property revenues in the General Fund exceeded the final budget due to higher than anticipated interest rates combined with larger average cash balances available for investment during the fiscal year, resulting in increased earnings.	\$	257,629
Miscellaneous revenues in the General Fund exceeded the final budget due to National Grid energy-efficient incentive rebates received in connection with qualifying improvements completed under the School District's Energy Performance Contract (EPC).	\$	302,758
BUDGETARY EXPENDITURES		
Differences - original budget to final budget		
The final budget in the General Fund for instructional media decreased due to transfer of allocated budget to ensure proper funding was available to cover recording of annual GASB87 expense.	\$	(288,792)
Differences - final budget to actual		
Actual instructional media expenditures in the General Fund were below the final budget due to planned spending on IT needs that were unrealized due to non-receipt of E-Rate funding to assist in the support of these planned expenditure(s).	\$	235,974
Actual pupil services expenditures in the General Fund were below the final budget due to lower than anticipated district special education placements and other services.	\$	253,408
BUDGETARY BASIS OF ACCOUNTING		
Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.		
The District reports its budgetary status with the actual data, including outstanding encumbrances as charges against budget appropriations. This results in the following reconciliation of the fund balance computed on GAAP basis and budgetary basis:		
General Fund:		
GAAP basis fund balance at June 30, 2026	\$ 9,157,811	
Less: Outstanding encumbrances	<u>(157,330)</u>	
Budgetary basis fund balance at June 30, 2026	<u>\$ 9,000,481</u>	

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total other postemployment benefits (OPEB) liability										
Service cost	\$ 2,484,110	\$ 2,637,742	\$ 2,591,655	\$ 3,248,214	\$ 4,706,305	\$ 4,358,739	\$ 2,883,029	\$ 1,599,717	\$ 1,658,759	
Interest	3,590,912	3,432,185	3,272,813	3,164,135	2,373,670	2,167,773	2,587,157	2,031,323	1,842,102	
Changes in benefit terms	-	-	-	-	-	(341,325)	-	(523,440)	-	
Differences between expected and actual experience in the measurement of the total OPEB liability	1,844,034	(1,515,998)	1,242,573	(8,159,712)	46,191	10,765,324	302,276	(1,018,801)	-	
Changes of assumptions or other inputs	5,904,967	(6,970,618)	(1,015,360)	(4,877,865)	(24,007,756)	(3,439,714)	19,212,351	19,678,860	(2,608,145)	
Benefit payments	(4,371,132)	(4,234,789)	(3,489,684)	(2,237,562)	(2,110,790)	(2,000,579)	(2,150,644)	(1,517,026)	(1,415,065)	
Net change in in total OPEB liability	9,452,891	(6,651,478)	2,601,997	(8,862,790)	(18,992,380)	11,510,218	22,834,169	20,250,633	(522,349)	
Total OPEB liability - beginning	74,330,921	80,982,399	78,380,402	87,243,192	106,235,572	94,725,354	71,891,185	51,640,552	52,162,901	
Total OPEB liability - ending	<u>\$ 83,783,812</u>	<u>\$ 74,330,921</u>	<u>\$ 80,972,399</u>	<u>\$ 78,380,402</u>	<u>\$ 87,243,192</u>	<u>\$ 106,235,572</u>	<u>\$ 94,725,354</u>	<u>\$ 71,891,185</u>	<u>\$ 51,640,552</u>	
Covered payroll	<u>\$ 14,532,129</u>	<u>\$ 13,593,428</u>	<u>\$ 13,802,640</u>	<u>\$ 11,168,925</u>	<u>\$ 12,672,617</u>	<u>\$ 11,102,181</u>	<u>\$ 11,776,556</u>	<u>\$ 10,366,427</u>	<u>\$ 11,995,607</u>	
Total OPEB liability as a percentage of covered payroll	576.54%	546.74%	586.64%	701.68%	688.36%	956.80%	804.36%	693.50%	430.50%	

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.

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	4.32%	4.81%	4.21%	4.13%	3.54%	2.16%	2.21%	3.51%	3.87%
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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.

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

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

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Proportion of the net pension liability (asset)	0.0104645%	0.0105332%	0.0107405%	0.0102683%	0.0100725%	0.0101330%	0.0102134%	0.0106851%	0.0108200%	0.0094373%
Proportionate share of the net pension liability (asset)	\$ 590.4	\$ 1,806.0	\$ 1,581.4	\$ 2,201.9	\$ (1,866.3)	\$ 10.1	\$ 2,704.6	\$ 757.1	\$ 349.2	\$ 886.8
Covered-employee payroll	\$ 4,056.2	\$ 3,807.1	\$ 3,266.2	\$ 3,217.3	\$ 3,135.8	\$ 3,053.4	\$ 3,119.3	\$ 3,111.7	\$ 3,070.3	\$ 2,582.1
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.56%	47.44%	48.42%	68.44%	-59.52%	0.33%	86.71%	24.33%	11.37%	34.34%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.78%	93.08%	93.88%	90.78%	103.65%	-99.97%	86.39%	96.27%	98.24%	94.70%
	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN										
Proportion of the net pension liability (asset)	0.0599900%	0.0587480%	0.0574440%	0.0565420%	0.0550810%	0.0533100%	0.0545590%	0.0565070%	0.0558720%	0.0539530%
Proportionate share of the net pension liability (asset)	\$ (3,552.0)	\$ (1,752.8)	\$ 656.9	\$ 1,085.0	\$ (9,544.9)	\$ 1,473.1	\$ (1,417.4)	\$ (1,021.8)	\$ (424.7)	\$ 577.9
Covered-employee payroll	\$ 11,920.3	\$ 11,779.0	\$ 11,217.1	\$ 10,607.6	\$ 10,016.5	\$ 9,348.9	\$ 9,048.4	\$ 9,106.7	\$ 9,433.9	\$ 8,325.5
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-29.80%	-14.88%	5.86%	10.23%	-95.29%	15.76%	-15.66%	-11.22%	-4.50%	6.94%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.99%	102.09%	99.17%	98.57%	113.25%	-97.76%	102.20%	101.53%	100.66%	99.01%

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

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

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 609.7	\$ 511.6	\$ 418.7	\$ 365.0	\$ 477.9	\$ 433.5	\$ 443.9	\$ 443.0	\$ 445.0	\$ 390.5
Contributions in relation to the contractually required contribution	<u>609.7</u>	<u>511.6</u>	<u>418.7</u>	<u>365.0</u>	<u>477.9</u>	<u>433.5</u>	<u>443.9</u>	<u>443.0</u>	<u>445.0</u>	<u>390.5</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	\$ 4,056.2	\$ 3,807.1	\$ 3,266.2	\$ 3,217.3	\$ 3,135.8	\$ 3,053.4	\$ 3,119.3	\$ 3,111.7	\$ 3,070.3	\$ 2,582.1
Contributions as a percentage of covered-employee payroll	15.03%	13.44%	12.82%	11.35%	15.24%	14.20%	14.23%	14.24%	14.49%	15.12%

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 1,143.2	\$ 1,190.9	\$ 1,094.8	\$ 1,091.5	\$ 981.6	\$ 891.0	\$ 801.7	\$ 967.1	\$ 924.5	\$ 1,104.0
Contributions in relation to the contractually required contribution	<u>1,143.2</u>	<u>1,190.9</u>	<u>1,094.8</u>	<u>1,091.5</u>	<u>981.6</u>	<u>891.0</u>	<u>801.7</u>	<u>967.1</u>	<u>924.5</u>	<u>1,104.0</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	\$ 11,920.3	\$ 11,779.0	\$ 11,217.1	\$ 10,607.6	\$ 10,016.5	\$ 9,348.9	\$ 9,048.4	\$ 9,106.7	\$ 9,433.9	\$ 8,325.5
Contributions as a percentage of covered-employee payroll	9.59%	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	13.26%

SUPPLEMENTARY INFORMATION

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2026

	School Lunch	Miscellaneous Special Revenue Fund	Federal Fund	Debt Service Fund	Total Non-Major Governmental Funds
ASSETS					
Cash and equivalents - unrestricted	\$ 420	\$ 819	\$ -	\$ -	\$ 1,239
Cash and equivalents - restricted	-	243,730	-	1,403,842	1,647,572
Accounts receivable	1,039	-	-	-	1,039
State and federal aid receivable	119,284	-	150,608	-	269,892
Due from other funds	-	-	209,676	29,436	239,112
Inventory	15,698	-	-	-	15,698
TOTAL ASSETS	<u>\$ 136,441</u>	<u>\$ 244,549</u>	<u>\$ 360,284</u>	<u>\$ 1,433,278</u>	<u>\$ 2,174,552</u>
LIABILITIES					
Accounts payable	\$ 3,033	\$ -	\$ 6,457	\$ -	\$ 9,490
Due to other funds	89,977	-	353,813	-	443,790
Due to other governments	266	819	-	-	1,085
Unearned revenue	19,265	-	14	-	19,279
TOTAL LIABILITIES	<u>112,541</u>	<u>819</u>	<u>360,284</u>	<u>-</u>	<u>473,644</u>
FUND BALANCE					
Nonspendable	15,698	-	-	-	15,698
Restricted	8,202	243,730	-	1,433,278	1,685,210
TOTAL FUND BALANCE	<u>23,900</u>	<u>243,730</u>	<u>-</u>	<u>1,433,278</u>	<u>1,700,908</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 136,441</u>	<u>\$ 244,549</u>	<u>\$ 360,284</u>	<u>\$ 1,433,278</u>	<u>\$ 2,174,552</u>

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026**

	School Lunch Fund	Miscellaneous Special Revenue Fund	Federal Fund	Debt Service Fund	Total Non-Major Governmental Funds
REVENUE					
Use of money and property	\$ -	\$ 2,370	\$ -	\$ 153,165	\$ 155,535
Miscellaneous	1,069	148,590	-	-	149,659
State sources	499,320	-	199,904	-	699,224
Federal sources	173,045	-	367,208	-	540,253
Sales - school lunch	209,310	-	-	-	209,310
TOTAL REVENUE	882,744	150,960	567,112	153,165	1,753,981
EXPENDITURES					
Other	-	152,164	769,731	-	921,895
Cost of sales	875,254	-	-	-	875,254
TOTAL EXPENDITURES	875,254	152,164	769,731	-	1,797,149
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	7,490	(1,204)	(202,619)	153,165	(43,168)
OTHER SOURCES AND (USES)					
Premium on issuance of debt	-	-	-	611,319	611,319
Transfers in	-	-	202,619	20,440	223,059
TOTAL OTHER SOURCES AND (USES)	-	-	202,619	631,759	834,378
CHANGE IN FUND BALANCE	7,490	(1,204)	-	784,924	791,210
FUND BALANCE - beginning of year	16,410	244,934	-	648,354	909,698
FUND BALANCE - end of year	\$ 23,900	\$ 243,730	\$ -	\$ 1,433,278	\$ 1,700,908

OTHER INFORMATION

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION - GENERAL FUND (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2026

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$	34,525,251
Add: Prior year's encumbrances		<u>203,306</u>
Original budget		34,728,557
Budget revisions		<u>27,926</u>
Final budget	\$	<u>34,756,483</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2026-2027 voter approved expenditure budget	\$	36,605,721	
Maximum allowed (4% of 2026-2027 budget)			<u>\$ 1,464,229</u>

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

Total fund balance:	\$	9,157,811	
Less:			
Restricted fund balance		6,664,380	
Assigned fund balance:			
Appropriated fund balance		868,384	
Encumbrances included in committed and assigned fund balance		<u>157,330</u>	
Total adjustments		<u>7,690,094</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law			<u>\$ 1,467,717</u>
Actual percentage			4.0%

*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.

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2026

Project Title	Original Budget	Revised Budget	Expenditures		Total	Unexpended Balance
			Prior Years	Current Year		
Phase 1, 2, 3, 4 Renovations	\$ 7,704,000	\$ 7,683,506	\$ 7,786,050	\$ (103,127)	\$ 7,682,923	\$ 583
Smart Schools	483,870	483,870	385,543	100,727	486,270	(2,400)
2022 Approved Projects:						
Transportation (Phase 1)	10,980,818	10,980,818	9,310,595	1,895,772	11,206,367	(225,549)
ES School Project (Phase 2)	14,910,638	14,910,638	1,129,157	9,728,538	10,857,695	4,052,943
Storage Project (Phase 3)	214,000	214,000	1,741	10,690	12,431	201,569
ES Energy Performance Project	288,848	287,465	249,033	37,916	286,949	516
HS Energy Performance Project	1,325,116	1,325,116	811,811	562,720	1,374,531	(49,415)
2025 100K Roof Project	100,000	100,000	7,800	100,229	108,029	(8,029)
Buses	<u>371,000</u>	<u>371,000</u>	<u>-</u>	<u>371,000</u>	<u>371,000</u>	<u>-</u>
	<u>\$ 36,378,290</u>	<u>\$ 36,356,413</u>	<u>\$ 19,681,730</u>	<u>\$ 12,704,465</u>	<u>\$ 32,386,195</u>	<u>\$ 3,970,218</u>

VOORHEESVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)

JUNE 30, 2026

Capital assets, net		\$ 41,147,446
Deduct:		
Unamortized bond premium	709,997	
Short-term portion of bonds payable	922,515	
Long-term portion of bonds payable	24,777,800	
Bond anticipation notes	16,210,000	
Short-term portion of Installment purchase debt	139,096	
Long-term portion of Installment purchase debt	1,520,179	
Short-term portion of lease payable	235,968	
Long-term portion of lease payable	<u>60,539</u>	
		44,576,094
Add:		
Unspent bond proceeds		<u>20,564,062</u>
Net Investment in capital assets		<u>\$ 17,135,414</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 12, 2026

To the Board of Education of:
Voorheesville 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 Voorheesville Central School District, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 12, 2026.

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. However, material weaknesses or significant deficiencies may exist that were not identified.

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(Continued)

**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*.

Purpose of this Report

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

Bonadvis & Co. LLP