CAZENOVIA CENTRAL
SCHOOL DISTRICT

# MANAGEMENT'S DISCUSSION AND ANALYSIS

AND

# BASIC FINANCIAL STATEMENTS

For the Year Ended
June 30, 2025

**CAZENOVIA CENTRAL SCHOOL DISTRICT**
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**Independent Auditor's Report**

Board of Education
Cazenovia Central School District

**Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cazenovia Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Cazenovia Central School District's basic financial statements as listed in the table of contents.

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

**Basis for Opinions**

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

**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the District changed is accounting policies related to the recognition and reporting of compensated absences by adopting Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Cazenovia Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cazenovia Central School District's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cazenovia Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The other supplementary 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025, on our consideration of the Cazenovia Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cazenovia Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cazenovia Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 30, 2025

Utica, New York

The Cazenovia Central School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2025 and 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

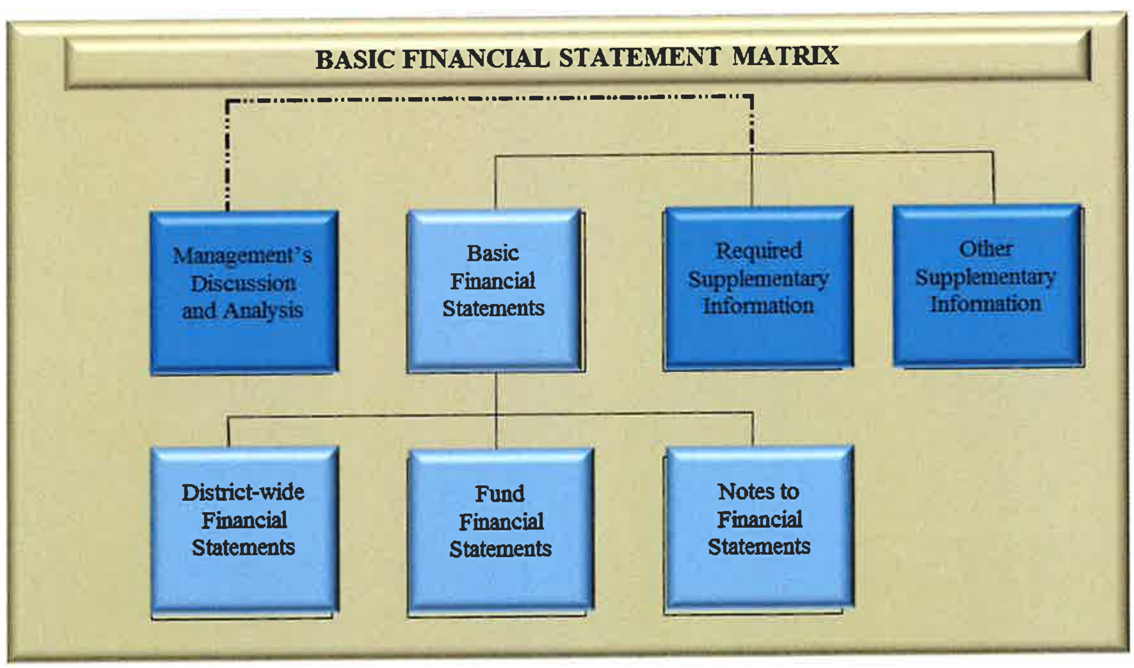
## 1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025, are as follows:

- The District's total Net Position, as reflected in the District-wide financial statements, increased by $1,830,733.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled $37,351,671. Of this amount, $307,739 was offset by program charges for services and $1,340,346 was offset by operating grants to support instructional and food service programs. General revenues of $37,534,319 amount to 95.8% of total revenues.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 16 and 18, increased by $388,279 to $10,020,613. This was due to an excess of revenues compared to expenditures in the amount of $614,451, based on the modified accrual basis of accounting, offset primarily by other financing uses of BANs Redeemed from Appropriations to finance part of the local share of the District wide capital project.
- State and Federal operating revenue increased by $493,016 to $13,107,668 in 2025 from $12,614,652 in 2024. This was mainly due to an increase in excess cost aid and lottery aid payments as well as BOCES Aid.

## 2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



## A. District-wide Financial Statements

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

### The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as Net Position. Increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

### The Statement of Activities

The Statement of Activities presents information showing the change in Net Position during the fiscal year. All changes in Net Position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

## B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds, general fund, school lunch fund, special aid fund, miscellaneous special revenue fund, debt service fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

## 3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### A. Net Position

The District's total Net Position (Deficit) increased $1,830,733 between fiscal year 2024 and 2025. A summary of the District's Statement of Net Position for June 30, 2025 and 2024, is as follows:

| | 2025 | (Restated) 2024 | Increase (Decrease) | Percentage Change |
|---|---|---|---|---|
| Current and Other Assets | $ 21,412,217 | $ 28,683,934 | $ (7,271,717) | (25.4%) |
| Net Pension Asset - Proportionate Share | 1,994,855 | | 1,994,855 | 100.0% |
| Right to Use Assets (Net of Accumulated Amortization) | 463,923 | 449,576 | 14,347 | 3.2% |
| Capital Assets (Net of Accumulated Depreciation) | 38,325,265 | 37,050,497 | 1,274,768 | 3.4% |
| Total Assets | 62,196,260 | 66,184,007 | (3,987,747) | (6.0%) |
| Deferred Outflows of Resources | 9,423,655 | 13,691,310 | (4,267,655) | (31.2%) |
| **Total Assets and Deferred Outflows of Resources** | $ 71,619,915 | $ 79,875,317 | $ (8,255,402) | (10.3%) |
| Non-Current Liabilities | $ 83,428,161 | $ 90,431,129 | $ (7,002,968) | (7.7%) |
| Net Pension Liability - Proportionate Share | 1,662,686 | 2,111,521 | (448,835) | (21.3%) |
| Other Liabilities | 11,429,475 | 25,040,073 | (13,610,598) | (54.4%) |
| Total Liabilities | 96,520,322 | 117,582,723 | (21,062,401) | (17.9%) |
| Deferred Inflows of Resources | 23,559,192 | 12,582,926 | 10,976,266 | 87.2% |
| Total Liabilities and Deferred Inflows of Resources | 120,079,514 | 130,165,649 | (10,086,135) | (7.7%) |
| Net Position | | | | |
| Net Investment in Capital Assets | 10,748,117 | 9,074,377 | 1,673,740 | 18.4% |
| Restricted | 7,093,301 | 6,820,125 | 273,176 | 4.0% |
| Unrestricted (Deficit) | (66,301,017) | (66,184,834) | (116,183) | (0.2%) |
| Total Net Position (Deficit) | (48,459,599) | (50,290,332) | 1,830,733 | 3.6% |
| **Total Liabilities, Deferred Inflows of Resources, and Net Position** | $ 71,619,915 | $ 79,875,317 | $ (8,255,402) | (10.3%) |

Current and other assets decreased by $7,271,717 as compared to the prior year. This decrease is primarily due to the decrease from $14,240,000 in restricted cash in the Capital Fund in the prior year compared to $8,242,994 in the current year. During both years the District issued permanent financing bonds in June with the paydown of a BAN that did not occur until July.

The Net Pension Asset – Proportionate Share increased by $1,994,855 and the Net Pension Liability – Proportionate Share decreased by $448,835 as the TRS and ERS plans had improved funding during the year with better investment performance.

Capital assets increased by $1,274,768, as compared to the prior year. This increase is due to capital outlay additions exceeding depreciation expense for the current year. Additionally, Right to Use Assets increased by $14,347 compared to prior year due to additions exceeding amortization expense for the year.

Deferred outflows of resources decreased by $4,267,655, as compared to the prior year primarily as a result of deferred amounts related to the Retirement Systems and Other Postemployment Benefits

Non-current liabilities decreased by $7,002,968 as compared to the prior year. This decrease is due to a decrease in the OPEB liability of $13,757,158 and current year serial bond repayments of $1,828,132 offset by the issuance of a new $7,740,000 bond in June 2025 with a related $666,806 premium.

Other liabilities decreased by $13,610,598 compared to the prior year. This decrease is due to a decrease in the BANs outstanding at the end of the year.

Deferred inflows of resources increased by $10,976,266, as compared to the prior year as a result of deferred amounts related to the Retirement Systems and Other Postemployment Benefits.

The net position invested in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions and leased assets, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase or lease vehicles, equipment and furniture to support District operations.

The restricted net position at June 30, 2025 is $7,093,301 which represents the amount of the District's restricted funds in the General, Miscellaneous Special Revenue, Debt Service, and Capital Funds.

The unrestricted deficit at June 30, 2025, is $66,301,017, which represents the amount by which the District's liabilities, excluding debt related to capital construction, exceeded the District's assets other than capital and right to use assets. This deficit is primarily the result of the requirement to accrue Other Postemployment Benefits. The accrued liability for this obligation is $53,432,889 at June 30, 2025.

**Changes in Net Position**

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the STAR and other real property tax items line. However, in this MD&A, STAR revenue has been combined with property taxes.

A summary of this statement for the years ended June 30, 2025 and 2024 is as follows.

| | 2025 | 2024 | Increase (Decrease) | Percentage Change |
|---|---|---|---|---|
| **Revenues** | | | | |
| Program Revenues | | | | |
| Charges for Services | $ 307,739 | $ 281,272 | $ 26,467 | 9.4% |
| Operating Grants | 1,340,346 | 1,475,956 | (135,610) | (9.2%) |
| General Revenues | | | | |
| Property Taxes and STAR | 23,180,106 | 22,200,118 | 979,988 | 4.4% |
| State and Federal Sources | 13,107,668 | 12,614,652 | 493,016 | 3.9% |
| Other | 1,246,545 | 1,517,112 | (270,567) | (17.8%) |
| Total Revenues | 39,182,404 | 38,089,110 | 1,093,294 | 2.9% |
| **Expenses** | | | | |
| General Support | 5,842,073 | 5,456,784 | 385,289 | 7.1% |
| Instruction | 26,609,961 | 29,118,684 | (2,508,723) | (8.6%) |
| Pupil Transportation | 2,762,448 | 3,656,685 | (894,237) | (24.5%) |
| Debt Service-Unallocated Interest | 1,500,120 | 1,224,968 | 275,152 | 22.5% |
| Food Service Program | 637,069 | 713,651 | (76,582) | (10.7%) |
| Total Expenses | 37,351,671 | 40,170,772 | (2,819,101) | (7.0%) |
| Total Change in Net Position | $ 1,830,733 | $ (2,081,662) | $ 3,912,395 | 187.9% |

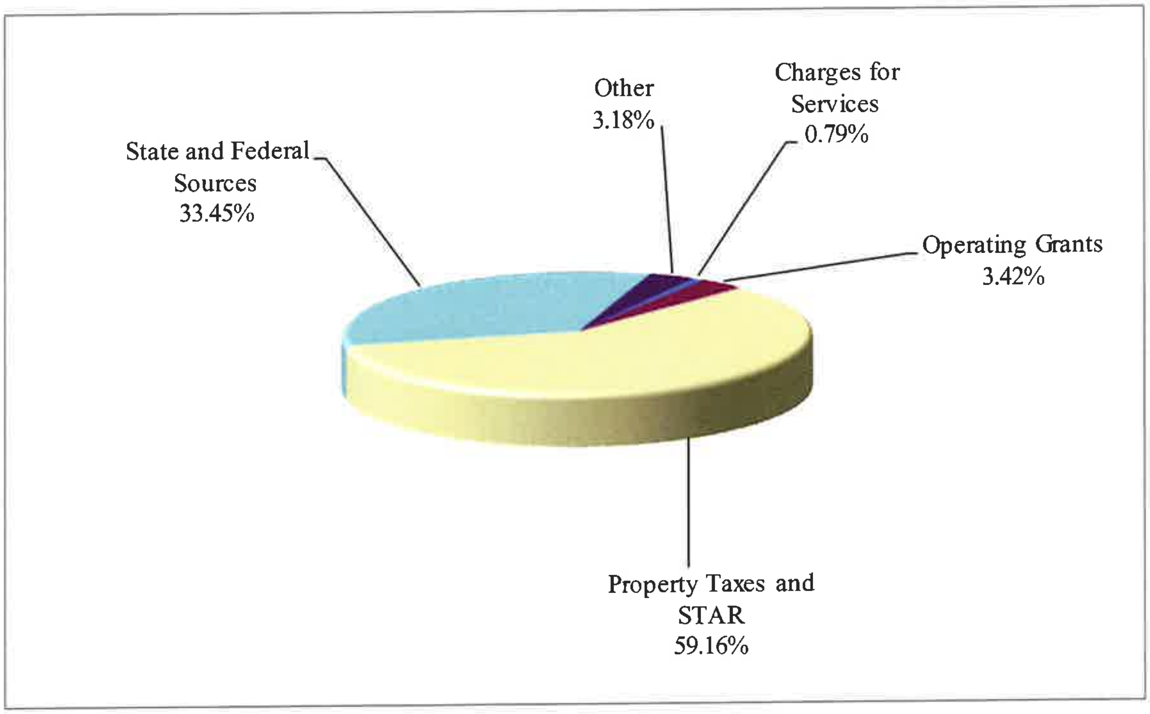
The District's revenues increased by $1,093,294 in 2025 or 2.9%. The major factors that contributed to this increase were as follows:

- Property Taxes and STAR increased by $979,988 due to tax rate increases.
- State and Federal Sources increased by $493,016 primarily due to an increase in Excess Cost Aid, Lottery Aid and BOCES Aid.

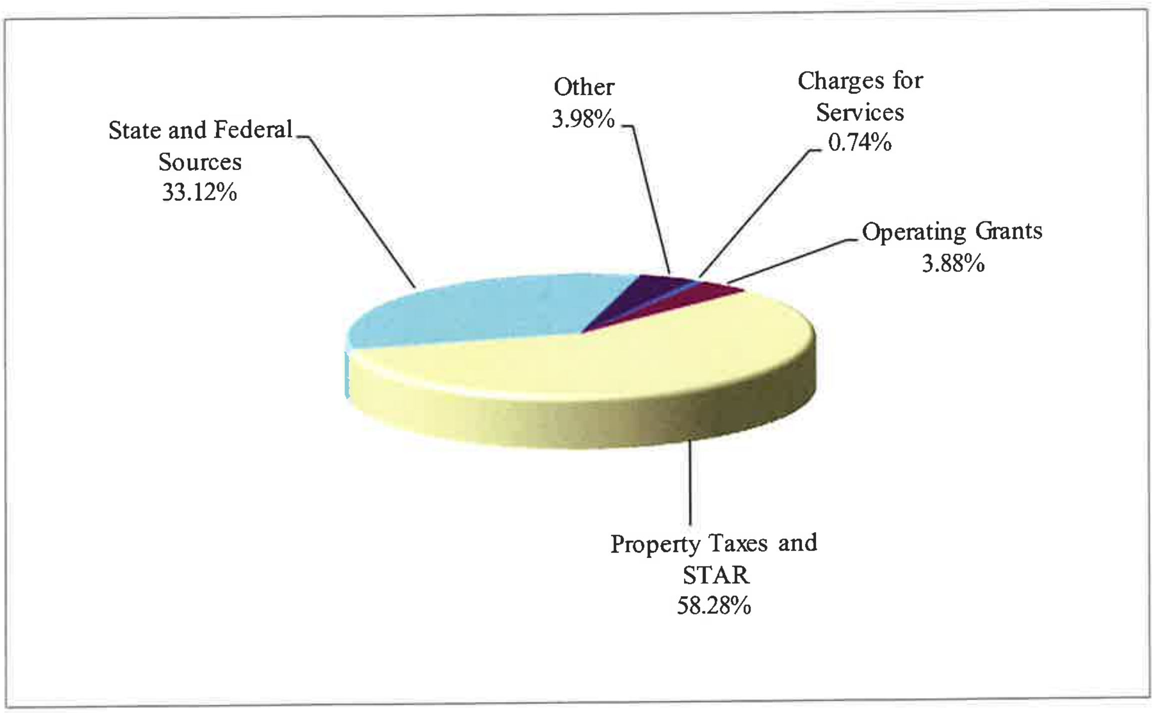
The District's expenditures for the year decreased by $2,819,101 or 7.0%, mainly due to a decrease in instructional and transportation expenses. These expenses decreased primarily due to a decrease in allocated employee benefits expense and pension expenses in the current year and decreased spending of the Education Stabilization Grants. These decreases were offset slightly by budgetary increases in the General Fund in the current year.

A graphic display of the distribution of revenues for the two years follows:

**For the Year Ended June 30, 2025**

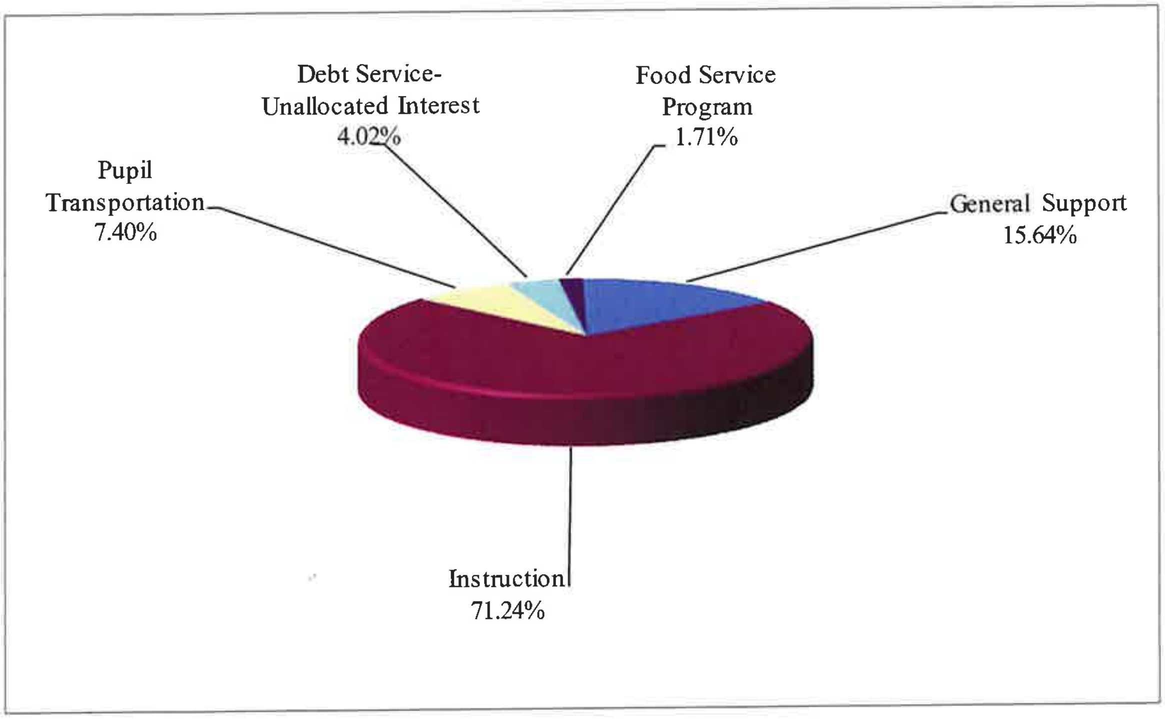



**For the Year Ended June 30, 2024**

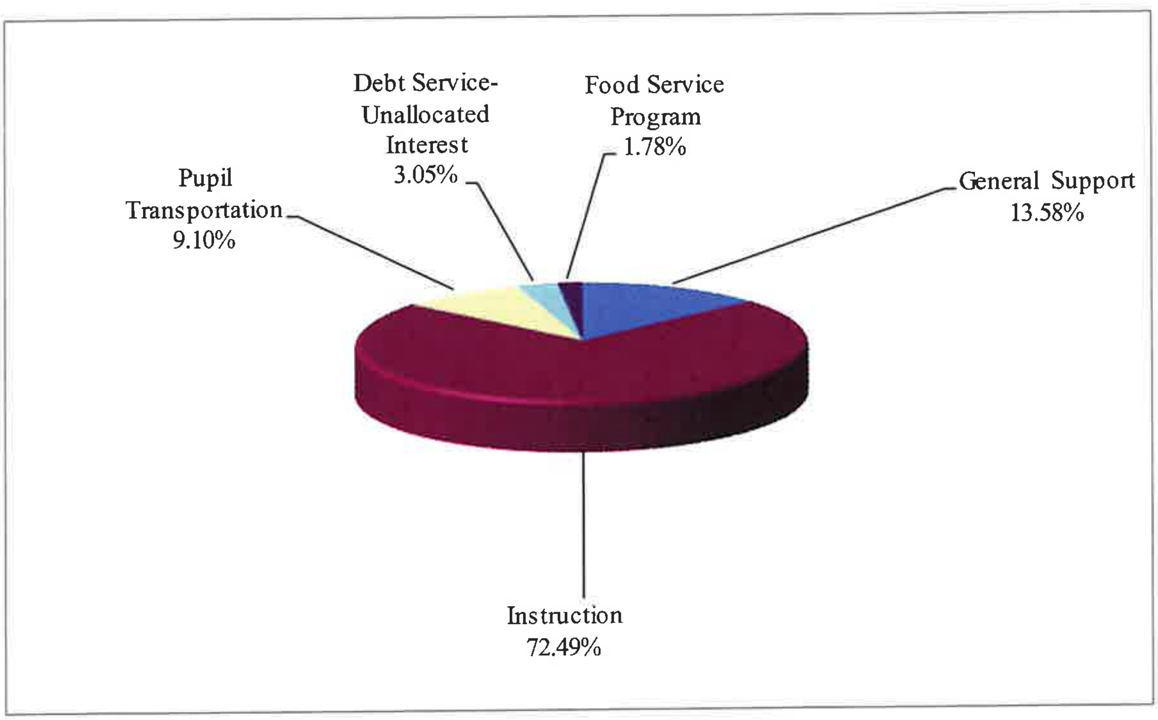


A graphic display of the distribution of expenses for the two years follows:

**For the Year Ended June 30, 2025**




**For the Year Ended June 30, 2024**



## 4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2025, the District's governmental funds reported a combined fund balance of $10,046,770 which is an increase of $6,358,421 from the prior year. A summary of the change in fund balance by fund is as follows:

| | 2025 | 2024 | Difference |
|---|---|---|---|
| **General Fund** | | | |
| **Restricted** | | | |
| Workers' Compensation | $ 400,000 | $ 352,510 | $ 47,490 |
| Unemployment Insurance | 150,000 | 150,000 | |
| Retirement Contribution System | 1,851,850 | 1,612,896 | 238,954 |
| Employee Benefit Accrued Liability | 809,045 | 809,045 | |
| Insurance | 1,500,000 | 1,500,000 | |
| Capital Reserve | 1,700,000 | 1,700,000 | |
| Total Restricted | 6,410,895 | 6,124,451 | 286,444 |
| **Assigned** | | | |
| Appropriated for Subsequent Year's Budget | 1,641,005 | 1,641,005 | |
| General Support | 263,519 | 217,534 | 45,985 |
| Instruction | 59,737 | 105,599 | (45,862) |
| Pupil Transportation | 60,760 | 6,656 | 54,104 |
| Total Assigned | 2,025,021 | 1,970,794 | 54,227 |
| **Unassigned** | 1,584,697 | 1,537,089 | 47,608 |
| **Total General Fund** | 10,020,613 | 9,632,334 | 388,279 |
| **School Lunch Fund** | | | |
| Nonspendable | 13,935 | 18,418 | (4,483) |
| Assigned | 223,569 | 332,938 | (109,369) |
| **Total School Lunch Fund** | 237,504 | 351,356 | (113,852) |
| **Miscellaneous Special Revenue** | | | |
| Restricted | 103,005 | 98,746 | 4,259 |
| **Debt Service Fund** | | | |
| Restricted | 508,400 | 591,842 | (83,442) |
| **Capital Fund** | | | |
| Restricted | 71,001 | 5,086 | 65,915 |
| Unassigned (Deficit) | (893,753) | (6,991,015) | 6,097,262 |
| **Total Capital Fund (Deficit)** | (822,752) | (6,985,929) | 6,163,177 |
| **Total Fund Balance (Deficit)** | $ 10,046,770 | $ 3,688,349 | $ 6,358,421 |

## 5. GENERAL FUND BUDGETARY HIGHLIGHTS

### A. 2024-2025 Budget

The District's General Fund adopted budget for the year ended June 30, 2025, was $38,427,222. This is an increase of $1,897,693 over the prior years adopted budget.

The budget was funded through a combination of revenues and assigned fund balance. The majority of this funding source was $23,167,542 in estimated property taxes and STAR and State Aid in the amount of $12,802,430.

### B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

| | |
|---|---|
| Opening, Unassigned Fund Balance | $ 1,537,089 |
| Revenues and Other Financing Sources (Under) Budget | (1,251,905) |
| Carryover Encumbrances from June 30, 2024 | 329,789 |
| Expenditures and Encumbrances Under Budget | 1,256,168 |
| Net Increase to Restricted Funds | (286,444) |
| Closing, Unassigned Fund Balance | $ 1,584,697 |

Opening, Unassigned Fund Balance

The $1,537,089 shown in the table is the portion of the District's June 30, 2024, fund balance that was retained as unassigned. This was 4.0% of the District's 2024-2025 approved operating budget.

Revenues and Other Financing Sources Under Budget

The 2024-2025 budget for revenues and other financing sources was $38,832,011. The actual revenues and other financing sources received for the year were $37,580,106. The actual revenues and other financing sources were under estimated budgeted amounts by $1,251,905. This variance contributes directly to the change to the unassigned portion of the General Fund balance from June 30, 2024 to June 30, 2025.

Expenditures Under Budget

The 2024-2025 budget for expenditures and other financing uses was $38,832,011. The actual expenditures and other financing uses were $37,191,827. The final budget was under expended by $1,640,184. This under expenditure offset by the June 30, 2025 encumbrances of $384,016 contributes to the change to the unassigned portion of the General Fund balance from June 30, 2024 to June 30, 2025.

Net Increase to Restricted Funds

Combined increases of $286,444 to the General Fund restricted fund balances during the year ended June 30, 2025 represents Board approved funding of reserves.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2025-2026 fiscal year with an unassigned fund balance of $1,584,697. This is 4.00% of the District's 2025-2026 approved operating budget. This is an increase of $47,608 from the unassigned fund balance of the prior year as of June 30, 2024.

## 6. CAPITAL AND RIGHT TO USE LEASED ASSETS AND DEBT ADMINISTRATION

### A. Capital and Right to Use Leased Assets

At June 30, 2025, the District had invested in a broad range of capital and leased assets, including land, construction in progress, buildings and improvements, and equipment. The net increase in capital assets is due to additions exceeding depreciation and amortization expense for the year ended June 30, 2025. A summary of the District's capital and leased assets, net of accumulated depreciation and amortization at June 30, 2025 and 2024, is as follows:

| | 2025 | 2024 | Increase (Decrease) |
|---|---|---|---|
| Land | $ 279,000 | $ 279,000 | $ |
| Construction in Progress | 12,106,493 | 9,666,762 | 2,439,731 |
| Buildings | 24,105,420 | 25,771,812 | (1,666,392) |
| Right to Use Leased Assets | 463,923 | 449,576 | 14,347 |
| Furniture, Equipment, and Vehicles | 1,834,352 | 1,332,923 | 501,429 |
| Capital and Right to Use Assets, Net | $ 38,789,188 | $ 37,500,073 | $ 1,289,115 |

### B. Debt Administration

At June 30, 2025, the District had total bonds payable of $25,553,103. A summary of the outstanding debt at June 30, 2025 and 2024, is as follows:

| Issue Date | Interest Rate | 2025 | 2024 | Increase (Decrease) |
|---|---|---|---|---|
| 6/18/2024 | 5.00% | $ 13,005,000 | $ 13,010,000 | $ (5,000) |
| 6/17/2025 | 4.50% | 7,740,000 | | 7,740,000 |
| 1/27/2016 | 2.00%-5.00% | 310,000 | 1,350,000 | (1,040,000) |
| 6/8/2017 | 3.00%-5.00% | 3,030,000 | 3,450,000 | (420,000) |
| 12/17/2019 | 1.00%-2.30% | | 65,000 | (65,000) |
| 12/30/2020 | 1.13%-1.25% | 65,000 | 130,000 | (65,000) |
| 1/13/2022 | .50%-1.54% | 120,000 | 180,000 | (60,000) |
| 12/20/2022 | 3.5%-5.0% | 225,000 | 290,000 | (65,000) |
| 2/1/2024 | 3.75%-3.875% | 525,000 | 633,132 | (108,132) |
| 2/13/2025 | 4.00% | 533,103 | | 533,103 |
| | | $ 25,553,103 | $ 19,108,132 | $ 6,444,971 |

## 7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the end of 2024-2025 we were able to replenish all of our appropriated fund balance and Reserves. The District appropriated $1,641,005 of the June 30, 2025 fund balance to the 2025-2026 budget. The voters passed the 2025-2026 budget in June of 2025 with total appropriations of $39,617,418.

There have been a variety of variables present over the past several years that have prevented us from knowing for certain what fund balance appropriation is truly tolerable. The Board decided rather than cutting program for the 2025-26 fiscal year that we would elevate our level of appropriated fund balance to test the waters on a higher appropriation total.

For 2025-2026 we put a budget before the voters asking their approval to exceed the Tax Cap. This marked the third consecutive year that we sought a supermajority override, and the fourth time overall. We continue to see increased costs of operations, and the Tax Cap fails to keep up. For the first budget vote in May 2025 while seeking a supermajority, the budget was turned down. For the June re-vote we cut an additional $820k from the budget, went out at the levy limit, and were successful.

Our Foundation Aid saw a slight decrease for 2025-2026. We nervously await what the Governor's proposal will look like for the 2026-2027 budget year. The 2026-2027 budget development process will likely prove challenging as expenses continue to rise. The anticipated little to no increase to State aid coupled with the Levy Limit set by the Tax Cap formula will likely not be enough to sustain programming. Challenging decisions likely lie ahead.

## 8. CONTACTING THE DISTRICT

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

**Cazenovia Central School District**
**Business Office**
**31 Emory Ave.**
**Cazenovia, New York 13035-1098**

**CAZENOVIA CENTRAL SCHOOL DISTRICT**
**STATEMENT OF NET POSITION**
**June 30, 2025**

| | |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents | $ 4,459,378 |
| Restricted Cash and Cash Equivalents | 15,252,265 |
| Receivables | |
| Other Governments | 1,613,071 |
| Other Receivables | 73,568 |
| Inventory | 13,935 |
| Net Pension Asset - Proportionate Share | 1,994,855 |
| Right to Use Leased Assets (Net of Accumulated Amortization) | 463,923 |
| Capital Assets (Net of Accumulated Depreciation) | 38,325,265 |
| Total Assets | 62,196,260 |
| **Deferred Outflows of Resources** | |
| Deferred Outflow - OPEB | 3,717,011 |
| Deferred Outflow - Pensions | 5,685,539 |
| Deferred Charge on Refunding of Debt (Net of Amortization) | 21,105 |
| Total Deferred Outflows of Resources | 9,423,655 |
| **Total Assets and Deferred Outflows of Resources** | $ 71,619,915 |
| **Liabilities** | |
| Accounts Payable | $ 431,087 |
| Accrued Liabilities | 324,187 |
| Retainage Percentages Payable | 418,115 |
| Due To | |
| Other Governments | 316 |
| Teachers' Retirement System | 1,533,072 |
| Employees' Retirement System | 117,443 |
| Bond Interest and Matured Bonds | 302,261 |
| Short-Term Notes Payables | |
| Bond Anticipation Note | 8,302,994 |
| Unearned Revenue | |
| Net Pension Liability - Proportionate Share | 1,662,686 |
| Noncurrent Liabilities | |
| Due Within One Year | |
| Bonds Payable | 2,193,103 |
| Compensated Absences | 1,057,302 |
| Premium on Bonds | 257,060 |
| Due in More Than One Year | |
| Bonds Payable | 23,360,000 |
| Premium on Bonds | 2,192,013 |
| Other Postemployment Benefits | 53,432,889 |
| Judgments and Claims Payable | 31,950 |
| Compensated Absences | 903,844 |
| Total Liabilities | 96,520,322 |
| **Deferred Inflows of Resources** | |
| Deferred Inflow - OPEB | 20,880,019 |
| Deferred Inflow - Pensions | 2,679,173 |
| Total Deferred Inflows of Resources | 23,559,192 |
| **Total Liabilities and Deferred Inflows of Resources** | 120,079,514 |
| **Net Position** | |
| Net Investment in Capital Assets | 10,748,117 |
| Restricted | 7,093,301 |
| Unrestricted (Deficit) | (66,301,017) |
| Total Net Position (Deficit) | (48,459,599) |
| **Total Liabilities, Deferred Inflows of Resources and Net Position** | $ 71,619,915 |

The Accompanying Notes are an Integral Part of These Financial Statements.

# CAZENOVIA CENTRAL SCHOOL DISTRICT
## STATEMENT OF ACTIVITIES
### For the Year Ended June 30, 2025

| | | Program Revenues | | Net (Expense) |
|---|---|---|---|---|
| **Functions/Programs** | Expenses | Charges for Services | Operating Grants and Contributions | Revenue and Changes in Net Position |
| General Support | $ 5,842,073 | $ | $ | $ (5,842,073) |
| Instruction | 26,609,961 | 6,954 | 1,054,837 | (25,548,170) |
| Pupil Transportation | 2,762,448 | | | (2,762,448) |
| Debt Service - Unallocated Interest | 1,500,120 | | | (1,500,120) |
| Food Service | 637,069 | 300,785 | 285,509 | (50,775) |
| Total Functions/Programs | $ 37,351,671 | $ 307,739 | $ 1,340,346 | (35,703,586) |
| **General Revenues** | | | | |
| Real Property Taxes | | | | 21,757,501 |
| STAR and Other Real Property Tax Items | | | | 1,422,605 |
| Use of Money and Property | | | | 607,189 |
| Sale of Property and Compensation for a Loss | | | | 6,410 |
| State and Federal Sources | | | | 13,107,668 |
| Miscellaneous | | | | 632,946 |
| Total General Revenues | | | | 37,534,319 |
| **Change in Net Position** | | | | 1,830,733 |
| **Net Position (Deficit), Beginning of Year** | | | | (49,219,853) |
| Cumulative Effect of Change in Accounting Principle | | | | (1,070,479) |
| **Net Position (Deficit), Beginning of Year (Restated)** | | | | (50,290,332) |
| **Net Position (Deficit), End of Year** | | | | $ (48,459,599) |

The Accompanying Notes are an Integral Part of These Financial Statements.

# CAZENOVIA CENTRAL SCHOOL DISTRICT
# BALANCE SHEET - GOVERNMENTAL FUNDS
## June 30, 2025

| | General | School Lunch | Special Aid | Miscellaneous Special Revenue | Debt Service | Capital | Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and Cash Equivalents | $ 4,254,934 | $ 176,205 | $ | $ | $ | $ 28,239 | $ 4,459,378 |
| Restricted Cash and Cash Equivalents | 6,410,895 | | | 101,715 | 496,661 | 8,242,994 | 15,252,265 |
| Receivables | | | | | | | |
| Due from Other Governments | 1,152,725 | 51,995 | 408,351 | | | | 1,613,071 |
| Due from Other Funds | 505,319 | 200 | | 1,290 | 11,739 | 60,000 | 578,548 |
| Other Receivables | 31,975 | | | | | 41,593 | 73,568 |
| Inventory | | 13,935 | | | | | 13,935 |
| Total Assets | $ 12,355,848 | $ 242,335 | $ 408,351 | $ 103,005 | $ 508,400 | $ 8,372,826 | $ 21,990,765 |
| **Liabilities** | | | | | | | |
| Accounts Payable | $ 74,410 | $ | $ | $ | $ | $ 356,677 | $ 431,087 |
| Accrued Liabilities | 246,559 | 4,515 | | | | | 251,074 |
| Retainage Percentages Payable | | | | | | 418,115 | 418,115 |
| Due To | | | | | | | |
| Other Governments | | 316 | | | | | 316 |
| Other Funds | 61,490 | | 399,266 | | | 117,792 | 578,548 |
| Teachers' Retirement System | 1,533,072 | | | | | | 1,533,072 |
| Employees' Retirement System | 117,443 | | | | | | 117,443 |
| Accrued Interest Payable | 302,261 | | | | | | 302,261 |
| Bond Anticipation Note | | | | | | 8,302,994 | 8,302,994 |
| Total Liabilities | 2,335,235 | 4,831 | 399,266 | | | 9,195,578 | 11,934,910 |
| **Deferred Inflows of Resources** | | | | | | | |
| Deferred Revenue - State Aid | | | 9,085 | | | | 9,085 |
| **Fund Balance** | | | | | | | |
| Nonspendable | | 13,935 | | | | | 13,935 |
| Restricted | 6,410,895 | | | 103,005 | 508,400 | 71,001 | 7,093,301 |
| Assigned | 2,025,021 | 223,569 | | | | | 2,248,590 |
| Unassigned (Deficit) | 1,584,697 | | | | | (893,753) | 690,944 |
| Total Fund Balance (Deficit) | 10,020,613 | 237,504 | | 103,005 | 508,400 | (822,752) | 10,046,770 |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balance** | $ 12,355,848 | $ 242,335 | $ 408,351 | $ 103,005 | $ 508,400 | $ 8,372,826 | $ 21,990,765 |

## CAZENOVIA CENTRAL SCHOOL DISTRICT
## RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
**June 30, 2025**

| | | |
|---|---|---|
| Total Governmental Fund Balances | | $ 10,046,770 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Revenues that do not provide current financial resources are recognized in the Statement of Net Position but not the fund financial statements. | | |
| | State Aid and Grant Revenue | 9,085 |
| The cost of building, acquiring, and leasing capital and right to use assets (land, buildings, and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets and right to use assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives. | | |
| | Original Cost of Right to Use Assets | 871,652 |
| | Accumulated Amortization | (407,729) |
| | Original Cost of Capital Assets | 83,237,273 |
| | Accumulated Depreciation | (44,912,008) |
| | | 38,789,188 |
| Proportionate share of long-term asset and liability associated with participation in state retirement system are not current financial resources or obligations and are not reported in the funds. | | |
| | Net Pension Asset - Proportionate Share | 1,994,855 |
| | Deferred Outflows - Pensions | 5,685,539 |
| | Net Pension Liability - Proportionate Share | (1,662,686) |
| | Deferred Inflows - Pensions | (2,679,173) |
| | | 3,338,535 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of: | | |
| | Bonds Payable | (25,553,103) |
| | Original Issue Premium on Debt | (2,449,073) |
| | Unamortized Deferred Charge on Refunding | 21,105 |
| | Accrued Interest on Bonds Payable | (73,113) |
| | Judgments and Claims Payable | (31,950) |
| | Other Postemployment Liabilities | (53,432,889) |
| | Deferred Outflows - OPEB | 3,717,011 |
| | Deferred Inflows - OPEB | (20,880,019) |
| | Compensated Absences Payable | (1,961,146) |
| | | (100,643,177) |
| Total Net Position (Deficit) | | $ (48,459,599) |

The Accompanying Notes are an Integral Part of These Financial Statements.

**CAZENOVIA CENTRAL SCHOOL DISTRICT**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**
**For the Year Ended June 30, 2025**

| | General | School Lunch | Special Aid | Miscellaneous Special Revenue | Debt Service | Capital | Total |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Real Property Taxes | $ 21,757,501 | $ | $ | $ | $ | $ | $ 21,757,501 |
| STAR and Other Real Property Tax Items | 1,422,605 | | | | | | 1,422,605 |
| Charges for Services | 6,954 | | | | | | 6,954 |
| Use of Money and Property | 544,638 | 267 | | | 62,284 | | 607,189 |
| Premium on Short-Term Obligation | | | | | 62,292 | | 62,292 |
| Sale of Property and Compensation for Loss | 6,993 | | | | | | 6,993 |
| Miscellaneous | 444,497 | | 13,159 | 84,020 | 28,978 | | 570,654 |
| State Aid | 12,979,829 | 8,442 | 445,032 | | | | 13,433,303 |
| Federal Aid | 132,558 | 277,067 | 609,805 | | | | 1,019,430 |
| School Lunch Sales | | 300,785 | | | | | 300,785 |
| Total Revenues | 37,295,575 | 586,561 | 1,067,996 | 84,020 | 153,554 | | 39,187,706 |
| **Expenditures** | | | | | | | |
| General Support | 4,064,672 | | | 79,762 | | 2,022,687 | 6,167,121 |
| Instruction | 16,563,290 | | 1,035,563 | | | 510,991 | 18,109,844 |
| Pupil Transportation | 1,777,237 | | 41,739 | | | 533,102 | 2,352,078 |
| Food Service Program | | 700,413 | | | | | 700,413 |
| Employee Benefits | 10,711,093 | | | | | | 10,711,093 |
| Debt Service - Principal | 1,871,305 | | | | | | 1,871,305 |
| Debt Service - Interest | 1,693,527 | | | | | | 1,693,527 |
| Total Expenditures | 36,681,124 | 700,413 | 1,077,302 | 79,762 | | 3,066,780 | 41,605,381 |
| Excess (Deficit) Revenues Over Expenditures | 614,451 | (113,852) | (9,306) | 4,258 | 153,554 | (3,066,780) | (2,417,675) |
| **Other Financing Sources (Uses)** | | | | | | | |
| Proceeds of Debt and Leases | | | | | | 8,273,102 | 8,273,102 |
| Deferred Charge on Debt Issuance | | | | | (163,812) | | (163,812) |
| Premium On Obligations | | | | | 666,806 | | 666,806 |
| BANs Redeemed from Appropriations | (365,000) | | | | | 365,000 | |
| Transfers from Other Funds | 284,531 | | 56,842 | | | 591,855 | 933,228 |
| Transfers to Other Funds | (145,703) | | (47,536) | | (739,989) | | (933,228) |
| Total Other Financing Sources (Uses) | (226,172) | | 9,306 | | (236,995) | 9,229,957 | 8,776,096 |
| **Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)** | 388,279 | (113,852) | | 4,258 | (83,441) | 6,163,177 | 6,358,421 |
| **Fund Balances (Deficit), Beginning of Year** | 9,632,334 | 351,356 | | 98,747 | 591,841 | (6,985,929) | 3,688,349 |
| **Fund Balances (Deficit), End of Year** | $ 10,020,613 | $ 237,504 | $ | $ 103,005 | $ 508,400 | $ (822,752) | $ 10,046,770 |

**CAZENOVIA CENTRAL SCHOOL DISTRICT**
**RECONCILIATION OF THE STATEMENT OF REVENUES AND EXPENDITURES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**For the Year Ended June 30, 2025**

| | | |
|---|---|---|
| Net Changes in Fund Balance - Total Governmental Funds | | $ 6,358,421 |
| Capital Outlays to purchase, build, or lease capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation or amortization expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation and amortization expense in the period. | | |
| Depreciation and Amortization Expense | (2,220,941) | |
| Loss on Disposal | (583) | |
| Capital Outlays | 3,510,639 | 1,289,115 |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of bond and lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | | |
| Amortized Premiums | 250,443 | |
| Amortized Deferred Charges on Refunding | (42,215) | |
| Proceeds from Serial Bonds | (8,273,102) | |
| New Premium on Bond Issuance | (666,806) | |
| Repayment of Bond and Lease Principal | 1,871,305 | (6,860,375) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. | | (4,719) |
| Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Change in Accrued Interest on Serial Bonds | (14,821) | |
| Change in Judgments and Claims Payable | 13,800 | |
| Change in Compensated Absences | 50,170 | |
| Change in Other Post Employment Benefits | 635,287 | 684,436 |
| (Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. | | |
| Teachers' Retirement System | 242,462 | |
| Employees' Retirement System | 121,393 | 363,855 |
| Change in Net Position Governmental Activities | | $ 1,830,733 |

The Accompanying Notes are an Integral Part of These Financial Statements.

**CAZENOVIA CENTRAL SCHOOL DISTRICT**
**STATEMENT OF FIDUCIARY NET POSITION**
**June 30, 2025**

| | Custodial Fund |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents - Restricted | 229,130 |
| | |
| **Net Position** | |
| Restricted for Extraclassroom Activities | $ 229,130 |

The Accompanying Notes are an Integral Part of These Financial Statements.

**CAZENOVIA CENTRAL SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**For the Year Ended June 30, 2025**

| | Custodial Fund |
|---|---|
| **Additions** | |
| Property Tax Collected for Library | $ 707,236 |
| Extraclassroom Activities - Receipts | 212,542 |
| Total Additions | 919,778 |
| **Deductions** | |
| Property Tax Paid to Library | 707,236 |
| Extraclassroom Activities - Disbursements | 216,420 |
| Total Deductions | 923,656 |
| **Change in Net Position** | (3,878) |
| **Net Position, Beginning of Year** | 233,008 |
| **Net Position, End of Year** | $ 229,130 |

The Accompanying Notes are an Integral Part of These Financial Statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Cazenovia Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as they apply 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:

### *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 consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the 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 basic 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 certain entities included in the School District's reporting entity.

#### *Extraclassroom Activity Funds*

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. The School District accounts for assets held as an agent for various student organizations in a Fiduciary Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's administrative office.

### *Joint Venture*

The School District is a component district in Onondaga-Cortland-Madison Board of Cooperative Education Services (BOCES). A 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.

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

During the year ended June 30, 2025, the District was billed $2,742,335 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $1,086,322. Financial statements for the BOCES are available from the Onondaga, Cortland, and Madison BOCES' administrative office at PO Box 4754, Syracuse, New York 13221.

During the year ended June 30, 2020, the BOCES issued $11,615,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). Also, during 2015, the BOCES issued $5,890,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). These bonds will be repaid by the component districts of the BOCES as a lease payment included in the administrative budget of the BOCES over the term of the bonds. During 2025, principal payments of $600,000 were made and the outstanding balance at June 30, 2025 was $14,770,000.

***Basis of Presentation***

***(a) 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 revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues 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 and depreciation expense for the year, are allocated to functional areas in proportion to the payroll expended and total expenditures, respectively, for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

***(b) 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 funds of the School District are displayed as major funds. The School District reports the following governmental funds:

***General Fund***: This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

***Special Revenue Funds:***

**Special Aid Fund**: This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

**School Lunch Fund**: This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

**Miscellaneous Special Revenue Fund:** This fund is used to account for and report transactions of the Districts' scholarship funds. The District has both custody and administrative control over the various scholarships. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

***Debt Service Fund***: This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

***Capital Fund***: This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

***(c) Fiduciary Funds***

Fiduciary funds are used to account for and report 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 District wide financial statements, because their resources do not belong to the School District, and are not available to be used. There is one class of fiduciary funds:

**Custodial Funds:** These funds are strictly custodial in nature. Assets are held by the School District as agent for various student groups or extraclassroom activity funds.

### *Measurement Focus and Basis of Accounting*

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The 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, other postemployment benefits 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.

### *Property Taxes*

Real property taxes are levied annually by the Board of Education and become a lien no later than September 1. Taxes are collected during the period September 1 to mid-November. Uncollected real property taxes are subsequently enforced by the counties of Madison and Onondaga. An amount, representing uncollected real property taxes transmitted to the counties for enforcement, is paid by the counties to the School District no later than the forthcoming April 1.

### *Cash and Cash Equivalents*

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

### *Receivables*

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

### *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.

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions during the year ended June 30, 2025, is shown in Note 11 to the financial statements.

***Capital Assets***

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

The School District uses capitalization thresholds of $1,000 (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the district-wide statements are as follows:

| | Lives | Depreciation Method |
|---|---|---|
| Improvements other than Buildings | 20 Years | Straight Line |
| Furniture, Equipment, and Vehicles | 4-20 Years | Straight Line |
| Buildings | 20-30 Years | Straight Line |

***Right to Use Leased Assets***

The School District has recorded right to use lease assets as a result of implementing GASB 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease, which range from 3-4 years.

***Inventory***

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. A reserve for inventory has been recognized to indicate that this does not constitute available spendable resources. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

***Deferred Outflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. First is the deferred charge on refunding of debt reported in the District-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions not included in pension expense. The third item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

***Short-Term Debt***

The District may issue Bond Anticipation Notes (BAN), 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 BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

***Accrued Liabilities and Long-Term Obligations***

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

***Estimates***

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

***Vested Employee Benefits – Compensated Absences***

Compensated absences consist of unpaid accumulated sick leave, vacation, and sabbatical time.

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

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

In accordance with GASB, a liability is recognized in the district-wide financial statements for vacation, sick leave, and other compensated absences when the benefit is earned by the employee and it is more likely than not that the leave will be used or paid. The compensated absences liability is measured using the pay rates in effect at year-end, and includes salary-related payments such as applicable employer payroll taxes.

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

***Other Benefits***

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 9).

***Deferred Inflows of Resources***

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. This first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability or asset and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of Net Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

***Unearned and Deferred Inflow of Financial Resources***

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise 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 revenues is removed and revenues are recorded.

Many deferred or unearned revenues recorded in governmental funds are not recorded in the District-wide statements.

***Equity Classifications***

***(a) District-Wide Financial Statements***

In the District-Wide statements there are three classes of Net Position:

Net Investment in Capital Assets – consists of net capital and right to use assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted Net Position – reports Net Position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, 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 do not meet the definition of the above classifications and are deemed to be available for general use by the District.

***(b) Fund Statements***

The following classifications describe the relative strength of the spending constraints:

***Non-spendable***

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the inventories in the School Lunch Fund.

***Restricted Resources***

This category 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. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted Net Position are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements. The School District has established the following restricted fund balances:

- ***Reserve for Workers' Compensation***

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

- ***Reserve for Unemployment Insurance***

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

- ***Reserve for Retirement Contribution System***

  The Retirement Contribution Reserve (GML-6r) is used to reserve funds for the payment of retirement contributions to New York State and Local Employees' Retirement system. This reserve was established by a Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. The Board passed a resolution in October 2019 to establish the Retirement Contribution sub-fund for TRS contributions.

- ***Reserve for Employee Benefit Accrued Liability***

  The Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve is established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

- ***Reserve for Insurance***

  The Reserve for Insurance (GML §6-n) is used to pay liability, casualty, and other types of uninsured losses, except losses incurred for which the following types of insurance my be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. The reserve is funded by budgetary appropriations or funds from other reserves subject to permissive referendum. May not be used for any purpose for which a special reserve may be established pursuant to law e.g., Unemployment Compensation Insurance. There is no limit on the amount that may be accumulated in the reserve balance; however, the annual contributions to this reserve may not exceed the greater of $33,000 or 5 percent of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

- ***Reserve for Capital Projects***

  The Reserve for Capital Projects (ED §3651) is used to accumulate funds to finance all or a portion of future capital projects 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 probably term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. Total expenditures over the life of each capital reserve may not exceed the voter approved maximum. Funds may be transferred to other reserves only with voter approval. The reserve is accounted for in the General Fund. The current capital reserve was established with voter approval in December 2018 at an amount not to exceed $5,000,000.

- ***Capital Projects Fund***

  This fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities.

- ***Miscellaneous Special Revenue Fund***

  This fund is used to account for various endowment and scholarship awards.

- ***Debt Service Fund***

  This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds. This reserve is accounted for in the Debt Service Fund.

***Unrestricted Resources***

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

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

- ***Assigned*** – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the District's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than in the Capital Fund, are classified as Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year's budget of the General fund is also classified as Assigned Fund Balance in the General Fund.
- ***Unassigned*** – Includes all other fund Net Position that do not meet the definition of the above classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

*(c)* ***Restricted for Extraclassroom Activities*** – This reserve is used to account for various student groups or extraclassroom activities. This reserve is accounted for in the Custodial Fund.

*(d)* ***Order of Use of Fund Balance***

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of application of expenditures to which the fund balance classification will be charged.

***New Accounting Standards***

Effective for the fiscal year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard establishes recognition and measurement guidance for all types of compensated absences, including vacation leave, sick leave, personal leave, and other paid time off. Under GASB 101, a liability is recognized for compensated absences when earned by employees, provided the leave is attributable to services already rendered and is more likely than not to be used or paid.

Prior to the implementation of GASB 101, the District recognized compensated absences liabilities based primarily on vested amounts or payments due at termination. GASB 101 requires the recognition of these liabilities earlier, based on the accrual of leave and historical usage patterns, resulting in a change in the timing and methodology of liability recognition.

The District applied the provisions of GASB 101 prospectively as of July 1, 2024. As a result of the implementation, compensated absences liabilities were remeasured, and a restatement of beginning net position was made to reflect the cumulative effect of applying the standard. The impact of this restatement is disclosed in Note 17.

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. This standard is effective for fiscal years beginning after June 15, 2024.

***Future Changes in Accounting Standards***

GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending June 30, 2026.

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

## 2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

***Total Fund Balances of Governmental Funds Compared to 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 primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

***Statement of Revenues, Expenditures, and Changes in Fund Balance Compared to Statement of Activities***

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of six broad categories:

***(a) Long-Term Revenue Differences***

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

***(b) Capital Related Differences***

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

***(c) 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.

***(d) Employee Benefit Allocation***

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Equity based on the requirements of New York State. These costs have been allocated based on total salary for each function.

***(e) Pension Differences***

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

***(f) OPEB Differences***

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

## 3. STEWARDSHIP AND COMPLIANCE

***Fund Balance Limitations***

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2025, the School District's unassigned fund balance was 4.00% of the 2025-2026 budget.

At June 30, 2025, the District was in compliance with the statutory debt limit.

***NYS Real Property Tax Cap***

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments including school districts can levy. The tax levy for the 2024-2025 school year was in compliance with the NYS Tax Cap Limit.

***Budgetary Procedures and Budgetary Accounting***

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The budget is adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The budget and actual comparison for the Special Revenue Funds (if any) reflects budgeted and actual amounts only for funds with legally authorized (appropriated) budgets.

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

| | |
|---|---|
| Adopted Budget | $ 38,427,222 |
| Add: Prior Year's Encumbrances | 329,789 |
| Original Budget | 38,757,011 |
| Amendments: | |
| Legislative Grant in Aid | 75,000 |
| Final Budget | $ 38,832,011 |

***Encumbrances***

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

## 4. CASH AND CASH EQUIVALENTS

***Custodial Credit Risk***

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. The School District's policy for custodial credit risk and New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

A. Uncollateralized;
B. Collateralized by securities held by the pledging financial institution; or
C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

As of June 30, 2025, the School District had bank balances of $12,642,608 of which $750,000 was fully insured by the FDIC and $11,892,608 was exposed to credit risk but fully collateralized by securities held by an agent of the pledging financial institution in the School District's name.

***Restricted Cash and Cash Equivalents***

As of June 30, 2025, the School District's restricted cash and cash equivalents consisted of the following:

| | General | Miscellaneous Special Revenue | Debt Service | Capital | Total |
|---|---|---|---|---|---|
| **Restricted Cash** | | | | | |
| Workers' Compensation | $ 400,000 | $ | $ | $ | $ 400,000 |
| Unemployment Insurance | 150,000 | | | | 150,000 |
| Retirement Contribution System | 1,851,850 | | | | 1,851,850 |
| Employee Benefit Accrued Liability | 809,045 | | | | 809,045 |
| Insurance | 1,500,000 | | | | 1,500,000 |
| Capital | 1,700,000 | | | | 1,700,000 |
| Scholarships and Donations | | 101,715 | | | 101,715 |
| Capital Project | | | | 8,242,994 | 8,242,994 |
| Debt Service | | | 496,661 | | 496,661 |
| **Total Restricted** | $ 6,410,895 | $ 101,715 | $ 496,661 | $ 8,242,994 | $ 15,252,265 |

Restricted cash and cash equivalents of $496,661 in the Debt Service Fund represents funds restricted for debt service of outstanding deficit financing bonds.

Restricted cash and cash equivalents of $101,715 in the Miscellaneous Special Revenue Fund represents various scholarships and awards.

Restricted cash and cash equivalents of $8,242,994 in the Capital Fund is on hand with a fiscal agent to pay down the BAN that matures in July 2025.

Restricted cash and cash equivalents of $229,130 in the Custodial Fund represents funds held for the District's Extraclassroom Activity Funds.

## 5. CAPITAL ASSETS AND RIGHT TO USE LEASED ASSETS

Capital asset activity for the year ended June 30, 2025, is as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| **Capital Assets Not Being Depreciated** | | | | |
| Land | $ 279,000 | $ | $ | $ 279,000 |
| Construction in Progress | 9,666,763 | 2,439,730 | | 12,106,493 |
| Total | 9,945,763 | 2,439,730 | | 12,385,493 |
| **Capital Assets Being Depreciated** | | | | |
| Buildings | 63,406,098 | | | 63,406,098 |
| Improvements Other than Buildings | 285,000 | | | 285,000 |
| Furniture, Equipment and Vehicles | 7,905,888 | 879,667 | 1,624,873 | 7,160,682 |
| Total | 71,596,986 | 879,667 | 1,624,873 | 70,851,780 |
| Accumulated Depreciation | | | | |
| Buildings | 37,634,286 | 1,666,392 | | 39,300,678 |
| Improvements Other than Buildings | 285,000 | | | 285,000 |
| Furniture, Equipment and Vehicles | 6,572,965 | 377,655 | 1,624,290 | 5,326,330 |
| Total | 44,492,251 | 2,044,047 | 1,624,290 | 44,912,008 |
| **Net Capital Assets Being Depreciated** | 27,104,735 | (1,164,380) | 583 | 25,939,772 |
| **Net Capital Assets** | $ 37,050,498 | $ 1,275,350 | $ 583 | $ 38,325,265 |

Depreciation expense was charged to the functions as follows:

| Function/Program | | |
|---|---|---|
| General Support | $ | 471,031 |
| Instruction | | 1,346,486 |
| Pupil Transportation | | 174,551 |
| School Lunch | | 51,979 |
| Total Depreciation | $ | 2,044,047 |

Right to use leased asset activity for the year ended June 30, 2025, is as follows:

| | Beginnning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| **Right to Use Leased Assets** | | | | |
| Leased Equipment | $ 851,389 | $ 191,241 | $ 170,978 | $ 871,652 |
| **Accumulated Amortization** | | | | |
| Leased Equipment | 401,813 | 176,894 | (170,978) | 407,729 |
| **Net Right To Use Assets** | $ 449,576 | $ 14,347 | $ | $ 463,923 |

Amortization expense of $176,894 is charged solely to instruction.

## 6. SHORT-TERM DEBT

The District had outstanding BANs at June 30, 2025, as follows:

| Payable From/ Description | Date of Original Issue | Date of Original Amount | | Final Maturity | Interest Rate (%) | Outstanding Amount | |
|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | |
| 2025 BAN Capital Projects | 7/11/2024 | $ | 8,302,994 | 7/11/2025 | 4.50% | $ | 8,302,994 |

Changes in the School District's short-term outstanding debt for the year ended June 30, 2025, is as follows:

| Description | Outstanding Beginning Balance | Issued | Paid | Redeemed from Appropriations | Outstanding Ending Balance |
|---|---|---|---|---|---|
| 2024 BAN Capital Projects | $ 21,545,000 | $ | $ 21,240,000 | 305,000 | $ |
| 2025 BAN Capital Projects | | 8,302,994 | | | 8,302,994 |
| Total Governmental Activities | $ 21,545,000 | $ 8,302,994 | $ 21,240,000 | $ 305,000 | $ 8,302,994 |

Interest expense on the BANs was $570,059.

## 7. NONCURRENT LIABILITIES

### *Serial Bonds*

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These are long-term liabilities, which are full faith and credit debt of the local government. In the event of a default in the payment of the principal and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

Noncurrent liability balances and activity are as follows:

| Description | Beginning Balance | Change in Accounting Principle | Additions | Deletions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|---|
| Governmental Activities | | | | | | |
| Bonds Payable | $ 19,108,132 | $ | $ 8,273,103 | $ (1,828,132) | $ 25,553,103 | $ 2,193,103 |
| Bond Premiums, Net of Amortization | 2,032,710 | | 666,806 | (250,443) | 2,449,073 | 257,060 |
| Total Bonds Payable | 21,140,842 | | 8,939,909 | (2,078,575) | 28,002,176 | 2,450,163 |
| Lease Liability | 43,174 | | | (43,174) | | |
| OPEB Liability | 67,190,047 | | 4,452,752 | (18,209,910) | 53,432,889 | |
| Judgments and Claims Payable | 45,750 | | | (13,800) | 31,950 | |
| Compensated Absences | 940,837 | 1,070,479 | | (50,170) | 1,961,146 | 1,057,302 |
| Total Governmental Activities | $ 89,360,650 | $ 1,070,479 | $ 13,392,661 | $ (20,395,629) | $ 83,428,161 | $ 3,507,465 |

Total interest for the year was as follows:

| | |
|---|---|
| Interest Paid on Long Term Debt and Leases | $ 1,123,468 |
| Interest on BANs | 570,059 |
| Amortization of Deferred Charges on Advanced Refundings | 42,215 |
| Amortization of Premiums on Serial Bonds and Refundings | (250,443) |
| Less: Interest Accrued in the Prior Year | (58,292) |
| Plus: Interest Accrued in the Current Year | 73,113 |
| Total Interest Expense on Long-Term Debt | $ 1,500,120 |

***Long-Term Debt Maturity Schedule***

The following is a statement of serial bonds with corresponding maturity schedules:

| Payable From/Description | Date of Original Issue | Original Amount | Date of Final Maturity | Interest Rate (%) | Outstanding Amount |
|---|---|---|---|---|---|
| Advanced Refunding 2009/2010 Bonds | 01/27/16 | $ 7,740,000 | 01/27/26 | 2.00-5.00 | $ 310,000 |
| 2014 Capital Project | 06/08/17 | $ 5,640,000 | 06/15/32 | 3.00-5.00 | 3,030,000 |
| 2019 Capital Project and EPC | 06/18/24 | $ 13,010,000 | 06/15/37 | 5.00 | 13,005,000 |
| 2022 Capital Project - Turf | 06/17/25 | $ 7,740,000 | 06/15/39 | 4.50 | 7,740,000 |
| Bus Acquisitions | 12/30/20 | $ 304,738 | 12/15/26 | 1.13-1.25 | 65,000 |
| Bus Acquisitions | 01/13/22 | $ 296,174 | 12/15/27 | .5-1.54 | 120,000 |
| Bus Acquisitions | 12/20/22 | $ 347,883 | 12/15/28 | 3.5-5.0 | 225,000 |
| Bus Acquisitions | 02/01/24 | $ 633,132 | 12/15/29 | 3.75-3.875 | 525,000 |
| Bus Acquisitions | 02/13/25 | $ 533,102 | 02/13/25 | 4.00 | 533,103 |
| | | | | | $ 25,553,103 |

Total principal and interest payments due on serial bonds debt is as follows:

| For the Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 2,193,103 | $ 1,370,716 | $ 3,563,819 |
| 2027 | 2,175,000 | 1,149,712 | 3,324,712 |
| 2028 | 2,210,000 | 1,046,047 | 3,256,047 |
| 2029 | 2,275,000 | 940,165 | 3,215,165 |
| 2030 | 2,240,000 | 831,550 | 3,071,550 |
| 2031-2035 | 9,895,000 | 2,618,500 | 12,513,500 |
| 2036-2039 | 4,565,000 | 348,250 | 4,913,250 |
| Total | $ 25,553,103 | $ 8,304,940 | $ 33,858,043 |

***Unamortized Premium***

The premium of $820,240 on the 2016 advance refunding has been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premium is being amortized using the straight-line method over 10 years, the remaining time to maturity of the bonds. The current year amortization is $82,024 and is included as a reduction to interest expense on the statement of activities.

| | |
|---|---|
| Deferred Premium from Refunding of Debt | $ 820,240 |
| Less: Accumulated Amortization | 779,228 |
| Net Unamortized Premium | $ 41,012 |

The original issue premium on the 2017 serial bond has been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premium is being amortized using the straight-line method over 15 years, the time to maturity of the respective bond issue. The current year amortization is $55,953 and is included as a reduction to interest expense on the statement of activities.

| | |
|---|---|
| Deferred Premium from Issuance of Debt | $ 839,289 |
| Less: Accumulated Amortization | 447,624 |
| Net Unamortized Premium | $ 391,665 |

The original issue premium on the 2024 serial bond has been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premium is being amortized using the straight-line method over 13 years, the time to maturity of the respective bond issue. The current year amortization is $112,466 and is included as a reduction to interest expense on the statement of activities.

| | |
|---|---|
| Deferred Premium from Issuance of Debt | $ 1,462,056 |
| Less: Accumulated Amortization | 112,466 |
| Net Unamortized Premium | $ 1,349,590 |

The original issue premium on the 2025 serial bond has been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premium is being amortized using the straight-line method over 14 years, the time to maturity of the respective bond issue. The current year amortization is $0 as the bond was issued right before the fiscal year end, however will be $47,629 annually going forward and is included as a reduction to interest expense on the statement of activities.

| | |
|---|---|
| Deferred Premium from Issuance of Debt | $ 666,806 |
| Less: Accumulated Amortization | |
| Net Unamortized Premium | $ 666,806 |

***Deferred Outflows of Resources***

The deferred gain on the advance refunding of a portion of 2009 and 2010 Serial bonds has been capitalized and recorded as a deferred outflow on the District-wide financial statements. The cost is being amortized using the straight-line method over 10 years, the remaining time to maturity of the bonds. The current year amortization is $42,215 and is included as an addition to interest expense on the statement of activities.

| | | |
|---|---|---|
| Deferred Premium from Issuance of Debt | $ | 422,147 |
| Less: Accumulated Amortization | | 401,042 |
| Net Unamortized Premium | $ | 21,105 |

***Prior-Year Defeasance of Debt***

In prior years, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On June 30, 2025, $360,000 of bonds outstanding are considered defeased.

***Statutory Debt Limit***

At June 30, 2025, the School District was in compliance with the statutory debt limit.

***Lease Liability***

The District has entered into agreements with the BOCES and other vendors to lease certain equipment such as copiers, grounds maintenance equipment, and other technology equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreements. The District has made some lump sum payments at the beginning of certain lease agreements and thus there are right to use assets with a net book value of $463,923 with no corresponding lease liability.

## 8. PENSION PLANS

### A. New York State and Local Employees' Retirement System (ERS)

***(a) Plan Description***

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. 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 maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

### *(b) Contributions*

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010, but prior to April 1, 2012, are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 must contribute at a specific percentage of earnings (between 3 and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2025, were paid.

The required contributions for the current year and two preceding years were:

| | Amount |
|---|---|
| 2023 | $ 381,891 |
| 2024 | $ 443,999 |
| 2025 | $ 558,565 |

### *(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2025, the School District reported a liability of $1,662,686 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2024. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2025, the School District's proportion was .0096975 percent which represents an increase of .0001256 percent over the District's proportion at June 30, 2024.

For the year ended June 30, 2025, the School District recognized pension expense of $453,306. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 412,690 | $ 19,467 |
| Change of Assumptions | 69,730 | |
| Net Difference Between Projected and Actual Earnings on Pensions Plan Investments | 130,450 | |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 192,357 | 2,526 |
| Contributions Subsequent to the Measurement Date | 117,443 | |
| Total | $ 922,670 | $ 21,993 |

At June 30, 2025, $117,443 was reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | | |
|---|---|---|
| 2026 | $ | 364,957 |
| 2027 | $ | 480,810 |
| 2028 | $ | (101,703) |
| 2029 | $ | 39,170 |

***(d) Actuarial Assumptions***

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

Significant actuarial assumptions used in the April 1, 2024 valuation were as follows:

| | |
|---|---|
| Investment rate of return (net of investment expense, including inflation) | 5.90% |
| Cost of Living Adjustments | 1.50% |
| Salary scale | 4.30% |
| Decrement Tables | April 1, 2015 - March 31, 2020 System's Experience |
| Inflation rate | 2.90% |

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2025 are summarized below.

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic Equity | 25.00% | 3.54% |
| International Equity | 14.00% | 6.57% |
| Private Equity | 15.00% | 7.25% |
| Real Estate | 12.00% | 4.95% |
| Opportunistic/Absolute Return Strategy | 3.00% | 5.25% |
| Credit | 4.00% | 5.40% |
| Real Assets | 4.00% | 5.55% |
| Fixed Income | 22.00% | 2.00% |
| Cash | 1.00% | 0.25% |
| | 100% | |

** Real rates of return are net of the long-term inflation assumption of 2.90%.*

***(e) Discount Rate***

The discount rate used to calculate the total pension asset/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 System'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 asset/liability.

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

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

| | 1% Decrease (4.90%) | Current Assumption (5.90%) | 1% Increase (6.90%) |
|---|---|---|---|
| Proportionate Share of the Net Pension Liability (Asset) | $ 4,812,024 | $ 1,662,686 | $ (967,012) |

***(g) Pension Plan Fiduciary Net Position***

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

***(h) Payables to the Pension Plan***

The School District has recorded an amount due to ERS in amount of $117,443 at June 30, 2025. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2025-2026 billing cycle and has been accrued as an expenditure in the current year.

**B. New York State Teachers' Retirement System (TRS)**

***(a) Plan Description***

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit Payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org. or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

***(b) Contributions***

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The required employer contributions for the current year and two preceding years were:

| | Amount |
|---|---|
| 2023 | $ 1,166,862 |
| 2024 | $ 1,245,965 |
| 2025 | $ 1,317,665 |

*(c)* ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2025, the School District reported an asset of $1,994,855 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2023. The School District's proportion of the net pension asset was based on a projection of the School 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, 2024, the School District's proportion was .066860 percent, which was an increase of .005461 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of $1,082,510. At June 30, 2025 , the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 2,148,093 | $ |
| Changes of Assumptions | 1,193,328 | 200,729 |
| Net Difference Between Projected and Actual Earnings on Pensions Plan Investments | | 2,216,454 |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 103,783 | 239,997 |
| Contributions Subsequent to the Measurement Date | 1,317,665 | |
| Total | $ 4,762,869 | $ 2,657,180 |

At June 30, 2025, $1,317,665 was reported as a deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date, and, will be recognized as a reduction of the net pension asset. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | |
|---|---|
| 2025 | $ (1,053,297) |
| 2026 | $ 2,426,133 |
| 2027 | $ (426,154) |
| 2028 | $ (471,019) |
| 2029 | $ 235,654 |
| Thereafter | $ 76,707 |

### *d) Actuarial Assumptions*

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

| | |
|---|---|
| Investment Rate of Return | 6.95% compounded annually, net of pension plan investment expense, including inflation. |
| Salary scale | Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience. |

| **Service** | **Rate** |
|---|---|
| 5 | 5.18% |
| 15 | 3.64% |
| 25 | 2.50% |
| 35 | 1.95% |

| | |
|---|---|
| Projected COLAs | 1.3% compounded annually. |
| Inflation rate | 2.4% |

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

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

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return* |
|---|---|---|
| Domestic equities | 33.0% | 6.6% |
| International equities | 15.0% | 7.4% |
| Global equities | 4.0% | 6.9% |
| Real Estate equities | 11.0% | 6.3% |
| Private Equities | 9.0% | 10.0% |
| Domestic fixed income | 16.0% | 2.6% |
| Global bonds | 2.0% | 2.5% |
| High-yield bonds | 1.0% | 4.8% |
| Private debt | 2.0% | 5.9% |
| Real Estate debt | 6.0% | 3.9% |
| Cash Equivalents | 1.0% | 0.5% |
| | 100% | |

** Real rates of return are net of pension plan investment expenses and long-term inflation expectations.*

***(e) Discount Rate***

The discount rate used to measure the pension liability (asset) was 6.95 percent. 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 System'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.

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

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

| | 1% Decrease (5.95%) | Current Assumption (6.95%) | 1% Increase (7.95%) |
|---|---|---|---|
| Proportionate Share of the Net Pension Liability (Asset) | $ 9,214,351 | $ (1,994,855) | $ (11,422,098) |

***(g) Pension Plan Fiduciary Net Position***

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

***(h) Payables to the Pension Plan***

The School District has recorded an amount due to TRS in amount of $1,317,665 (excluding the employee share) in the General Fund at June 30, 2025. This amount represents the contribution for the 2024-2025 fiscal year that will be made in 2025-2026 and has been accrued as an expenditure in the current year.

## 9. OTHER POSTEMPLOYMENT BENEFITS

***(a) Plan Descriptions***

The District provides medical and prescription drug coverage to retirees and their covered dependents. The School District pays a portion of the cost for retirees, disabled retirees, and spouses and dependents. Currently there are about 231 current and 211 former employees participating in the District's OPEB plan. Benefit provisions are established and amended through negotiations between the District and the respective unions. All active employees who retire or are disabled directly from the School District and meet eligibility criteria will participate.

Each Employee Group has their own stipulations for eligibility. They are as follows:

***Superintendent of Schools***

Per an agreement between Board of Education and the Superintendent of Schools, the District pays 80% of the cost of premium for individual and family medical coverage and 90% of individual and family dental coverage.

***Assistant Superintendent of Schools***

Per an agreement between Board of Education and the Assistant Superintendent of Schools, the employee must have at least 10 years of service with the District, and retire from the District not before the age of 55. The District pays 80% of the cost of premium for individual and family medical coverage and 90% of individual and family dental coverage.

***Teaching Employees***

Per an agreement between the Superintendent of Schools and Teaching Employees, the employee must have at least 14 years of service with the District, and retire from the District not before the age of 55. The District pays 85% of the cost of premium for individual and family medical coverage along with a maximum amount to be paid for dental by the retiree of $405 for individuals and $609 for family coverage.

***Support Staff Employees***

Per an agreement between the Superintendent of Schools and all Support Staff contracts, the employee hired on or before 10/1/1981 must be eligible to retire from the district with at least 10 years of service and not before the age of 55. The District pays 85% of individual coverage and 85% of family coverage premiums. For this group to be eligible for Dental coverage, they must retire from the district with at least 20 years of service. An employee hired between 7/1/1994 and 6/30/2001 must be eligible to retire from the district with at least 12 years of service and not before the age of 55. The District pays 85% of individual coverage and 85% of family coverage for medical and dental premiums. An employee hired between 7/1/2001 and 6/30/2008 must be eligible to retire from the district with at least 13 years of service and not before the age of 55. The District pays 85% of individual coverage and 85% of family coverage for medical and dental premiums. An employee hired after 7/1/2008 must be eligible to retire from the district with at least 16 years of service and not before the age of 55. The District pays 85% of individual coverage and 85% of family coverage for medical and dental premiums.

***Non-Represented Employees***

Per an agreement between the Superintendent of Schools and Non- Represented Employees, the employee must have at least 10 years of service with the District, and retire from the District not before the age of 55. The District pays 85% of the cost of premiums for individual and family medical coverage along with a 90% of the cost of premium for individual and family dental coverage.

***Administrative Supervisor Employee***

Per an agreement between the Superintendent of Schools and an Administrative Supervisor, the employee must have at least 10 years of service with the District, and retire from the District not before the age of 55. The District pays 85% of the cost of premiums for individual and family medical coverage and 100% of the cost of premiums towards dental coverage.

The Plan does not issue a stand-alone publicly available report since no assets are accumulated in a trust that meets all of the criteria in GASB No. 75, paragraph 4.

***(b) Benefits Provided***

For the District Retired Employee Heath Plan (DREHP), contribution requirements of the plan members and the District are established by applicable collective bargaining and employment agreements.

***(c) Employees Covered by Benefit Terms***

| | Total |
|---|---|
| Active employees | 231 |
| Retired employees | 211 |
| Beneficiaries | 12 |
| Spouses of Retired employees | 104 |
| Total | 558 |

***(d) Total OPEB Liability***

The District's total OPEB liability of $53,432,889 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024.

### *(e) Changes in the Total OPEB Liability*

Changes in the District's total OPEB liability were as follows:

| | Total OPEB |
|---|---|
| Balances, June 30, 2024 | $ 67,190,047 |
| Changes recognized for the year: | |
| Service cost | 1,792,192 |
| Interest on Total OPEB Liability | 2,660,560 |
| Effect of demographic gains or losses | (6,269,994) |
| Effect of assumptions changes or inputs | (9,347,934) |
| Benefit payments | (2,591,982) |
| Net changes | (13,757,158) |
| Balances, June 30, 2025 | $ 53,432,889 |

### *(f) Actuarial Methods and Assumptions*

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

| | |
|---|---|
| Valuation Date | July 1, 2024 |
| Measurement Date | June 30, 2025 |
| Reporting Date | June 30, 2025 |
| Actuarial Cost Method | Entry Age Normal - Level Percent of Salary Cost Method |
| Plan Type | Single Employer Defined Benefit Plan |
| Inflation Rate | 2.40% |
| Medical Trend Rates | 6.6% decreasing to an ultimate rate of 3.8% over 50 years |
| Discount Rate | 5.20% |

The discount rate assumption changed from 3.93% in the prior year to 5.20% in the current year.

**Discount Rate** – The selected discount rate of 5.20% is based on the prescribed discount interest rate methodology under GASB 75 based on an average of three 20-year bond indices (S&P-20 Municipal Bond Index) as of June 30, 2025.

**Cash Flows** – The cash flows into and out of the Plan are expected to be consistent with the above assumptions and Plan descriptions of participant contributions.

### *(g) Sensitivity of the total OPEB liability to changes in the discount rate*

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

| | 1% Decrease 4.20% | Current Assumption 5.20% | 1% Increase 6.20% |
|---|---|---|---|
| Total OPEB liability | $ 60,759,598 | $ 53,432,889 | $ 47,397,716 |

***(h) Sensitivity of the total OPEB liability to changes in the healthcare cost trend***

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.6 declining to 2.8 percent) or 1 percentage point higher (7.6 declining to 4.8 percent) than the current healthcare cost trend rate:

| | 1% Decrease | Current Assumption | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 46,552,790 | $ 53,432,889 | $ 62,009,858 |

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

***(i) OPEB Expense***

| | |
|---|---|
| Service cost | $ 1,792,192 |
| Interest on total OPEB liability | 2,660,560 |
| Recognition of Deferred Inflows/ Outflows of Resources | |
| Recognition of demographic gains or losses | (396,001) |
| Recognition of assumption changes or inputs | (2,100,056) |
| **Total OPEB Expense** | $ 1,956,695 |

***(j) Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 5,567,069 | $ 2,272,493 |
| Changes of assumptions | 15,312,950 | 1,444,518 |
| Total | $ 20,880,019 | $ 3,717,011 |

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

| Year ended June 30: | Amount |
|---|---|
| 2026 | $ (4,264,513) |
| 2027 | (4,495,610) |
| 2028 | (2,460,473) |
| 2029 | (2,719,664) |
| 2030 | (2,479,036) |
| Thereafter | (743,712) |

## 10. FUND BALANCE

(a) The following is a summary of the change in General Fund restricted reserve funds during the year ended June 30, 2025:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Restricted** | | | | |
| General Fund | | | | |
| Workers' Compensation | $ 352,510 | $ 177,745 | $ (130,255) | $ 400,000 |
| Unemployment Insurance | 150,000 | 50,000 | (50,000) | 150,000 |
| Retirement Contribution System | 1,612,896 | 908,699 | (669,745) | 1,851,850 |
| Employee Benefit Accrued Liability | 809,045 | 150,000 | (150,000) | 809,045 |
| Insurance | 1,500,000 | | | 1,500,000 |
| Capital Reserve | 1,700,000 | | | 1,700,000 |
| Total General Fund Restricted | $ 6,124,451 | $ 1,286,444 | $ (1,000,000) | $ 6,410,895 |

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2025:

| | General | School Lunch | Miscellaneous Special Revenue | Debt Service | Capital | Total |
|---|---|---|---|---|---|---|
| **Nonspendable** | $ | $ 13,935 | $ | $ | $ | $ 13,935 |
| **Restricted** | | | | | | |
| Workers' Compensation | 400,000 | | | | | 400,000 |
| Unemployment Insurance | 150,000 | | | | | 150,000 |
| Retirement Contribution System | 1,851,850 | | | | | 1,851,850 |
| Employee Benefit Accrued Liability | 809,045 | | | | | 809,045 |
| Insurance | 1,500,000 | | | | | 1,500,000 |
| Capital | 1,700,000 | | | | | 1,700,000 |
| Capital Project | | | | | 71001 | 71,001 |
| Scholarships and Donations | | | 103,005 | | | 103,005 |
| Debt Service | | | | 508,400 | | 508,400 |
| **Total Restricted** | 6,410,895 | | 103,005 | 508,400 | 71,001 | 7,093,301 |
| **Assigned** | | | | | | |
| General Support | 263,519 | | | | | 263,519 |
| Instruction | 59,737 | | | | | 59,737 |
| Pupil Transportation | 60,760 | | | | | 60,760 |
| School Lunch | | 223,569 | | | | 223,569 |
| Appropriated for Subsequent Year's Budget | 1,641,005 | | | | | 1,641,005 |
| **Total Assigned** | 2,025,021 | 223,569 | | | | 2,248,590 |
| **Unassigned (Deficit)** | 1,584,697 | | | | (893,753) | 690,944 |
| **Total Fund Equity (Deficit)** | $ 10,020,613 | $ 237,504 | $ 103,005 | $ 508,400 | $ (822,752) | $ 10,046,770 |

## 11. INTERFUND TRANSACTIONS

| Fund Type | Interfund Receivables | Interfund Payables | Interfund Revenues | Interfund Expenditures |
|---|---|---|---|---|
| General | $ 505,319 | $ 61,490 | $ 284,531 | $ 145,703 |
| School Lunch | 200 | | | |
| Special Aid | | 399,266 | 56,842 | 47,536 |
| Custodial Fund | 1,290 | | | |
| Debt Service | 11,739 | | | 739,989 |
| Capital Fund | 60,000 | 117,792 | 591,855 | |
| Total | $ 578,548 | $ 578,548 | $ 933,228 | $ 933,228 |

- All interfund payables are expected to be repaid within one year.
- Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.
- The School District made a transfer of $88,861 from the General Fund to the Capital Fund in order to fund the small 24-25 local capital project.
- The School District made a transfer of $56,842 from the General Fund to the Special Aid Fund, as a required local match for federal and state grants.
- The School District made a transfer of $47,536 from the Special Aid Fund to the General Fund to cover expenses associated with using ARPA Funds.
- The School District made a transfer of $236,995 from the Debt Service Fund to the General Fund in order to use the BAN premium towards the BAN interest payment and $502,994 from the Debt Service Fund to the Capital Fund from bond premium revenue to go towards the paydown on the BAN that matures in July 2025.

## 12. RISK MANAGEMENT

### *General Information*

The School District is exposed to various risks of loss related to tax certioraris, torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. Except for the tax certiorari, these risks are covered by commercial insurance purchased from independent third parties. There is one settled claim that has been accrued as a liability and included in the line item Judgments and Claims Payable on the financial statements. Sufficient reserves exist to cover any unfavorable settlements of the tax certiorari.

### *Health Insurance*

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by CNY Cooperative Health Insurance Trusts, of which the School District is a member. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. School districts joining the Plan must remain members for a minimum of 1 year; a member may withdraw from the Plan effective only once annually on the last day of the Plan year as may be established from time to time by the Board of Directors. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) which have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims' liabilities are charged or credited to expense in the periods in which they are made.

The Consortium is a shared-risk public entity risk pool whereby each entity pays annual premiums based on the aggregate expected claims for all enrollees. During the year ended June 30, 2025, the School District paid health insurance premiums amounting to $7,951,345 to the Consortium. Paid claims are also accounted for in the aggregate with individual entity activity not being tracked separately. Due to this arrangement, a possible contingent liability exists for Cazenovia Central School District as a result of the possibility that any participating entity may have actual claims less than its annual premiums and try to recover its portion due to it through the Consortium participants.

## 13. CONTINGENCIES AND COMMITMENTS

### *Potential Grantor Liability*

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.

***Encumbrances***

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2025, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. The General Fund encumbrances are reflected as part of the assigned fund balance. The other encumbrances are not reflected on the fund financial statements because the assignment would result in a negative unassigned fund balance. Significant encumbrances included in governmental fund balances are as follows:

| | Assigned General |
|---|---|
| Encumbrances | |
| General Support | $ 263,519 |
| Instruction | 59,737 |
| Pupil Transportation | 60,760 |
| Total Encumbrances | $ 384,016 |

***Construction Commitments***

Voters and the Board of Education authorized a capital project in 2022 in the amount of $10,713,319. Through June 30, 2025, the District has cumulative project expenses of $10,653,965 with the remaining in outstanding construction commitments.

Voters and the Board of Education authorized a capital project in 2023 in the amount of $4,000,000. Through June 30, 2025, the District has cumulative project expenses of $893,753 with the remaining in outstanding construction commitments.

## 14. CAPITAL FUND DEFICIT

At June 30, 2025, the Capital Fund had a deficit fund balance of $822,752. The deficit will be eliminated when the current capital project is financed with long term debt.

## 15. DEFICIT NET POSITION – DISTRICT WIDE

At June 30, 2025, the total net position of the School District's governmental activities was a deficit balance of $48,459,599 and an unrestricted position deficit of $66,301,017. This deficit is primarily the result of the requirement to accrue the full liability for Other Postemployment Benefits. The accumulated accrued liability for this obligation is $53,432,889 at June 30, 2025. This liability cannot be legally funded in New York State. Note 9 of these financial statements provides more information.

## 16. TAX ABATEMENTS

The Town of Cazenovia enters into various property tax abatement programs for the purpose of economic development. For the year ended June 30, 2024, the School District's property tax revenue was reduced by $62,025 as a result of these tax abatement agreements. For the year ended June 30, 2025 the School District received payment in lieu of taxes (PILOTs) totaling $239,131.

## 17. CUMULATIVE EFFECT OF IMPLEMENTING CHANGE IN ACCOUNTING PRINCIPLE

As the result of implementing GASB Statement No. 101, *Compensated Absences*, the District has restated the beginning net position in the Statement of Net Position for Governmental Activities, effectively decreasing net position as of July 1, 2024 by $1,202,271. The decrease results from restating its non-current term liabilities to reflect the additional liability for compensated absences required by this implementation.

| | District-Wide |
|---|---|
| Net Position (Deficit), Beginning of Year, As Previously Stated | $ (49,219,853) |
| Cumulative effect of change in accounting principle | |
| GASB No. 101, Compensated Absences | (1,070,479) |
| Net Position (Deficit), Beginning of Year, As Restated | $ (50,290,332) |

# CAZENOVIA CENTRAL SCHOOL DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL - GENERAL FUND

**For the Year Ended June 30, 2025**

| | Original Budget | Final Budget | Actual | | Final Budget Variance With Actual |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Local Sources | | | | | |
| Real Property Taxes | $ 21,627,320 | $ 21,757,502 | $ 21,757,501 | | $ (1) |
| Other Real Property Tax Items | 1,540,222 | 1,410,040 | 1,419,295 | | 9,255 |
| Nonproperty Tax Items | 2,000 | 2,000 | 3,310 | | 1,310 |
| Charges for Services | 22,250 | 22,250 | 6,954 | | (15,296) |
| Use of Money and Property | 160,000 | 160,000 | 544,638 | | 384,638 |
| Sale of Property and Compensation for Loss | | | 6,993 | | 6,993 |
| Miscellaneous | 305,000 | 305,000 | 444,497 | | 139,497 |
| State Aid | 12,802,430 | 12,877,430 | 12,979,829 | | 102,399 |
| Federal Aid | 90,000 | 90,000 | 132,558 | | 42,558 |
| Total Revenues | 36,549,222 | 36,624,222 | 37,295,575 | | 671,353 |
| **Other Financing Sources** | | | | | |
| Transfers from Other Funds | 236,995 | 236,995 | 284,531 | | 47,536 |
| Appropriated Fund Balance | 1,970,794 | 1,970,794 | | | (1,970,794) |
| Total Revenues and Other Financing Sources | $ 38,757,011 | $ 38,832,011 | $ 37,580,106 | | $ (1,251,905) |

| | Original Budget | Final Budget | Actual | Year-End Encumbrances | Final Budget Variance With Actual And Encumbrances |
|---|---|---|---|---|---|
| **Expenditures** | | | | | |
| General Support | | | | | |
| Board of Education | $ 49,608 | $ 91,388 | $ 40,698 | $ 50,000 | $ 690 |
| Central Administration | 255,078 | 265,170 | 263,843 | | 1,327 |
| Finance | 598,621 | 584,058 | 582,483 | | 1,575 |
| Staff | 231,450 | 504,879 | 504,809 | | 70 |
| Central Services | 2,680,881 | 2,450,590 | 2,262,877 | 173,769 | 13,944 |
| Special Items | 333,786 | 449,712 | 409,962 | 39,750 | |
| Total General Support | 4,149,424 | 4,345,797 | 4,064,672 | 263,519 | 17,606 |
| Instruction | | | | | |
| Instruction, Administration, and Improvement | 1,473,572 | 1,287,730 | 1,173,048 | 34,949 | 79,733 |
| Teaching - Regular School | 7,902,200 | 7,900,532 | 7,819,517 | 1,602 | 79,413 |
| Programs for Children With Special Needs | 3,173,118 | 3,451,060 | 3,449,861 | 588 | 611 |
| Occupational Education | 780,346 | 783,467 | 773,528 | | 9,939 |
| Teaching - Special School | 70,887 | 48,375 | 48,375 | | |
| Instructional Media | 1,543,847 | 1,567,620 | 1,530,882 | 2,596 | 34,142 |
| Pupil Services | 1,836,904 | 1,798,170 | 1,768,079 | 20,002 | 10,089 |
| Total Instruction | 16,780,874 | 16,836,954 | 16,563,290 | 59,737 | 213,927 |
| Pupil Transportation | 1,943,091 | 1,888,716 | 1,777,237 | 60,760 | 50,719 |
| Community Services | 750 | 750 | | | 750 |
| Employee Benefits | 11,436,187 | 11,313,110 | 10,711,093 | | 602,017 |
| Debt Service - Principal | (51,291,874) | 1,828,132 | 1,871,305 | | (43,173) |
| Debt Service - Interest | 2,120,617 | 2,068,499 | 1,693,527 | | 374,972 |
| Total Expenditures | (14,860,931) | 38,281,958 | 36,681,124 | 384,016 | 1,216,818 |
| **Other Financing Uses** | | | | | |
| BANs Redeemed from Appropriations | 53,432,889 | 365,000 | 365,000 | | |
| Transfers to Other Funds | 185,053 | 185,053 | 145,703 | | 39,350 |
| Total Expenditures and Other Financing Uses | $ 38,757,011 | $ 38,832,011 | 37,191,827 | $ 384,016 | $ 1,256,168 |
| **Net Change in Fund Balance** | | | 388,279 | | |
| **Fund Balance - Beginning of Year** | | | 9,632,334 | | |
| **Fund Balance - End of Year** | | | $ 10,020,613 | | |

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

See Independent Auditor's Report.

**CAZENOVIA CENTRAL SCHOOL DISTRICT**
**SCHEDULES OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL**
**OPEB LIABILITY AND RELATED RATIOS**
**For the Year Ended June 30, 2025**

| | 2025* | 2024* | 2023* | 2022* | 2021* | 2020* | 2019* | 2018 * |
|---|---|---|---|---|---|---|---|---|
| Measurement Date | 6/30/2025 | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 |
| Total OPEB Liability | | | | | | | | |
| Service cost | $ 1,792,192 | $ 1,931,744 | $ 1,953,231 | $ 2,838,568 | $ 2,531,726 | $ 1,715,219 | $ 1,848,898 | $ 1,628,757 |
| Interest on Total OPEB Liability | 2,660,560 | 2,506,544 | 2,263,199 | 1,687,845 | 1,561,932 | 1,963,528 | 1,674,367 | 1,614,516 |
| Effect of plan changes | | | (34,968) | | | | (8,624) | |
| Effect of demographic gains or losses | (6,269,994) | | 4,471,682 | | (1,336,287) | | 1,199,482 | 637,868 |
| Effect of assumption changes or inputs | (9,347,934) | (2,715,802) | (1,400,165) | (15,499,559) | 6,603,513 | 12,106,526 | (2,452,306) | |
| Benefit payments | (2,591,982) | (2,523,613) | (2,460,128) | (2,249,868) | (2,155,163) | (1,894,157) | (1,788,039) | (2,419,774) |
| Net change in total OPEB Liability | (13,757,158) | (801,127) | 4,792,851 | (13,223,014) | 7,205,721 | 13,891,116 | 473,778 | 1,461,367 |
| Total OPEB Liability - Beginning | 67,190,047 | 67,991,174 | 63,198,323 | 76,421,337 | 69,215,616 | 55,324,500 | 54,850,722 | 53,389,355 |
| Total OPEB Liability - Ending | $ 53,432,889 | $ 67,190,047 | $ 67,991,174 | $ 63,198,323 | $ 76,421,337 | $ 69,215,616 | $ 55,324,500 | $ 54,850,722 |
| Covered payroll | $ 14,687,121 | $ 12,775,398 | $ 12,775,398 | $ 12,784,938 | $ 12,784,938 | $ 12,505,584 | $ 12,505,584 | $ 11,975,987 |
| Total OPEB Liability as a percentage of covered payroll | 363.81% | 525.93% | 532.20% | 494.32% | 597.75% | 553.48% | 442.40% | 458.01% |

* 10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

**Notes to Required Supplementary Information:**
The District's net OPEB liability is not funded. Therefore, the liability is the net position of the plan. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Actuarial Assumptions:
The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 9 to the financial statements.

Changes to Assumptions:
The discount rate changed from 3.93% to 5.20%. The medical trend rate is 6.6% and will gradually decrease to 3.8% over 50 years

## CAZENOVIA CENTRAL SCHOOL DISTRICT
## SCHEDULES OF DISTRICT CONTRIBUTIONS
### For the Year Ended June 30, 2025

**ERS Pension Plan**
**Last 10 Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 558,565 | $ 443,999 | $ 381,891 | $ 466,586 | $ 415,117 | $ 402,486 | $ 412,564 | $ 415,558 | $ 414,914 | $ 473,852 |
| Contributions in Relation to the Contractually Required Contribution | 558,565 | 443,999 | 381,891 | 466,586 | 415,117 | 402,486 | 412,564 | 415,558 | 414,914 | 473,852 |
| Contribution Deficiency (Excess) | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| School District's Covered-ERS Employee Payroll | $ 3,737,921 | $ 3,400,196 | $ 3,251,769 | $ 3,007,266 | $ 2,872,027 | $ 2,790,383 | $ 2,808,265 | $ 2,760,203 | $ 2,699,817 | $ 2,612,849 |
| Contributions as a Percentage of Covered-Employee Payroll | 14.94% | 13.06% | 11.74% | 15.52% | 14.45% | 14.42% | 14.69% | 15.06% | 15.37% | 18.14% |

**TRS Pension Plan**
**Last 10 Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 1,317,665 | $ 1,245,965 | $ 1,166,862 | $ 1,062,125 | $ 1,019,741 | $ 931,380 | $ 1,120,806 | $ 991,830 | $ 1,171,503 | $ 1,287,296 |
| Contributions in Relation to the Contractually Required Contribution | 1,317,665 | 1,245,965 | 1,166,862 | 1,062,125 | 1,019,741 | 931,380 | 1,120,806 | 991,830 | 1,171,503 | 1,287,296 |
| Contribution Deficiency (Excess) | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| School District's Covered-TRS Employee Payroll | $ 13,033,284 | $ 12,766,035 | $ 11,339,767 | $ 10,838,010 | $ 10,700,325 | $ 10,512,190 | $ 10,553,729 | $ 10,120,712 | $ 9,995,759 | $ 9,708,115 |
| Contributions as a Percentage of Covered-Employee Payroll | 10.11% | 9.76% | 10.29% | 9.80% | 9.53% | 8.86% | 10.62% | 9.80% | 11.72% | 13.26% |

**CAZENOVIA CENTRAL SCHOOL DISTRICT**
**SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY**
**For the Year Ended June 30, 2025**

**ERS Pension Plan**
**Last 10 Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| District's proportion of the net pension asset/liability | 0.0096975% | 0.0095719% | 0.0096158% | 0.0092572% | 0.0086788% | 0.0088511% | 0.0088118% | 0.0090700% | 0.0092330% | 0.0089152% |
| District's proportionate share of the net pension asset (liability) | $ (1,662,686) | $ (1,409,377) | $ (2,062,025) | $ 756,737 | $ (8,642) | $ (2,343,824) | $ (624,343) | $ (292,729) | $ (867,549) | $ (1,430,911) |
| District's covered-employee payroll | $ 3,737,921 | $ 3,400,196 | $ 3,251,769 | $ 3,007,266 | $ 2,872,027 | $ 2,790,383 | $ 2,808,265 | $ 2,760,203 | $ 2,699,817 | $ 2,612,849 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 44.48% | 41.45% | 63.41% | 25.16% | 0.30% | 84.00% | 22.23% | 10.61% | 32.13% | 54.76% |
| Plan fiduciary net position as a percentage of total pension liability | 93.08% | 93.88% | 90.78% | 103.65% | 99.95% | 86.39% | 96.27% | 98.20% | 94.70% | 90.70% |

**TRS Pension Plan**
**Last 10 Fiscal Years**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| District's proportion of the net pension asset/liability | 0.066860% | 0.061399% | 0.063459% | 0.062827% | 0.061849% | 0.063228% | 0.062130% | 0.063078% | 0.062913% | 0.064568% |
| District's proportionate share of the net pension asset (liability) | $ 1,994,855 | $ (702,144) | $ (1,217,702) | $ 10,887,308 | $ (1,709,064) | $ 1,642,660 | $ 1,123,467 | $ 479,454 | $ (673,825) | $ 6,706,518 |
| District's covered-employee payroll | $ 12,766,035 | $ 11,339,767 | $ 10,838,010 | $ 10,700,325 | $ 10,512,190 | $ 10,553,729 | $ 10,120,712 | $ 9,995,759 | $ 9,708,115 | $ 9,698,933 |
| District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll | -15.63% | 6.19% | 11.24% | 101.75% | 16.26% | 15.56% | 11.10% | 4.80% | 6.94% | 69.15% |
| Plan fiduciary net position as a percentage of total pension asset/liability | 102.10% | 99.20% | 98.60% | 113.20% | 97.80% | 102.20% | 101.53% | 100.66% | 99.01% | 110.46% |

## CAZENOVIA CENTRAL SCHOOL DISTRICT
## SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET AND REAL PROPERTY TAX LIMIT
### For the Year Ended June 30, 2025

**Change from Adopted Budget to Revised Budget**

| | | |
|---|---|---|
| Adopted Budget | $ | 38,427,222 |
| Add: Prior Year's Encumbrances | | 329,789 |
| Original Budget | | 38,757,011 |
| Add: Budget Amendment for Legislative Grant in Aid | | 75,000 |
| Final Budget | $ | 38,832,011 |

**Section 1318 of Real Property Tax Law Limit Calculation**

| | | | | |
|---|---|---|---|---|
| 2025-26 Voter-Approved Expenditure Budget | | | $ | 39,617,418 |
| **Maximum Allowed (4% of 2025-26 budget)** | | | **$** | **1,584,697** |
| General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law : | | | | |
| Unrestricted Fund Balance: | | | | |
| Assigned Fund Balance | $ | 2,025,021 | | |
| Unassigned Fund Balance | | 1,584,697 | | |
| Total Unrestricted Fund Balance | | | | 3,609,718 |
| Less: | | | | |
| Appropriated Fund Balance | | 1,641,005 | | |
| Encumbrances Included in Committed and Assigned Fund Balance | | 384,016 | | |
| Total Adjustments | | | | 2,025,021 |
| **General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law** | | | **$** | **1,584,697** |
| **Actual Percentage** | | | | **4.00%** |

**CAZENOVIA CENTRAL SCHOOL DISTRICT**
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**
**For the Year Ended June 30, 2025**

| PROJECT TITLE | Original Budget | Revised Budget | Expenditures: Prior Years | Expenditures: Current Year | Expenditures: Total | Unexpended Balance | Methods of Financing: Proceeds of Obligations | Methods of Financing: State Aid | Methods of Financing: Local Sources | Methods of Financing: Total | Transfer to General Fund | Fund Balance (Deficit) June 30, 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2025 Buses | $ 533,102 | $ 533,102 | $ | $ 533,102 | $ 533,102 | $ | $ 533,102 | $ | $ | $ 533,102 | | $ |
| Energy Performance Contract | 2,200,000 | 1,704,457 | 1,704,457 | | 1,704,457 | | 1,704,457 | | | 1,704,457 | | |
| 24-25 Capital Outlay Project | 100,000 | 100,000 | | 93,947 | 93,947 | 6,053 | | | 93,947 | 93,947 | | |
| Bus Lift | 160,530 | 160,530 | 171,214 | | 171,214 | (10,684) | | | 176,300 | 176,300 | (5,086) | |
| 2023 District Wide Project - Phase III | 4,000,000 | 4,000,000 | 302,518 | 591,235 | 893,753 | 3,106,247 | | | | | | (893,753) |
| 2022 District Wide Project - Turf | 10,713,319 | 10,713,319 | 8,884,889 | 1,769,076 | 10,653,965 | 59,354 | 8,242,994 | | 2,470,325 | 10,713,319 | | 59,354 |
| 2019 District Wide Project Phase IA | 500,000 | 570,423 | 479,357 | 79,420 | 558,777 | 11,646 | | | 570,424 | 570,424 | | 11,647 |
| 2019 District Wide Project | 15,000,000 | 14,429,577 | 14,429,577 | | 14,429,577 | | 12,535,543 | | 1,894,034 | 14,429,577 | | |
| Totals | $ 33,206,951 | $ 32,211,408 | $ 25,972,012 | $ 3,066,780 | $ 29,038,792 | $ 3,172,616 | $ 23,016,096 | $ | $ 5,205,030 | $ 28,221,126 | $ (5,086) | $ (822,752) |

## CAZENOVIA CENTRAL SCHOOL DISTRICT
## NET INVESTMENT IN CAPITAL ASSETS
### For the Year Ended June 30, 2025

| | | |
|---|---|---|
| Capital and Right to Use Assets, Net | | 38,789,188 |
| | | |
| Add: | | |
| Unamortized Bond Issuance Costs | | 21,105 |
| Capital Fund Unspent BAN and Bond Proceeds | | 8,242,994 |
| | $ | 8,264,099 |
| | | |
| Deduct: | | |
| Bond Anticipation Notes | | 8,302,994 |
| Premium on Bonds Payable | | 2,449,073 |
| Serial Bonds Payable | | 25,553,103 |
| Total Deduct | | 36,305,170 |
| | | |
| Net Investment in Capital Assets | $ | 10,748,117 |

See Independent Auditor's Report.

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

**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***

Board of Education
Cazenovia Central School District, New York

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

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the school district'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 have not been identified.

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the school district'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 school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

October 30, 2025

Utica, New York