# MIDDLEBURGH CENTRAL SCHOOL DISTRICT
# FINANCIAL REPORT
# JUNE 30, 2025

# MIDDLEBURGH CENTRAL SCHOOL DISTRICT

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# INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Middleburgh Central School District

## Report on the Audit of the Financial Statements

### *Opinions*

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Middleburgh 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Change in Accounting Principle*

As discussed in Note 7, during the year ended June 30, 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. The District recorded an adjustment as of July 1, 2024, for the cumulative impact of implementation. 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 District's ability to continue as a going concern for twelve months beyond the financial statement issuance 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-15, budgetary comparison information on pages 63-64, schedule of changes in total OPEB liability on page 65, schedules of proportionate share of net pension liability (asset) on page 66 and schedules of District contributions on page 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Middleburgh Central School District's basic financial statements. The supplementary information on pages 68-70 is presented for purposes of additional analysis and is not a required part of the basic financial statements. These supplementary schedules are the responsibility of management and were derived from and relate 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 supplementary information and schedule of expenditures of federal awards are 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 10, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mengel, Metzger, Barr & Co. LLP

Latham, NY
October 10, 2025

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

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2025. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It considers both the government-wide and fund-based financial statements. The results of the current year are analyzed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

## FINANCIAL HIGHLIGHTS

- The 2024-2025 budget was approved by the voters for $24,900,000 and actual expenditures for the fiscal year were $23,869,134, equating to a favorable difference of $943,843 net of encumbrances. These results are primarily due to carefully monitoring of expenditures and reduction of cost associated with special education and employee benefits. The favorable difference approximates 4% of the total budget.

- In May 2025, the 2025-2026 budget proposal of $25,100,000 was voter approved.

- The School District applied $921,815 of its fund balance to balance the 2025-2026 budget.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

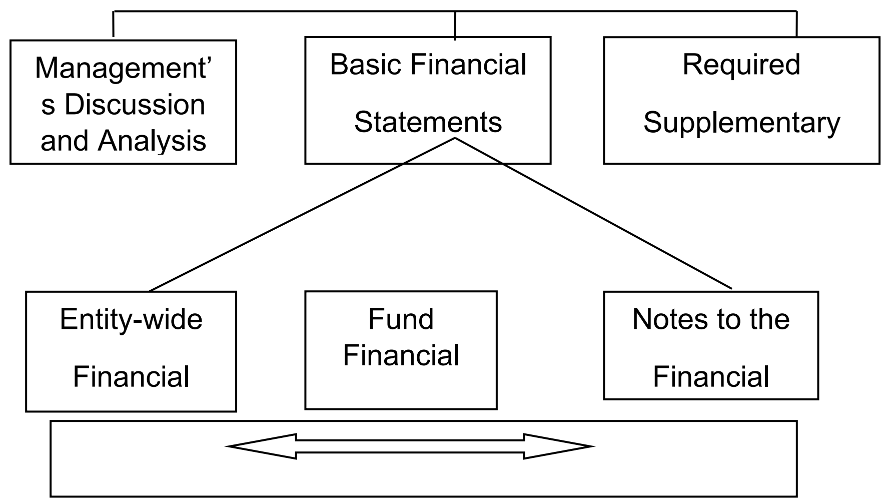
- The governmental fund statements tell how basic services such as instruction and support functions were financed in the short-term, as well as what remains for future spending.

- Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others, including the employees of the School District.

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year. Table A-1 shows how the various sections of this annual report are arranged and related to one another.

**Table A-1** Organization of the School District's Annual Financial Report



## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

**Table A-2** Major Features of the School District-Wide and Fund Financial Statements

| | | Fund Financial Statements | |
|---|---|---|---|
| | School District-Wide | Governmental Funds | Fiduciary Funds |
| Scope | Entire School District (except fiduciary funds) | The day-to-day operating activities of the School District, such as instruction and special education. | Instances in which the School District administers resources on behalf of someone else. |
| Required financial statements | • Statement of net position<br>• Statement of activities | • Balance sheet<br>• Statement of revenue, expenditures, and changes in fund balances | • Statement of fiduciary net position<br>• Statement of changes in fiduciary net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic resources focus |
| Type of asset/deferred inflows-outflows of resources/liability information | All assets, deferred inflows/outflows of resources and liabilities, both financial and capital, short-term and long-term. | Assets, deferred inflows/outflows of deferred resources, and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included. | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can. |
| Type of inflow/outflow information | All revenue and expenses during the year, regardless of when cash is received or paid. | Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable. | All additions and deductions during the year, regardless of when cash is received or paid. |

**School District-Wide Statements**

The School District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred inflow/outflows of resources, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### School District-Wide Statements (Continued)

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

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

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

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

### Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The School District has two kinds of funds:

- *Governmental Funds*: Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the School District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, special revenue fund, debt service fund, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund equity.

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Fund Financial Statements (Continued)**

- *Fiduciary Funds*: The School District may be the trustee, or fiduciary, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the School District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. The District has no fiduciary funds.

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

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

**Table A-3 Condensed Statement of Net Position**

| | Governmental Activities | | Total Variance |
|---|---|---|---|
| | | Restated | |
| **ASSETS:** | **2025** | **2024** | |
| Current and Other Assets | $ 11,495,881 | $ 11,664,090 | $ (168,209) |
| Net Pension Asset | $ 1,075,397 | $ - | 1,075,397 |
| Capital and Lease Assets | 17,605,910 | 18,066,392 | (460,482) |
| **Total Assets** | **$ 30,177,188** | **$ 29,730,482** | **$ 446,706** |
| **DEFERRED OUTFLOWS OF RESOURCES:** | | | |
| Deferred Outflows of Resources | **$ 3,681,806** | **$ 4,352,530** | **$ (670,724)** |
| **LIABILITIES:** | | | |
| Long-Term Debt Obligations | $ 68,030,046 | $ 72,266,684 | $ (4,236,638) |
| Other Liabilities | 2,547,881 | 2,759,125 | (211,244) |
| **Total Liabilities** | **$ 70,577,927** | **$ 75,025,809** | **$ (4,447,882)** |
| **DEFERRED INFLOWS OF RESOURCES:** | | | |
| Deferred Inflows of Resources | **$ 28,510,973** | **$ 35,361,881** | **$ (6,850,908)** |
| **NET POSITION:** | | | |
| Net Investment in Capital Assets | $ 6,248,886 | $ 3,789,371 | $ 2,459,515 |
| Restricted | 6,139,727 | 6,673,646 | $ (533,919) |
| Unrestricted | (77,618,519) | (86,767,695) | 9,149,176 |
| **Total Net Position** | **$ (65,229,906)** | **$ (76,304,678)** | **$ 11,074,772** |

Deferred outflows of resources and long-term liabilities both decreased and deferred inflows increased significantly due to payments on long-term liabilities and changes in the actuarially calculated liabilities for pension and OPEB.

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

### Changes in Net Position (Continued)

The School District's 2024-2025 revenue was $25,856,209 (See Table A-4). Property taxes and New York State and Federal aid accounted for the majority of revenue by contributing 41% and 49% of the total revenue raised, respectively (see Table A-5). The remainder of revenue came from fees for services, use of money and property, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled $14,781,437 for 2024-2025.

**Table A-4** Changes in Net Position from Operating Results Governmental Activities Only

| | Governmental Activities | | Total Variance |
|---|---|---|---|
| | 2025 | Restated 2024 | |
| **REVENUES:** | | | |
| **Program -** | | | |
| Charges for Service | $ 349,836 | $ 351,567 | $ (1,731) |
| Operating Grants & Contributions | 1,485,626 | 1,823,901 | (338,275) |
| **Total Program** | $ 1,835,462 | $ 2,175,468 | $ (340,006) |
| **General -** | | | |
| Property Taxes | $ 10,474,074 | $ 10,305,393 | $ 168,681 |
| Non Property Taxes | | | |
| State and Federal Aid | 12,720,493 | 13,024,309 | (303,816) |
| Investment Earnings | 474,230 | 337,395 | 136,835 |
| Compensation for Loss | 1,157 | 521 | 636 |
| Miscellaneous | 350,793 | 452,100 | (101,307) |
| **Total General** | $ 24,020,747 | $ 24,119,718 | $ (98,971) |
| **TOTAL REVENUES** | **$ 25,856,209** | **$ 26,295,186** | **$ (438,977)** |
| **EXPENSES:** | | | |
| General Support | $ 2,572,428 | $ 2,271,256 | $ 301,172 |
| Instruction | 11,974,030 | 11,396,941 | 577,089 |
| Employee Benefits | (3,669,817) | 5,645,633 | (9,315,450) |
| Pupil Transportation | 1,441,916 | 1,302,834 | 139,082 |
| Community Services | 13,195 | 10,049 | 3,146 |
| School Lunch | 547,830 | 531,596 | 16,234 |
| Capital Outlay | - | - | - |
| Depreciation and Amortization | 1,387,942.00 | 3,541,450 | (2,153,508) |
| Interest | 513,913 | 552,368 | (38,455) |
| **TOTAL EXPENSES** | **$ 14,781,437** | **$ 25,252,127** | **$ (10,470,690)** |
| **CHANGE IN NET POSITION** | **$ 11,074,772** | **$ 1,043,059** | |
| **NET POSITION, BEGINNING OF YEAR** | (76,304,678) | (77,347,737) | |
| **NET POSITION, END OF YEAR** | **$ (65,229,906)** | **$ (76,304,678)** | |

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

**Table A-5** Sources of Revenue for 2025

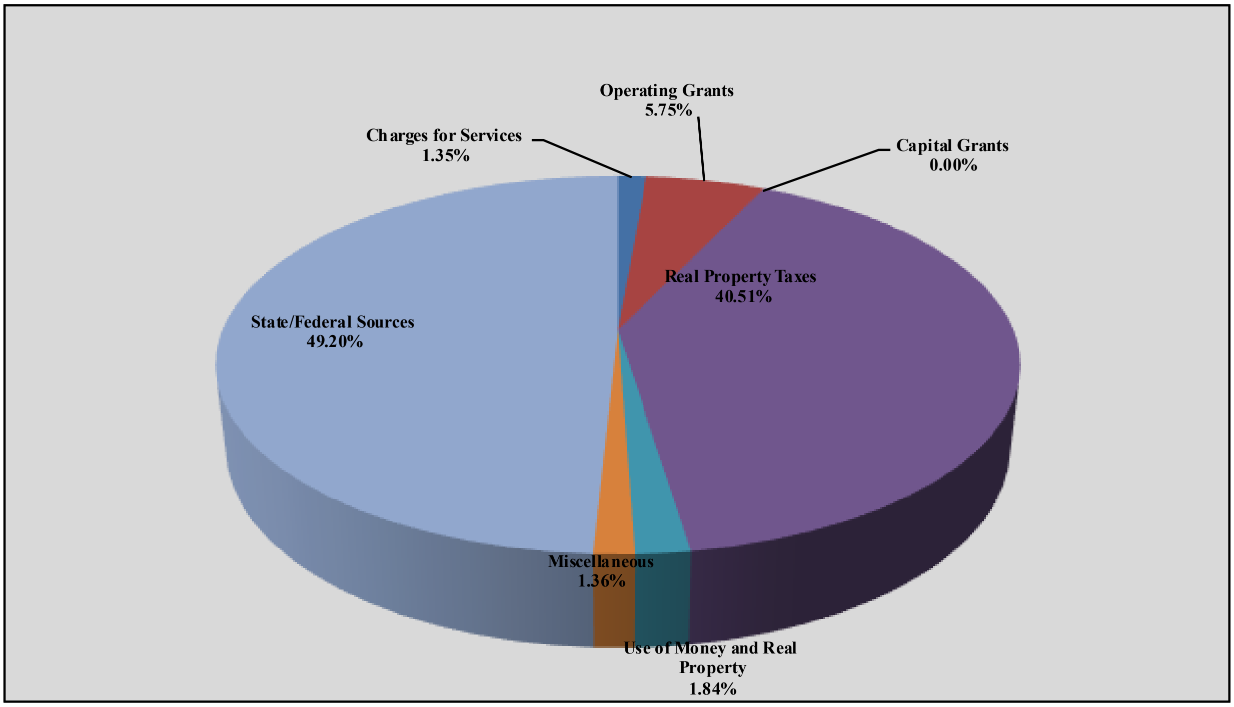
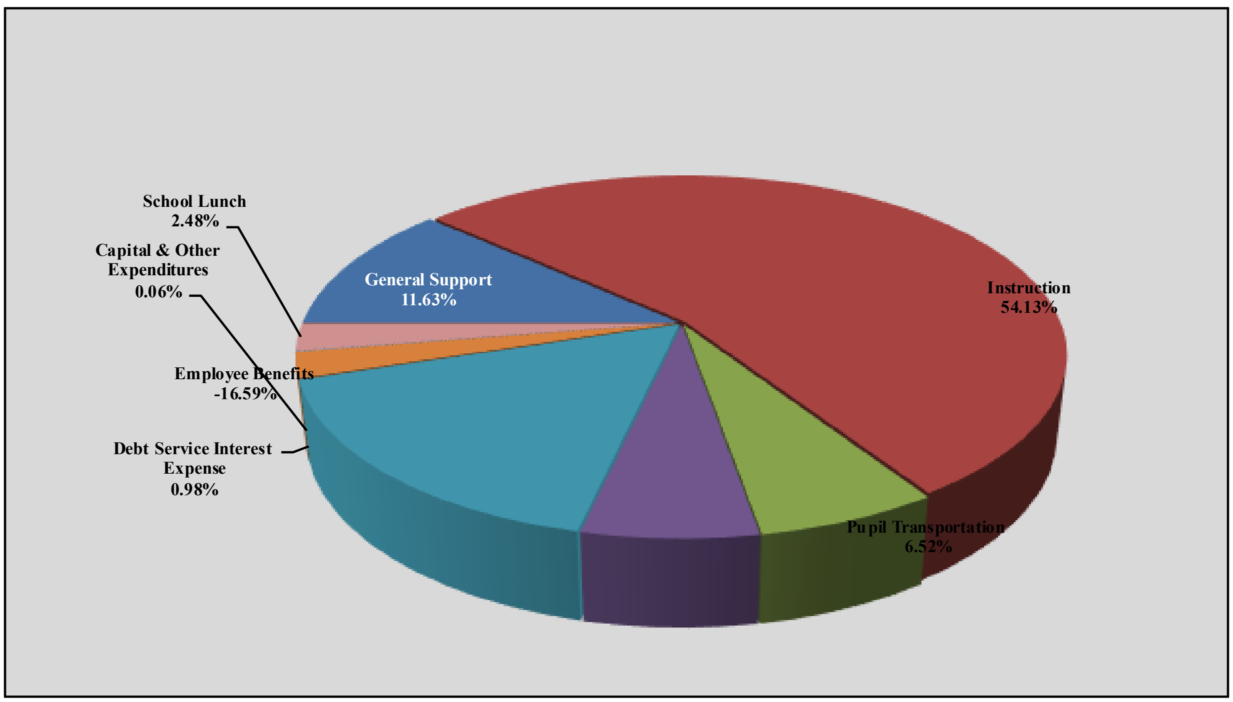



**Table A-6** Sources of Expenses for 2025



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

**Governmental Activities**

Revenue for the School District's governmental activities totaled $25,856,209, while total expenses were $14,781,437, accordingly, net position increased $11,074,722. The net result of the change in the School District's financial condition can be credited to:

- Reduction in other post-employment benefit obligation.

Table A-7 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the local share of the School District's taxpayers by each of these functions.

**Table A-7** Net Costs of Governmental Activities

| | Total Cost of Services 2025 | Total Cost of Services 2024 | Percent Change | (Net) Cost of Services 2025 | (Net) Cost of Services 2024 | Percent Change |
|---|---|---|---|---|---|---|
| **Gross Expenses:** | | | | | | |
| General Support | $ 2,572,428 | $ 2,271,256 | 13.26% | $ 2,520,707 | $ 2,269,968 | 11.05% |
| Instruction | 11,974,030 | 11,396,941 | 5.06% | 10,744,769 | 9,776,239 | 9.91% |
| Employee Benefits | (3,669,817) | 5,645,633 | -165.00% | (3,669,817) | 5,645,633 | -165.00% |
| Pupil Transportation | 1,441,916 | 1,302,834 | 10.68% | 1,441,916 | 1,302,834 | 10.68% |
| Community Services | 13,195 | 10,049 | 31.31% | 13,195 | 10,049 | 31.31% |
| School Lunch | 547,830 | 531,596 | 3.05% | (6,650) | (21,882) | -69.61% |
| Depreciation and Amortization | 1,387,942 | 3,541,450 | -60.81% | 1,387,942 | 3,541,450 | -60.81% |
| Interest | 513,913 | 552,368 | -6.96% | 513,913 | 552,368 | -6.96% |
| Total Expenses | $ 14,781,437 | $ 25,252,127 | -41.46% | $ 12,945,975 | $ 23,076,659 | -43.90% |

- The cost of all governmental activities for the year was $14,781,437.
- The users of the School District's programs financed $349,836 of the cost.
- The federal and state government operating grants financed $1,485,626 of the cost.
- The majority of costs, $12,945,975 were financed by the School District's taxpayers and unallocated NYS aid.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

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

### Governmental Fund Highlights

The following is a brief description of the activity in the governmental funds for 2025:

*General Fund*: Expenditures exceeded revenue by $1,580,791 in the 2024-2025 year, substantially due to a planned expenditure of reserve funds.

*Special Aid Fund*: By the nature of the fund, special aid does not generate a fund balance. Revenue is recognized as expenditures are made. Approximately $903,000 was received for state and federal grants in this fund.

*School Lunch Fund:* The school lunch fund ended 2024-2025 fiscal year with a deficit of $14,088 compared to surplus of $31,584 for the previous year.

*Special Revenue Fund*: This fund is used to account for the scholarships of the District. The fund ended the year with $69,987 in restricted fund balance.

*Capital Projects Fund:* $215,186 was expended for capital projects and $517,709 for bus purchases for the year ended June 30, 2025. The capital projects fund ended 2024-2025 fiscal year with a fund balance of $891,301 compared to a deficit fund balance of $849,559 for the previous year, substantially due to reserves transferred from the general fund for project expenditures.

*Debt Service Fund*: The debt service fund ended the year with a $139,497 fund balance.

### General Fund Budgetary Highlights

For the 2024-2025 school year, the voters of the School District approved a budget of $24,900,000. That budget was subsequently increased by $145,944 due to encumbrances carried over from 2023-2024 and $2,006,650 from appropriated reserves.

Through the careful monitoring and control of general fund expenditures for 2024-2025, the School District had a favorable variance of $946,937 budget vs. actual for fiscal 2025.

The School District considers the results achieved regarding the 2024-2025 finances to be very satisfactory. The School District also met its target to have $921,815 in fund balance available on June 30, 2025 to support the 2025-26 budget.

The general fund is the only fund which a budget is submitted for the approval of the resident voters and legally adopted.

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

**Table A-8** General Fund Budgetary Highlights

| | Original Budget | Final Budget | Actual | Encumbrances | Final Budget Variance with Actual |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Real Property Taxes | $ 10,409,598 | $ 10,409,598 | $ 9,567,341 | $ - | $ (842,257) |
| Real Property Tax Items | 53,066 | 53,066 | 906,733 | - | 853,667 |
| Changes for Services | 105,000 | 105,000 | 325,387 | - | 220,387 |
| Use of Money and Property | 51,000 | 51,000 | 464,636 | - | 413,636 |
| Investment Earnings | - | - | 1,157 | - | 1,157 |
| Miscellaneous | 141,000 | 147,650 | 326,415 | - | 178,765 |
| State Sources | 12,830,707 | 12,830,707 | 12,620,995 | - | (209,712) |
| Federal Sources | 60,000 | 60,000 | 99,498 | - | 39,498 |
| Interfund Transfer | 100,000 | 100,000 | 100,000 | - | - |
| Total Revenue and Other Sources | 23,750,371 | 23,757,021 | 24,412,162 | - | 655,141 |
| **Expenditures** | | | | | |
| Board of Education | $ 33,000 | $ 33,000 | $ 23,531 | $ - | $ (9,469) |
| Central Administration | 265,909 | 265,910 | 252,876 | 816 | (12,218) |
| Finance | 376,527 | 376,527 | 363,545 | 377 | (12,605) |
| Staff | 144,379 | 144,379 | 134,157 | - | (10,222) |
| Central Services | 1,481,804 | 1,715,367 | 1,612,654 | 68,141 | (34,572) |
| Special Items | 186,991 | 190,985 | 185,670 | - | (5,315) |
| Instruction, Administration and Improvement | 578,530 | 575,398 | 486,279 | 520 | (88,599) |
| Teaching - Regular School | 5,680,551 | 5,725,147 | 5,305,426 | 15,766 | (403,955) |
| Programs for Students with Disabilities | 3,224,748 | 3,263,737 | 3,231,138 | - | (32,599) |
| Occupational Education | 510,596 | 461,096 | 460,996 | - | (100) |
| Instructional Media | 872,222 | 816,075 | 772,499 | 364 | (43,212) |
| Pupil Services | 979,412 | 1,014,982 | 960,183 | 13,365 | (41,434) |
| Pupil Transportation | 1,446,156 | 1,434,584 | 1,373,861 | 13,355 | (47,368) |
| Employee Benefits | 7,092,472 | 6,870,847 | 6,668,672 | - | (202,175) |
| Debt Service | 2,037,647 | 2,037,647 | 2,037,647 | - | - |
| Interfund Transfer | 135,000 | 2,126,913 | 2,123,819 | - | (3,094) |
| | $ 25,045,944 | $ 27,052,594 | $ 25,992,953 | $ 112,704 | $ (946,937) |
| **Net Change in Fund Equity** | | | (1,580,791) | | |
| Fund equity - beginning | | | 9,416,967 | | |
| Fund equity - ending | | | $ 7,836,176 | | |

- As noted above in the results vs. budget table, the School District has an overall favorable budgetary surplus of $1,602,078. This was a result of interest and earnings combined with under budget instruction and employee benefits.

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

### Capital Assets

As of June 30, 2025, the School District had $17,605,910 invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers, and other educational equipment.

**Table A-9 Capital Assets and Lease (Net of Depreciation, in Thousands of Dollars)**

| | 2025 | 2024 |
|---|---|---|
| **Capital Assets:** | | |
| Land | $ 120,400 | $ 120,400 |
| Buildings and Improvements | 13,947,865 | 14,571,029 |
| Machinery and Equipment | 3,404,650 | 3,324,449 |
| **Total Capital Assets** | $ 17,575,788 | $ 18,015,878 |
| **Lease Assets:** | | |
| Equipment | $ 30,122 | $ 50,514 |
| **Total** | **$ 17,605,910** | **$ 18,066,392** |

As of June 30, 2025, the School District had $68 million in general obligation bonds and other long-term liabilities outstanding. More detailed information about the School District's long-term liabilities is included in the notes to the financial statements.

**Table A-10 Outstanding Long-Term Liabilities (In Thousands of Dollars)**

| Type | 2025 | Restated 2024 |
|---|---|---|
| Serial Bonds | $ 11,480,000 | $ 12,485,000 |
| Unamortized Bond Premium | 794,315 | 942,462 |
| OPEB | 54,097,164 | 56,846,897 |
| Net Pension Liability | 1,134,336 | 1,529,897 |
| Compensated Absences | 524,231 | 462,428 |
| **Total Long-Term Obligations** | **$ 68,030,046** | **$ 72,266,684** |

During 2025, the School District paid down its debt by retiring $1,005,000 of outstanding bonds.

## FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District continues to be aware of the following existing circumstances that could affect its future financial health (both positive and negative):

- The cost of health insurance and other post-retirement benefit costs continue to increase and could potentially affect the School District's financial health. The District continues to pursue opportunities for efficiencies in health insurance and other post-retirement benefit costs.

- The property tax cap will affect how future budgets are developed. The 2024/2025 year budget process and with future budget processes the District will incorporate an analysis of this property tax cap on future budgets as part of a long-range financial plan.

- The District will be examining closely the fund balance projection in future school years to determine if funding is needed in restricted fund balances (reserves).

## CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Robyn Bhend, School Business Administrator
Middleburgh Central School District Business Office
291 Main Street
PO Box 606
Middleburgh, New York 12122

## MIDDLEBURGH CENTRAL SCHOOL DISTRICT

### Statement of Net Position

### June 30, 2025

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ | 372,794 |
| Restricted cash and cash equivalents | | 2,401,534 |
| Investments | | 2,624,684 |
| Restricted investments | | 5,183,185 |
| Accounts receivable | | 902,755 |
| Inventories | | 10,929 |
| Net pension asset | | 1,075,397 |
| Capital assets, net | | 17,575,788 |
| Lease assets, net | | 30,122 |
| **TOTAL ASSETS** | **$** | **30,177,188** |
| | | |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred outflows of resources | **$** | **3,681,806** |
| | | |
| **LIABILITIES** | | |
| Accounts payable | $ | 265,018 |
| Accrued liabilities | | 126,150 |
| Refundable advances | | 4,002 |
| Due to other governments | | 118 |
| Due to teachers' retirement system | | 728,393 |
| Due to employees' retirement system | | 133,298 |
| Bond anticipation notes payable | | 1,199,325 |
| Other liabilities | | 91,577 |
| **Long-Term Obligations:** | | |
| Due in one year | | 900,921 |
| Due in more than one year | | 67,129,125 |
| **TOTAL LIABILITIES** | **$** | **70,577,927** |
| | | |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Deferred inflows of resources | **$** | **28,510,973** |
| | | |
| **NET POSITION** | | |
| Net investment in capital assets/lease assets | $ | 6,248,886 |
| Restricted | | 6,139,727 |
| Unrestricted | | (77,618,519) |
| **TOTAL NET POSITION** | **$** | **(65,229,906)** |

See accompanying notes to financial statements.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT**

**Statement of Activities**

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

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|
| General support | $ 2,572,428 | $ - | $ 51,721 | $ (2,520,707) |
| Instruction | 11,974,030 | 325,387 | 903,874 | (10,744,769) |
| Employee benefits | (3,669,817) | - | - | 3,669,817 |
| Pupil transportation | 1,441,916 | - | - | (1,441,916) |
| Community services | 13,195 | - | - | (13,195) |
| School lunch | 547,830 | 24,449 | 530,031 | 6,650 |
| Depreciation - unallocated | 1,366,132 | - | - | (1,366,132) |
| Amortization - unallocated | 21,810 | - | - | (21,810) |
| Interest | 513,913 | - | - | (513,913) |
| **Total Functions/Programs** | **$ 14,781,437** | **$ 349,836** | **$ 1,485,626** | **(12,945,975)** |
| **General Revenues:** | | | | |
| Property taxes and tax items | | | | 10,474,074 |
| State and federal aid | | | | 12,720,493 |
| Investment earnings | | | | 474,230 |
| Compensation for loss | | | | 1,157 |
| Miscellaneous | | | | 350,793 |
| **Total General Revenues** | | | | **24,020,747** |
| Changes in Net Position | | | | 11,074,772 |
| **Net Position, Beginning of Year, as Originally Reported** | | | | (76,123,918) |
| Cumulative Effect of Change in Accounting Principle (Note 7) | | | | (180,760) |
| **Net Position, Beginning of Year, as Restated** | | | | (76,304,678) |
| **Net Position, End of Year** | | | | **$ (65,229,906)** |

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT**
**Balance Sheet**
**Governmental Funds**
**June 30, 2025**

| | General Fund | Special Aid Fund | School Lunch Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Cash and cash equivalents | $ 307,633 | $ - | $ 65,161 | $ - | $ - | $ - | $ 372,794 |
| Restricted cash and cash equivalents | 75,434 | - | - | 69,987 | 139,497 | 2,116,616 | 2,401,534 |
| Investments | 2,624,684 | - | - | - | - | - | 2,624,684 |
| Restricted Investments | 5,183,185 | - | - | - | - | - | 5,183,185 |
| Receivables | 669,211 | 190,555 | 42,989 | - | - | - | 902,755 |
| Inventories | - | - | 10,929 | - | - | - | 10,929 |
| Due from other funds | 186,553 | - | - | - | - | - | 186,553 |
| **TOTAL ASSETS** | **$ 9,046,700** | **$ 190,555** | **$ 119,079** | **$ 69,987** | **$ 139,497** | **$ 2,116,616** | **$ 11,682,434** |
| **LIABILITIES AND EQUITY (DEFICIENCY)** | | | | | | | |
| **Liabilities -** | | | | | | | |
| Accounts payable | $ 195,903 | $ - | $ 43,125 | $ - | $ - | $ 25,990 | $ 265,018 |
| Accrued liabilities | 61,353 | - | - | - | - | - | 61,353 |
| Notes payable - bond anticipation notes | - | - | - | - | - | 1,199,325 | 1,199,325 |
| Due to other funds | - | 186,553 | - | - | - | - | 186,553 |
| Due to other governments | - | - | 118 | - | - | - | 118 |
| Due to TRS | 728,393 | - | - | - | - | - | 728,393 |
| Due to ERS | 133,298 | - | - | - | - | - | 133,298 |
| Other liabilities | 91,577 | - | - | - | - | - | 91,577 |
| Refundable advances | - | 4,002 | - | - | - | - | 4,002 |
| **TOTAL LIABILITIES** | **$ 1,210,524** | **$ 190,555** | **$ 43,243** | **$ -** | **$ -** | **$ 1,225,315** | **$ 2,669,637** |
| **Fund Equity (Deficiency) -** | | | | | | | |
| Nonspendable | $ - | $ - | $ 10,929 | $ - | $ - | $ - | $ 10,929 |
| Restricted | 5,183,185 | - | - | 69,987 | 139,497 | 747,058 | 6,139,727 |
| Assigned | 1,034,519 | - | 64,907 | - | - | 144,243 | 1,243,669 |
| Unassigned | 1,618,472 | - | - | - | - | - | 1,618,472 |
| **TOTAL FUND EQUITY (DEFICIENCY)** | **$ 7,836,176** | **$ -** | **$ 75,836** | **$ 69,987** | **$ 139,497** | **$ 891,301** | **$ 9,012,797** |
| **TOTAL LIABILITIES DEFERRED INFLOWS AND FUND EQUITY (DEFICIENCY)** | **$ 9,046,700** | **$ 190,555** | **$ 119,079** | **$ 69,987** | **$ 139,497** | **$ 2,116,616** | |

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

| | |
|---|---|
| Capital assets/lease assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 17,605,910 |
| Interest is accrued on outstanding bonds in the statement of net position but not in the funds. | (64,797) |
| The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds: | |
| Serial bonds payable | (11,480,000) |
| OPEB | (54,097,164) |
| Compensated absences | (524,231) |
| Net pension asset | 1,075,397 |
| Unamortized premium | (794,315) |
| Deferred outflow - pension | 3,422,292 |
| Deferred outflow - OPEB | 259,514 |
| Net pension liability | (1,134,336) |
| Deferred inflow - pension | (1,473,324) |
| Deferred inflow - OPEB | (27,037,649) |
| **Net Position of Governmental Activities** | **$ (65,229,906)** |

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT**
**Statement of Revenues, Expenditures and Changes in Fund Equity**
**Governmental Funds**
**For The Year Ended June 30, 2025**

| | General Fund | Special Aid Fund | School Lunch Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | |
| Real property taxes and tax items | $ 10,474,074 | $ - | $ - | $ - | $ - | $ - | $ 10,474,074 |
| Charges for services | 325,387 | - | - | - | - | - | 325,387 |
| Use of money and property | 464,636 | - | 18 | 82 | 7,685 | 1,814 | 474,235 |
| Sale of property and compensation for loss | 1,157 | - | - | - | - | - | 1,157 |
| Miscellaneous | 326,415 | 51,721 | 19,941 | 503 | - | - | 398,580 |
| State sources | 12,620,995 | 336,108 | 91,793 | - | - | - | 13,048,896 |
| Federal sources | 99,498 | 567,766 | 438,238 | - | - | - | 1,105,502 |
| Sales | - | - | 24,449 | - | - | - | 24,449 |
| **TOTAL REVENUES** | **$ 24,312,162** | **$ 955,595** | **$ 574,439** | **$ 585** | **$ 7,685** | **$ 1,814** | **$ 25,852,280** |
| **EXPENDITURES** | | | | | | | |
| General support | $ 2,572,433 | $ - | $ - | $ - | $ - | $ - | $ 2,572,433 |
| Instruction | 11,216,521 | 911,379 | - | - | - | - | 12,127,900 |
| Pupil transportation | 1,373,861 | 68,055 | - | - | - | 517,709 | 1,959,625 |
| Community services | - | - | - | 13,195 | - | - | 13,195 |
| Employee benefits | 6,668,672 | 581 | - | - | - | - | 6,669,253 |
| Debt service - principal | 1,373,608 | - | - | - | - | - | 1,373,608 |
| Debt service - interest | 664,039 | - | - | - | - | - | 664,039 |
| Cost of sales | - | - | 547,830 | - | - | - | 547,830 |
| Capital outlay | - | - | 40,697 | - | - | 215,186 | 255,883 |
| **TOTAL EXPENDITURES** | **$ 23,869,134** | **$ 980,015** | **$ 588,527** | **$ 13,195** | **$ -** | **$ 732,895** | **$ 26,183,766** |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | $ 443,028 | $ (24,420) | $ (14,088) | $ (12,610) | $ 7,685 | $ (731,081) | $ (331,486) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | |
| Transfers - in | $ 100,000 | $ 24,420 | $ - | $ - | $ - | $ 2,099,399 | $ 2,223,819 |
| Transfers - out | (2,123,819) | - | - | - | (100,000) | - | (2,223,819) |
| BAN's redeemed from appropriations | - | - | - | - | - | 368,608 | 368,608 |
| Premium on obligations issued | - | - | - | - | - | 3,934 | 3,934 |
| **TOTAL OTHER FINANCING SOURCES (USES)** | **$ (2,023,819)** | **$ 24,420** | **$ -** | **$ -** | **$ (100,000)** | **$ 2,471,941** | **$ 372,542** |
| **NET CHANGE IN FUND EQUITY** | **$ (1,580,791)** | **$ -** | **$ (14,088)** | **$ (12,610)** | **$ (92,315)** | **$ 1,740,860** | **$ 41,056** |
| **FUND EQUITY, BEGINNING OF YEAR** | 9,416,967 | - | 89,924 | 82,597 | 231,812 | (849,559) | 8,971,741 |
| **FUND EQUITY, END OF YEAR** | **$ 7,836,176** | **$ -** | **$ 75,836** | **$ 69,987** | **$ 139,497** | **$ 891,301** | **$ 9,012,797** |

## MIDDLEBURGH CENTRAL SCHOOL DISTRICT
### Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Equity of the Governmental Funds to the Statement of Activities
### For The Year Ended June 30, 2025

| | | |
|---|---|---|
| **NET CHANGE IN FUND EQUITY - TOTAL GOVERNMENTAL FUNDS** | | $ 41,056 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period: | | |
| Additions to Assets, Net | $ 926,042 | |
| Lease Additions, Net | 1,418 | |
| Amortization of Lease Assets | (21,810) | |
| Depreciation | (1,366,132) | |
| | | (460,482) |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities: | | |
| Debt Repayments | $ 1,373,608 | |
| Proceeds from BAN Redemption | (368,608) | |
| | | 1,005,000 |
| Amortization of bond premium is an adjustment to interest expense in the statement of activities | | 148,147 |
| In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | | 1,979 |
| The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. | | 10,236,111 |
| (Increase) decrease 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 | | 41,291 |
| Employees' Retirement System | | 123,473 |
| In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities: | | |
| Compensated Absences | | (61,803) |
| **CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** | | **$ 11,074,772** |

See accompanying notes to financial statements.

# MIDDLEBURGH CENTRAL SCHOOL DISTRICT
# NOTES TO FINANCIAL STATEMENTS
# FOR THE YEAR ENDED JUNE 30, 2025

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### *A. Reporting Entity*

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

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

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

<u>The Extraclassroom Activity Fund</u>

The extraclassroom activity fund of the District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. As a result of applying this guidance and due to the administrative involvement defined in footnote 1 to paragraph 8b of GASB 84, the District accounts for these student organization funds within the General Fund. Separate audited financial statements (cash basis) of the extraclassroom activity fund can be found at the District's business office, located at 291 Main Street, Middleburgh, NY 12122.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *B. Joint Venture*

The Middleburgh Central School District is a component district of the Capital Region Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share 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 Section 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 Section 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in the New York State Education Law, Section 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 $2,359,993 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to $776,628.

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

### *C. Basis of Presentation*

***District-wide statements***

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column, if any, reflects capital-specific grants.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to the particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *C. Basis of Presentation*

***Fund financial statements***

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

The District reports the following major funds:

1. <u>General Fund</u>

   The General Fund is the principal operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

2. <u>Special Revenue Funds</u>

   The Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditure for specified purposes. Special Revenue Funds include the following funds:

   a. <u>Special Aid Fund</u>

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

   b. <u>School Lunch Fund</u>

      The school lunch fund is used to account for child nutrition activities whose funds are restricted as to use.

   c. <u>Special Revenue Fund</u>

      Used to account for revenues legally restricted to expenditure for specified purposes such as scholarships.

3. <u>Capital Projects Fund</u>

   The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of or the right-to-use capital facilities and other capital and intangible assets.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *C. Basis of Presentation*

***Fund financial statements***

4. Debt Service Fund

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

***Fiduciary Funds***

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included the District-wide financial statements because their resources do not belong to the District and are not available to be used. There are no activities that meet the criteria to be reported as fiduciary funds.

### *D. Basis of Accounting/Measurement Focus*

***General Information***

Measurement focus describes what type of information is reported and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available resources would not be reported.

Basis of accounting describes when changes are recognized and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *D. Basis of Accounting/Measurement Focus*

General Information

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 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, pensions, compensated absences, and postemployment benefits 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.

### *E. Refundable Advances*

Refundable advances arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenues are recognized.

### *F. Property Taxes*

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 2, 2024. Taxes were collected during the period September 1 to November 2, 2024.

II. Enforcement

Uncollected real property taxes are subsequently enforced by the County Treasurer of Schoharie County in which the District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement, is paid by the County to the District later than the following April 1.

### *G. Restricted Resources*

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *H. Budgetary Procedures and Budgetary Accounting*

I. Budget Policies

The budget policies are as follows:

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

b. The proposed appropriation budget for the General Fund is approved by the voters within the District.

c. Appropriations are adopted at the program line-item level.

d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located in the original budget (when permitted by law). Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. Supplemental appropriations from the capital reserve totaled $2,000,000 and from the EBALR reserve totaled $6,650.

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

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

II. 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *H. Budgetary Procedures and Budgetary Accounting*

III. Budget Basis of Accounting

Under GASB No. 34, budgetary comparison information is required to be presented for the General Fund and each major Special Revenue Fund with a legally adopted budget. The District is not legally required to adopt a budget for its Special Revenue Funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

### *I. Cash and Investments*

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

The District investment policies are governed by New York State statutes. District monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. 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 Federal Deposit 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 School Districts. Investments are stated at fair value.

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

### *J. Accounts Receivable*

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

### *K. Inventories and Prepaid Items*

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost using the first-in, first-out basis or, in the case of surplus food, at stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *L. Interfund Transactions*

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

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

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

Refer to Note 3.A.III. for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

### *M. Short-Term Debt*

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

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

The District may issue Bond Anticipation Notes (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 are converted to long-term financing within five years after the original issue date.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *N. Fund Equity - Reservations and Designations*

District-wide statements

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

Net investment in capital assets/lease assets - consists of net capital and lease assets (cost less accumulated depreciation/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 or deferred outflows are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

Fund statements:

In the governmental funds statements there are five classifications of fund equity:

**Non-spendable** - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund equity includes the following:

| | Total |
|---|---|
| Inventory in School Lunch | $ 10,929 |
| **Total Nonspendable Fund Balance** | **$ 10,929** |

**Restricted** - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of all other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund equity. The District has established the following restricted fund equity:

Reserve for Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve fund may be established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *N. Fund Equity - Reservations and Designations*

Repairs

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

Unemployment Insurance Reserve

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. This reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year’s budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees’ Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. During a fiscal year, 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, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

Insurance Reserve

The Insurance Reserve (GML §6-n) is used to fund certain uninsured losses, claims, actions, or judgments for which the local government is authorized or required to purchase or maintain insurance, with a number of exceptions. An insurance reserve fund may also be used to pay for expert or professional services in connection with the investigation, adjustment, or settlement of claims, actions, or judgments.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *N. Fund Equity - Reservations and Designations*

Capital Reserve

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

Workers' Compensation

According to General Municipal Law §6-j, these reserve funds must be used to pay compensation and benefits, medical, hospital, or other expenses authorized by Article 2 of the Workers' Compensation Law and to pay the expenses of administering a self-insurance workers' compensation program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year the Board may elect to transfer all or part of the excess amount to certain other reserve funds, or may apply all or part of the excess to the budget appropriation of the next succeeding fiscal year.

Property Loss and Liability

According to Education Law §1709 (8)(C), these reserve funds are used to cover property loss and liability claims incurred. The reserve may be established by board action, and is funded by budgetary appropriations. The total amount of reserves cannot exceed 3 percent of the annual budget (exclusive of any planned balance presently authorized) or $15,000, whichever is larger.

Special Revenue Fund

Restricted for scholarships for students that meet donor specified criteria.

Debt Service

Used to account for unspent proceeds of debt restricted for debt service.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *N. Fund Equity - Reservations and Designations*

Restricted fund equity includes the following:

| | Total |
|---|---|
| **General Fund -** | |
| Workers' Compensation | $ 165,567 |
| Unemployment Costs | 162,818 |
| Retirement Contribution - ERS | 503,126 |
| Retirement Contribution - TRS | 631,179 |
| Insurance | 275,945 |
| Repair | 1,029,651 |
| Property Loss/Liability | 220,756 |
| Capital Reserves | 1,688,905 |
| Employee Benefit Accrued Liability | 505,238 |
| **Capital Fund -** | |
| Approved Projects | 747,058 |
| **Special Revenue Fund -** | |
| Scholarships | 69,987 |
| **Debt Service Fund -** | |
| Debt Service | 139,497 |
| **Total Restricted Fund Balance** | **$ 6,139,727** |

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

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

| | Total |
|---|---|
| General Fund - Encumbrances | $ 112,704 |
| General Fund - Appropriated for Taxes | 921,815 |
| Capital Fund - Capital Projects | 144,243 |
| School Lunch Fund - Year End Equity | 64,907 |
| **Total Assigned Fund Balance** | **$ 1,243,669** |

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *N. Fund Equity - Reservations and Designations*

Reserve for Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

Purpose of Encumbrances

| | | |
|---|---|---|
| **General Fund -** | | |
| General Support | $ | 69,334 |
| Instruction | | 30,015 |
| Pupil Transportation | | 13,355 |
| **Total General Fund Encumbrances** | **$** | **112,704** |

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

NYS Real Property Tax Law Section 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity 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. The District exceeded the 4% limitation by $614,472 at June 30, 2025.

Net Position/Fund Equity:

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Equity Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund equity). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund equity in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *N. Fund Equity - Reservations and Designations*

Order of Use of Fund Equity:

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

### *O. Post-Employment Benefits*

In addition to providing the retirement benefits described in Note 3.B.I, the District provides postemployment health insurance coverage to its retired employees in accordance with the provisions of the employment contract negotiated between the District and its employee groups.

In addition to providing these benefits, the District provides individual, family, or surviving spouse post-employment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with the criteria set forth by GASB.

See Note 5 for additional information related to postemployment benefits.

### *P. Payables, 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 and payable after one year in the Statement of Net Position.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Q. Capital Assets*

Capital assets are reported at actual cost or estimated historical cost based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair value at the time received.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

| Class | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|---|---|---|---|
| Buildings and Improvements | $ 1,000 | SL | 15-50 Years |
| Machinery and Equipment | $ 1,000 | SL | 5-25 Years |

### *R. Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post-employment benefits, potential contingent liabilities, actuarial calculation of net pension asset/liability, deferred inflows/outflows, and useful lives of long-term assets.

### *S. Employee Benefits – Compensated Absences*

District employees are granted leave time in varying amounts, based principally on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Leave time use is based on last-in, first-out (LIFO) basis.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated leave, based on contractual provisions.

Consistent with GASB Statement 101, *Compensated Absences*, an accrual for accumulated vacation leave is included in the compensated absences liability in the district-wide financial statements at year-end. The compensated absences liability is calculated when employees have earned the right to leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through other means. The liability is measured at the employee's rate of pay at the reporting date, including salary-related payments such as social security and Medicare taxes.

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *T. Implementation of New Accounting Standards*

The District has adopted all current Statements of the GASB that are applicable. At June 30, 2025, the District implemented the following new standards issued by GASB:

GASB has issued Statement 101, *Compensated Absences*, effective for the year ending June 30, 2025. See Note 7.

GASB has issued Statement 102, *Certain Risk Disclosures*, effective for the year ending June 30, 2025. This statement did not have a significant impact on the District.

### *U. Future Changes in Accounting Standards*

GASB has issued Statement 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026.

GASB has issued Statement 104, *Disclosure of Certain Capital Assets*, effective for the year ending June 30, 2026.

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

### *V. Lease Assets*

The District-wide financial statements, lease assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 3 and 5 years based on the contract terms and/or estimated replacement of the assets.

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

Due to the differences in the measurement focus and basis of accounting used in the 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 focus of the statement of activities and changes in net position compared with the current financial resources focus of the governmental funds.

### *Total Fund Equity of Governmental Funds vs. Net Position of Governmental Activities*

Total fund equity of the District’s governmental funds differs from “net position” of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

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

***Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities and Changes in Net Position***

Differences between the governmental funds statement of revenues, expenditures and changes in fund equity and the statement of activities and changes in net position fall into one of five broad categories. The differences represent:

Long-Term Revenue and Expense Differences

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

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 in the statement of activities and changes in net position, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities and changes in net position.

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 and changes in net position as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

Pension Differences

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

OPEB Differences

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

## 3. DETAIL NOTES ON ALL FUNDS

### *A. Assets*

I. Cash and Investments

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2025 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and Unites States agencies
- Obligations of New York State and its localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

## 3. DETAIL NOTES ON ALL FUNDS

### *A. Assets*

I. Cash and Investments

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations

Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in active markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the District's investments are valued based on Level 2 of the hierarchy.

## 3. DETAIL NOTES ON ALL FUNDS

### *A. Assets*

I. Cash and Investments

The District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2025, the District held $7,807,869 in these investments consisting of various investments in securities issued by the United States and its agencies.

Investments

Total investments of the cooperative as of June 30, 2025, based on unaudited numbers, are $14,132,078,788 which consisted of $3,825,553,728 in repurchase agreements, $128,601,917 in FDIC insured bank deposits, $450,813,313 in collateralized bank deposits and $9,727,109,830 in U.S. Government Treasury Securities.

The following valuation inputs are included as investments.

| **Investments in Securities at Fair Value** | **Level 1** | **Valuation Inputs Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| General Fund | $ - | $ 7,807,869 | - | $ 7,807,869 |

The above amounts represent the fair value of the investment pool shares. For the year ended June 30, 2025, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

Risks and Uncertainties with Investments

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of net position.

## 3. DETAIL NOTES ON ALL FUNDS

### *A. Assets*

I. Cash and Investments

Restricted Cash and Investments

Restricted cash and investments consists of the following:

| | Total |
|---|---|
| **General Fund:** | |
| Workers' Compensation | $ 165,567 |
| Unemployment Costs | 162,818 |
| Retirement Contribution - ERS | 503,126 |
| Retirement Contribution - TRS | 631,179 |
| Insurance | 275,945 |
| Repair | 1,029,651 |
| Liability | 220,756 |
| Capital Reserves | 1,688,905 |
| Employee Benefit Accrued Liability | 505,238 |
| Extraclassroom Activity Fund | 75,434 |
| **Special Revenue Fund -** | |
| Scholarships | 69,987 |
| **Debt Service Fund -** | |
| Debt Service | 139,497 |
| **Capital Projects Fund-** | |
| Capital Projects | 2,116,616 |
| **Total** | **$ 7,584,719** |

II. Receivables

Receivable balances for the year ended June 30, 2025 are:

| | Governmental Activities | | | |
|---|---|---|---|---|
| **Description** | **General Fund** | **Special Aid Fund** | **School Lunch Fund** | **Total** |
| Accounts Receivable | $ 33,216 | $ - | $ 1,822 | $ 35,038 |
| Due From State and Federal | 286,512 | 190,555 | 41,167 | 518,234 |
| Due From Other Governments | 349,483 | - | - | 349,483 |
| **Total Receivables** | **$ 669,211** | **$ 190,555** | **$ 42,989** | **$ 902,755** |

## 3. DETAIL NOTES ON ALL FUNDS

### *A. Assets*

III. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

During 2024-2025, the General Fund transferred $24,420 to the Special Aid Fund for the Districts share of the special education summer school program its students attended and $2,099,399 to the Capital Projects Fund for state approved projects. The Debt Service Fund transferred $100,000 to the General Fund for debt repayment.

Interfund transactions and balances at June 30, 2025 are as follows:

| | Interfund | | | |
|---|---|---|---|---|
| | **Receivables** | **Payables** | **Revenues** | **Expenditures** |
| General Fund | $ 186,553 | $ - | $ 100,000 | $ 2,123,819 |
| Special Aid Fund | - | 186,553 | 24,420 | - |
| School Lunch Fund | - | - | - | - |
| Debt Service Fund | - | - | - | 100,000 |
| Capital Projects Fund | - | - | 2,099,399 | - |
| **Total** | **$ 186,553** | **$ 186,553** | **$ 2,223,819** | **$ 2,223,819** |

IV. Capital Assets

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

| Type | Balance 7/1/2024 | Additions | Deletions | Balance 6/30/2025 |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| **Capital Assets that are not Depreciated -** | | | | |
| Land | $ 120,400 | $ - | $ - | $ 120,400 |
| Work in progress | - | 102,873 | - | 102,873 |
| ***Total Nondepreciable*** | $ 120,400 | $ 102,873 | $ - | $ 223,273 |
| **Capital Assets that are Depreciated -** | | | | |
| Buildings and Improvements | $ 18,606,610 | $ 2,199 | $ - | $ 18,608,809 |
| Machinery and equipment | 8,301,658 | 820,970 | 325,350 | 8,797,278 |
| *Total Depreciated Assets* | $ 26,908,268 | $ 823,169 | $ 325,350 | $ 27,406,087 |
| **Less Accumulated Depreciation -** | | | | |
| Buildings and Improvements | $ 4,035,581 | $ 625,363 | $ - | $ 4,660,944 |
| Machinery and equipment | 4,977,209 | 740,769 | 325,350 | 5,392,628 |
| *Total Accumulated Depreciation* | $ 9,012,790 | $ 1,366,132 | $ 325,350 | $ 10,053,572 |
| ***Total Capital Assets Depreciated, Net of Accumulated Depreciation*** | $ 17,895,478 | $ (542,963) | $ - | $ 17,352,515 |
| **Total Capital Assets** | **$ 18,015,878** | **$ (440,090)** | **$ -** | **$ 17,575,788** |

## 3. DETAIL NOTES ON ALL FUNDS

### *A. Assets*

V. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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 may have four items that qualify for reporting in this category. First is the deferred loss on refunding reported in the Statement of Net Position. A deferred loss 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 Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to the OPEB and pension systems reporting in the District Wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and change in assumptions.

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 may have two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportionate share of the collective net pension liability (TRS and ERS System) and difference during the measurement periods between the District's contributions and it proportion share of total contributions to the pension systems not included in pension expense. The second item is related to the OPEB and pension systems report in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

### *B. Liabilities*

I. Pension Plans

General Information

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

## 3. DETAIL NOTES ON ALL FUNDS

### *B. Liabilities*

I. Pension Plans

Plan Descriptions

*Teachers' Retirement System*

The TRS is administered by the New York State Teachers' Retirement Board. This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The system is governed by a 10 member Board of Trustees. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in the New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

*Employees' Retirement System*

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

## 3. DETAIL NOTES ON ALL FUNDS

### *B. Liabilities*

I. Pension Plans

Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS.

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

| Contributions | ERS | TRS |
|---|---|---|
| 2025 | $ 343,315 | $ 671,682 |
| 2024 | 306,894 | 624,770 |
| 2023 | 214,464 | 695,363 |

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

At June 30, 2025, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2025 for ERS and June 30, 2024 for TRS. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of the dates noted below.

## 3. DETAIL NOTES ON ALL FUNDS

### *B. Liabilities*

I. Pension Plans

The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

| | ERS | TRS |
|---|---|---|
| Measurement date | March 31, 2025 | June 30, 2024 |
| Net pension assets/(liability) | $ (1,134,336) | $ 1,075,397 |
| District's portion of the Plan's total net pension asset/(liability) | 0.007% | 0.037% |

*Pension Expense (Credit)*

For the year ended June 30, 2025, the District recognized its proportionate share of pension expense of $248,302 for ERS and $591,491 for TRS.

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2025, the 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 | |
|---|---|---|---|---|
| | ERS | TRS | ERS | TRS |
| Differences between expected and actual experience | $ 281,550 | $ 1,158,006 | $ 13,281 | $ - |
| Changes of assumptions | 47,572 | 643,306 | - | 108,210 |
| Net difference between projected and actual earnings on pension plan investments | 88,997 | - | - | 1,194,858 |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 68,184 | 272,986 | 93,993 | 62,982 |
| Subtotal | $ 486,303 | $ 2,074,298 | $ 107,274 | $ 1,366,050 |
| District's contributions subsequent to the measurement date | 133,298 | 728,393 | - | - |
| **Grand Total** | **$ 619,601** | **$ 2,802,691** | **$ 107,274** | **$ 1,366,050** |

## 3. DETAIL NOTES ON ALL FUNDS

### *B. Liabilities*

I. Pension Plans

*Deferred Outflows and Inflows of Resources Related to Pensions*

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2026 for ERS and June 30, 2025 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year | ERS | TRS |
|---|---|---|
| 2025 | $ - | $ (485,568) |
| 2026 | 197,025 | 1,354,921 |
| 2027 | 286,083 | (181,925) |
| 2028 | (100,006) | (209,650) |
| 2029 | (4,073) | 171,243 |
| Thereafter | - | 59,227 |
| **Total** | **$ 379,029** | **$ 708,248** |

*Actuarial Assumptions*

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/(liability) to the measurement date. The actuarial valuation used the following actuarial assumptions:

| | ERS | TRS |
|---|---|---|
| Measurement date | March 31, 2025 | June 30, 2024 |
| Actuarial valuation date | April 1, 2024 | June 30, 2023 |
| Interest rate | 5.90% | 6.95% |
| Salary scale | 4.30% | 5.18%-1.95% |
| Decrement tables | April 1, 2015-<br>March 31, 2020<br>System's Experience | July 1, 2015-<br>June 30, 2020<br>System's Experience |
| Inflation rate | 2.90% | 2.40% |
| COLA's | 1.50% | 1.30% |

## 3. DETAIL NOTES ON ALL FUNDS

### *B. Liabilities*

I. Pension Plans

*Actuarial Assumptions*

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For ERS, the actuarial assumptions used in the April 1, 2025 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, actuarial assumptions were computed by the TRS Office of the Actuary and summarized in the Recommended Actuarial Assumptions 2021 report. The actuarial assumptions are based on recent TRS member experience. Detailed assumption information may be found in the TRS annual Actuarial Valuation Report.

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.

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 the measurement date are summarized below:

## 3. DETAIL NOTES ON ALL FUNDS

### *B. Liabilities*

I. Pension Plans

*Actuarial Assumptions*

**Long Term Expected Rate of Return**

| | ERS | TRS |
|---|---|---|
| Measurement date | March 31, 2025 | June 30, 2024 |
| **Asset Type -** | | |
| Domestic equity | 3.54% | 6.60% |
| International equity | 6.57% | 7.40% |
| Global equity | - | 6.90% |
| Private equity | 7.25% | 10.00% |
| Real estate equity | 4.95% | 6.30% |
| Opportunistic/ARS portfolio | 5.25% | - |
| Real assets | 5.55% | - |
| Cash equivalents | 0.25% | 0.50% |
| Private debt | - | 5.90% |
| Real estate debt | - | 3.90% |
| High-yield fixed income securities | - | 4.80% |
| Domestic fixed income securities | - | 2.60% |
| Global fixed income securities | - | 2.50% |
| Credit | 5.40% | - |
| Fixed income | 2.00% | - |

*Discount Rate*

The discount rate used to calculate the total pension asset/(liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, as actuarially determined. 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).

## 3. DETAIL NOTES ON ALL FUNDS

### *B. Liabilities*

I. Pension Plans

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

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2025 calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is one percentage point lower (4.9% for ERS and 5.95% for TRS) or one percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

| ERS | 1% Decrease (4.90%) | Current Assumption (5.90%) | 1% Increase (6.90%) |
|---|---|---|---|
| Employer's proportionate share of the net pension asset (liability) | $ (3,282,911) | $ (1,134,336) | $ 659,729 |

| TRS | 1% Decrease (5.95%) | Current Assumption (6.95%) | 1% Increase (7.95%) |
|---|---|---|---|
| Employer's proportionate share of the net pension asset (liability) | $ (4,967,323) | $ 1,075,397 | $ 6,157,487 |

*Changes in Assumptions*

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

*Collective Pension Expense*

Collective pension expenses includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2025 is $243,795 for ERS and $665,854 for TRS.

## 3. DETAIL NOTES ON ALL FUNDS

### *B. Liabilities*

I. Pension Plans

*Payables to Pension Plan*

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to $133,298.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amounted to $728,393.

*Other Benefits*

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

II. Indebtedness

1. Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

Transactions in short-term debt are summarized below:

| | Maturity | Interest Rate | Balance 7/1/2024 | Additions | Deletions | Balance 6/30/2025 |
|---|---|---|---|---|---|---|
| BAN - Buses | 7/14/2024 | 3.95% | $ 1,079,933 | $ - | $ 1,079,933 | $ - |
| BAN - Buses | 7/11/2025 | 4.50% | - | 1,199,325 | - | 1,199,325 |
| **Total Short-Term Debt** | | | **$ 1,079,933** | **$ 1,199,325** | **$ 1,079,933** | **$ 1,199,325** |

## 3. DETAIL NOTES ON ALL FUNDS

### *B. Liabilities*

II. Indebtedness

1. Short-Term Debt

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

| | | |
|---|---|---|
| Interest Paid | $ | 42,539 |
| Less: Interest Accrued in the Prior Year | | (40,880) |
| Plus: Interest Accrued in the Current Year | | 40,880 |
| **Total Short-Term Interest Expense** | **$** | **42,539** |

2. Long-Term Debt

a. Serial Bonds

The District borrows money in order to acquire or construct buildings and 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 long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

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

| | | |
|---|---|---|
| Interest Paid | $ | 621,500 |
| Less: Interest Accrued in the Prior Year | | (25,896) |
| Less: Amortization of bond premium | | (148,147) |
| Plus: Interest Accrued in the Current Year | | 23,917 |
| **Total Long-Term Interest Expense** | **$** | **471,374** |

Long-Term Obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts 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. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

## 3. DETAIL NOTES ON ALL FUNDS

### *B. Liabilities*

II. Indebtedness

b. Other Long-Term Debt

In addition to the above long-term debt, the District had the following noncurrent liabilities:

Compensated Absences - Represent the value of the earned and unused portion of the liability for employees' vacation and sick pay which has not been accrued in the General Fund.

Other Post-employment Benefits - Represents the net liability for other post-employment benefits calculated in accordance with GASB 75 (See Note 5).

3. Changes

The changes in the District's indebtedness during the year ended June 30, 2025, are summarized as follows:

| | Restated Balance 7/1/2024 | Additions | Deletions | Balance 6/30/2025 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| **Bonds and Notes Payable -** | | | | | |
| Serial Bonds | $ 12,485,000 | $ - | $ 1,005,000 | $ 11,480,000 | $ 750,000 |
| Bond Premium, Net of Amortization | 942,462 | - | 148,147 | 794,315 | 115,471 |
| **Total Bonds and Notes Payable** | $ 13,427,462 | $ - | $ 1,153,147 | $ 12,274,315 | $ 865,471 |
| **Other Liabilities -** | | | | | |
| Net Pension Liability | $ 1,529,897 | $ 30,299 | $ 425,860 | $ 1,134,336 | $ - |
| OPEB | 56,846,897 | - | 2,749,733 | 54,097,164 | - |
| Compensated Absences | 462,428 | 61,803 | - | 524,231 | 35,450 |
| **Total Other Liabilities** | $ 58,839,222 | $ 92,102 | $ 3,175,593 | $ 55,755,731 | $ 35,450 |
| **Total Long-Term Obligations** | **$ 72,266,684** | **$ 92,102** | **$ 4,328,740** | **$ 68,030,046** | **$ 900,921** |

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

The above liabilities are liquidated by the general fund.

## 3. DETAIL NOTES ON ALL FUNDS

### *B. Liabilities*

II. Indebtedness

4. Maturity

The following is a summary of maturity of indebtedness:

| Description | Original Amount | Issue Date | Final Maturity | Interest Rate | Amount Outstanding 6/30/2025 |
|---|---|---|---|---|---|
| Serial Bond 2022 | $ 13,320,000 | 2022 | 2038 | 5.00% | 11,480,000 |
| **Total Serial Bonds** | | | | | **$ 11,480,000** |

The following is a summary of maturing debt service requirements for bonds:

| | Serial Bonds | | |
|---|---|---|---|
| **Year** | **Principal** | **Interest** | **Premium** |
| 2026 | $ 750,000 | $ 574,000 | $ 115,471 |
| 2027 | 790,000 | 536,500 | 107,927 |
| 2028 | 825,000 | 497,000 | 99,981 |
| 2029 | 870,000 | 455,750 | 91,683 |
| 2030 | 910,000 | 412,250 | 82,932 |
| 2031-35 | 5,295,000 | 1,330,000 | 267,555 |
| 2036-37 | 2,040,000 | 143,000 | 28,766 |
| **Total** | **$ 11,480,000** | **$ 3,948,500** | **$ 794,315** |

As of June 30, 2025, the District had authorized the issuance of $484,000 for purchases of buses and $6,100,000 for capital projects, which remained unissued.

## 3. DETAIL NOTES ON ALL FUNDS

### *B. Liabilities*

II. Indebtedness

5. Constitutional Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit do not exceed 10% of the average full valuation of taxable real estate within such District. At June 30, 2025 the District has exhausted 21.29% of its constitutional debt limit.

III. Deferred Inflows of Resources

Deferred inflows of resources on the balance sheet - governmental funds arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. The District has established a ninety-day availability period.

IV. Deferred Outflows and Inflows of Resources

The deferred outflows and inflows reported on the statement of net position consist of the following:

| | Deferred Outflows | Deferred Inflows |
|---|---|---|
| Pension | $ 3,422,292 | $ 1,473,324 |
| OPEB | 259,514 | 27,037,649 |
| **Total** | **$ 3,681,806** | **$ 28,510,973** |

## 4. COMMITMENTS AND CONTINGENCIES

### *A. Litigation*

The District has been named as defendant in various actions. A review of these actions by District management indicates that they are either fully covered by insurance or not substantial enough to materially affect the financial position of the District.

### *B. Federal and State Grants*

The District receives federal and state the distance for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies or expenditures disallowed under the terms of the grant.

## 4. COMMITMENTS AND CONTINGENCIES

### *C. Risk Financing and Related Insurance*

General Information

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

Self-Insured Pharmacy

All of the District's health pharmacy is self-insured.

All known claims filed and an estimate of all incurred, but not reported claims existing at June 30, 2025, have been recorded as accrued liabilities in the general fund.

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

Health Insurance Plan

The District is a member of the Capital Area Schools Health Insurance Consortium (the "Consortium"), which is a trust formed under New York State Law on May 1, 1994. The Consortium is considered a public entity risk pool which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk, and is tax-exempt under Section 501(c)(9) of the Internal Revenue Code. The Consortium is governed by a trust agreement and a board of trustees who execute the provisions of the Trust, as set forth in the agreement. The Consortium has contracted with Amsure Associates for third party administration.

The Consortium was formed to allow its member school districts to obtain health insurance and prescription drug benefits at lower cost through a pooled purchasing arrangement. The Consortium procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits, in which the Consortium is not liable for any medical, prescription drug or dental claims. However, the Consortium also maintains a self-insured prescription drug plan for which the individual Consortium members are liable for any claims in excess of the balances maintained by the Consortium. As of June 30, 2025, the District's prescription drug plan account balance maintained by the Consortium is $1,772,486.

## 4. COMMITMENTS AND CONTINGENCIES

### *C. Risk Financing and Related Insurance*

Health Insurance Plan

The District has chosen to establish a self-funded prescription drug benefit program for all eligible employees. The pharmacy benefit manager is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the District. At year-end, the District has a liability of $0. With electronic claims submissions, all incurred claims are reported within two weeks, and have been included within the fiscal year's claims, effectively representing reported and unreported claims which were incurred on or before year-end, but which were not paid by the District as of that date. Claims activity is summarized below for the past fiscal year and when available in future years, comparative data will also be reported:

| | **2024-2025** |
|---|---|
| Claims and Administration Fees | $ 2,199,107 |
| Claim Payments | (2,199,107) |
| Estimated Incurred but not reported as of June 30 | - |
| Balance at End of Year | $ - |

Risks of Losses of Unemployment

The District does not purchase insurance for the risk of losses of unemployment. Instead, the District manages its risk for these losses internally and accounts for these in the District's general fund, including provisions for unexpected and unusual claims.

The activity for the unemployment insurance reserve for the year ended June 30, 2025, is as follows:

| | **Beginning Balance** | **Change in Estimates** | **Payments Made (Transfers)** | **Ending Balance** |
|---|---|---|---|---|
| Unemployment insurance reserve | $ 155,885 | $ - | $ (6,933) | $ 162,818 |

Claims are recognized as expenditures when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. At June 30, 2025, management estimates there are no outstanding liabilities.

## 4. COMMITMENTS AND CONTINGENCIES

### *C. Risk Financing and Related Insurance*

**Risks of Losses of Worker's Compensation**

The District participates in the Schoharie Area Workers' Compensation Plan, a risk sharing pool of thirteen area school districts formed by a trust agreement to fund the costs of workers' compensation coverage through a group self-insurance program. At June 30, 2025, management estimates there are no outstanding liabilities.

## 5. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

### *Plan Description*

The District administers the post-employment benefits as a single-employer defined benefit plan (the Plan), through which retirees and their spouses receive benefits. The Plan provides for continuation of medical and/or dental/vision benefits for certain retirees and their survivors and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of Statement No. 75.

The obligations of the Plan members, employers and other contributing entities are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are eligible for the retiree health benefits upon meeting the following requirements: Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the School District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the School District according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

### *Funding Policy*

The contribution requirements of Plan members and the District are established by the Board of Education. Until changes are made in the NYS law to permit funding, there is no legal authority to fund other post-employment benefit, other than "pay-as-you-go".

### *Benefits Provided*

The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

## 5. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

***Employees Covered by Benefit Terms***

At the valuation date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 162 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active Employees | 146 |
| **Total** | **308** |

***Net OPEB Liability***

The District's total OPEB liability was measured as of June 30, 2025; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

***Actuarial Assumption and Other Inputs***

The total OPEB liability at June 30, 2025 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.70% |
| Salary Increases | 2.9% - 10.0% based on NYS TRS or ERS Assumptions |
| Discount Rate | 4.81% |
| Healthcare Cost Trend Rates | |
| Medical/RX | Initial rate of 6.75% for 2024 decreasing to an ultimate rate of 4.14% |
| Part B | Initial rate of 5.94% for 2024 decreasing to an ultimate rate of 4.14% |
| Retirees' Share of Benefit-Related Costs | Varies depending on contract |

Mortality rates were based Pub-2010 General Employees Headcount-Weighted table projected fully generationally using MP-2021 for employees participating in NYS ERS and TRS.

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

## 5. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

***Actuarial Assumption and Other Inputs***

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

| | |
|---|---|
| Balance at June 30, 2024 | $ 56,846,897 |
| Changes for the Year - | |
| Service cost | $ 1,627,035 |
| Interest | 2,414,400 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | 289,032 |
| Changes in assumptions or other inputs | (4,807,238) |
| Benefit payments | (2,272,962) |
| Net Changes | $ (2,749,733) |
| **Balance at June 30, 2025** | **$ 54,097,164** |

Changes in assumptions or other inputs for the year ended June 30, 2025 related to the change in discount rate in accordance with provision of GASB Statement No. 75.

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (3.81%) or 1 percentage point higher (5.81%) than the current discount rate:

| | 1% Decrease (3.81%) | Discount Rate (4.81%) | 1% Increase (5.81%) |
|---|---|---|---|
| Total OPEB Liability | $ 62,473,932 | $ 54,097,164 | $ 47,314,524 |

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.14%) or 1 percentage point higher (7.75% decreasing to 5.14%) than the current healthcare cost trend rate:

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

| | 1% Decrease (5.75% Decreasing to 3.14%) | Healthcare Cost Trend Rates (6.75% Decreasing to 4.14%) | 1% Increase (7.75% Decreasing to 5.14%) |
|---|---|---|---|
| Total OPEB Liability | $ 46,012,221 | $ 54,097,164 | $ 64,339,149 |

## 5. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

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

For the year ended June 30, 2025, the District recognized OPEB expense (recovery) of $(7,763,150). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 259,514 | $ 13,869,224 |
| Changes of assumptions | - | 13,168,425 |
| **Total** | **$ 259,514** | **$ 27,037,649** |

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

| Year | |
|---|---|
| 2026 | $ (12,202,565) |
| 2027 | (5,007,991) |
| 2028 | (5,007,992) |
| 2029 | (3,806,551) |
| 2030 | (753,036) |
| Thereafter | - |
| **Total** | **$ (26,778,135)** |

## 6. LEASE ASSETS

A summary of the lease asset activity during the year ended June 30, 2025 is as follows:

| Type | Balance 7/1/2024 | Additions | Deletions | Balance 6/30/2025 |
|---|---|---|---|---|
| **Lease Assets:** | | | | |
| Equipment | $ 151,513 | $ 1,418 | $ - | $ 152,931 |
| ***Total Lease Assets*** | $ 151,513 | $ 1,418 | $ - | $ 152,931 |
| **Less Accumulated Amortization -** | | | | |
| Equipment | $ 100,999 | $ 21,810 | $ - | $ 122,809 |
| *Total Accumulated Amortization* | $ 100,999 | $ 21,810 | $ - | $ 122,809 |
| ***Total Lease Assets, Net*** | **$ 50,514** | **$ (20,392)** | **$ -** | **$ 30,122** |

Amortization expense of $21,810 is included in amortization - unallocated on the statement of activities.

## 7. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used, but not yet paid in cash or settled through noncash means. This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Management evaluated contractual agreements and historical information to develop an estimate of the likelihood that accumulated leave time will be used or otherwise settled through cash or noncash means. This evaluation resulted in a material change to the compensated absence liability. As a result, a cumulative adjustment was made as of July 1, 2024.

The adjustment recorded to opening net position is summarized below:

| | Government-Wide Statements | |
|---|---|---|
| Net position, beginning of year, as originally reported | $ | (76,123,918) |
| Adjustment for compensated absences | | (180,760) |
| Net position, beginning of year, as restated | $ | (76,304,678) |

## 8. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 10, 2025, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2025, have been incorporated into these statements herein.

## Required Supplementary Information
## MIDDLEBURGH CENTRAL SCHOOL DISTRICT
## Schedule of Revenues, Expenditures and Changes in Fund Equity - Budget and Actual - General Fund
## For The Year Ended June 30, 2025

| | Original Budget | Amended Budget | Current Year's Revenues | Over (Under) Revised Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| **Local Sources -** | | | | |
| Real property taxes | $ 10,409,598 | $ 10,409,598 | $ 9,567,341 | $ (842,257) |
| Real property tax items | 53,066 | 53,066 | 906,733 | 853,667 |
| Charges for services | 105,000 | 105,000 | 325,387 | 220,387 |
| Use of money and property | 51,000 | 51,000 | 464,636 | 413,636 |
| Sale of property and compensation for loss | - | - | 1,157 | 1,157 |
| Miscellaneous | 141,000 | 147,650 | 326,415 | 178,765 |
| **State Sources -** | | | | |
| Basic formula | 11,970,470 | 11,970,470 | 10,298,845 | (1,671,625) |
| Lottery aid | - | - | 1,489,276 | 1,489,276 |
| BOCES | 800,872 | 800,872 | 776,628 | (24,244) |
| Textbooks | 36,341 | 36,341 | 26,556 | (9,785) |
| All Other Aid - | | | | |
| Computer software | 18,955 | 18,955 | 17,981 | (974) |
| Library loan | 4,069 | 4,069 | 3,818 | (251) |
| Other aid | - | - | 7,891 | 7,891 |
| **Federal Sources** | 60,000 | 60,000 | 99,498 | 39,498 |
| **TOTAL REVENUES** | $ 23,650,371 | $ 23,657,021 | $ 24,312,162 | $ 655,141 |
| **Other Sources -** | | | | |
| Transfer - in | $ 100,000 | $ 100,000 | $ 100,000 | $ - |
| **TOTAL REVENUES AND OTHER SOURCES** | $ 23,750,371 | $ 23,757,021 | $ 24,412,162 | $ 655,141 |
| Appropriated reserves | 227,814 | 2,227,814 | | |
| Appropriated fund equity | 921,815 | 921,815 | | |
| Prior year encumbrances | $ 145,944 | $ 145,944 | | |
| **TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND EQUITY** | **$ 25,045,944** | **$ 27,052,594** | | |

**Required Supplementary Information**

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures and Changes in Fund Equity -**

**Budget and Actual - General Fund**

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

| | Original Budget | Amended Budget | Current Year's Expenditures | Encumbrances | Unencumbered Balances |
|---|---|---|---|---|---|
| **EXPENDITURES** | | | | | |
| **General Support -** | | | | | |
| Board of education | $ 33,000 | $ 33,000 | $ 23,531 | $ - | $ 9,469 |
| Central administration | 265,909 | 265,910 | 252,876 | 816 | 12,218 |
| Finance | 376,527 | 376,527 | 363,545 | 377 | 12,605 |
| Staff | 144,379 | 144,379 | 134,157 | - | 10,222 |
| Central services | 1,481,804 | 1,715,367 | 1,612,654 | 68,141 | 34,572 |
| Special items | 186,991 | 190,985 | 185,670 | - | 5,315 |
| **Instructional -** | | | | | |
| Instruction, administration and improvement | 578,530 | 575,398 | 486,279 | 520 | 88,599 |
| Teaching - regular school | 5,680,551 | 5,725,147 | 5,305,426 | 15,766 | 403,955 |
| Programs for children with handicapping conditions | 3,224,748 | 3,263,737 | 3,231,138 | - | 32,599 |
| Occupational education | 510,596 | 461,096 | 460,996 | - | 100 |
| Instructional media | 872,222 | 816,075 | 772,499 | 364 | 43,212 |
| Pupil services | 979,412 | 1,014,982 | 960,183 | 13,365 | 41,434 |
| **Pupil Transportation** | 1,446,156 | 1,434,584 | 1,373,861 | 13,355 | 47,368 |
| **Employee Benefits** | 7,092,472 | 6,870,847 | 6,668,672 | - | 202,175 |
| **Debt service - principal** | 1,373,608 | 1,373,608 | 1,373,608 | - | - |
| **Debt service - interest** | 664,039 | 664,039 | 664,039 | - | - |
| **TOTAL EXPENDITURES** | $ 24,910,944 | $ 24,925,681 | $ 23,869,134 | $ 112,704 | $ 943,843 |
| **Other Uses -** | | | | | |
| Transfers - out | $ 135,000 | $ 2,126,913 | $ 2,123,819 | $ - | $ 3,094 |
| **TOTAL EXPENDITURES AND OTHER USES** | $ 25,045,944 | $ 27,052,594 | $ 25,992,953 | $ 112,704 | $ 946,937 |
| **NET CHANGE IN FUND EQUITY** | **$ -** | **$ -** | **$ (1,580,791)** | | |
| **FUND EQUITY, BEGINNING OF YEAR** | 9,416,967 | 9,416,967 | 9,416,967 | | |
| **FUND EQUITY, END OF YEAR** | **$ 9,416,967** | **$ 9,416,967** | **$ 7,836,176** | | |

**Required Supplementary Information**

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT**

**Schedule of Changes in Total OPEB Liability**

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

**TOTAL OPEB LIABILITY**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|---|
| Service cost | $ 1,627,035 | $ 1,601,711 | $ 1,834,776 | $ 3,197,472 | $ 3,029,018 | $ 1,355,014 | $ 1,167,442 | $ 1,229,622 |
| Interest | 2,414,400 | 3,273,604 | 2,979,320 | 2,559,547 | 2,527,061 | 1,808,501 | 1,893,617 | 1,898,289 |
| Changes in benefit terms | - | (6,386,250) | - | (302,630) | - | 133,723 | - | - |
| Differences between expected and actual experiences | 289,032 | (16,877,683) | 37,311 | (13,087,179) | 6,681 | 32,129,703 | - | - |
| Changes of assumptions or other inputs | (4,807,238) | (1,443,409) | (7,245,964) | (22,885,699) | 983,229 | 28,451,151 | 3,306,320 | (2,577,004) |
| Benefit payments | (2,272,962) | (1,947,089) | (2,589,956) | (2,329,704) | (2,794,542) | (2,657,181) | (5,238,781) | (3,217,965) |
| **Net Change in Total OPEB Liability** | **$ (2,749,733)** | **$ (21,779,116)** | **$ (4,984,513)** | **$ (32,848,193)** | **$ 3,751,447** | **$ 61,220,911** | **$ 1,128,598** | **$ (2,667,058)** |
| **Total OPEB Liability - Beginning** | **$ 56,846,897** | **$ 78,626,013** | **$ 83,610,526** | **$ 116,458,719** | **$ 112,707,272** | **$ 51,486,361** | **$ 50,357,763** | **$ 53,024,821** |
| **Total OPEB Liability - Ending** | **$ 54,097,164** | **$ 56,846,897** | **$ 78,626,013** | **$ 83,610,526** | **$ 116,458,719** | **$ 112,707,272** | **$ 51,486,361** | **$ 50,357,763** |
| Covered Employee Payroll | $ 8,935,133 | $ 8,718,564 | $ 9,143,519 | $ 7,993,200 | $ 8,470,700 | $ 8,534,798 | $ 8,363,249 | $ 8,507,795 |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | 605.44% | 652.02% | 859.91% | 1046.02% | 1374.84% | 1320.56% | 615.63% | 591.90% |

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT**

**Schedule of Proportionate Share of the Net Pension Liability (Asset)**

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

**NYSERS Pension Plan**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Proportion of the net pension liability (assets) | 0.0066% | 0.0075% | 0.0069% | 0.0068% | 0.0064% | 0.0068% | 0.0073% | 0.0075% | 0.0077% | 0.0075% |
| Proportionate share of the net pension liability (assets) | $ 1,134,336 | $ 1,104,037 | $ 1,481,750 | $ (553,301) | $ 6,390 | $ 1,802,900 | $ 513,400 | $ 241,600 | $ 718,400 | $ 1,207,400 |
| Covered-employee payroll | $ 2,189,663 | $ 2,144,813 | $ 1,918,206 | $ 2,339,154 | $ 2,027,125 | $ 1,904,600 | $ 1,906,500 | $ 1,989,200 | $ 2,018,000 | $ 1,870,500 |
| Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll | 51.8% | 51.5% | 77.2% | -23.65% | 0.32% | 94.66% | 26.93% | 12.15% | 35.60% | 64.55% |
| Plan fiduciary net position as a percentage of the total pension liability | 93.08% | 93.88% | 90.78% | 103.65% | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.70% |

**NYSTRS Pension Plan**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Proportion of the net pension liability (assets) | 0.0360% | 0.0372% | 0.0416% | 0.0399% | 0.0416% | 0.0414% | 0.0447% | 0.0450% | 0.0454% | 0.0479% |
| Proportionate share of the net pension liability (assets) | $ (1,075,397) | $ 425,860 | $ 798,435 | $ (6,906,727) | $ 1,150,073 | $ (1,075,400) | $ (807,700) | $ (342,000) | $ 486,300 | $ (4,750,300) |
| Covered-employee payroll | $ 7,204,680 | $ 7,140,073 | $ 7,106,674 | $ 7,583,553 | $ 7,011,533 | $ 7,064,300 | $ 6,909,200 | $ 6,301,600 | $ 7,006,700 | $ 6,869,900 |
| Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll | -14.93% | 5.96% | 11.24% | -91.08% | 16.40% | -15.22% | -11.69% | -5.43% | 6.94% | -69.15% |
| Plan fiduciary net position as a percentage of the total pension liability | 102.10% | 99.20% | 98.60% | 113.20% | 97.80% | 102.20% | 101.53% | 100.66% | 99.01% | 110.46% |

**Required Supplementary Information**

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT**

**Schedules of District Contributions**

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

**NYSERS Pension Plan**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contributions | $ 343,315 | $ 282,501 | $ 220,940 | $ 309,594 | $ 274,934 | $ 277,500 | $ 292,000 | $ 293,300 | $ 303,100 | $ 318,800 |
| Contributions in relation to the contractually required contribution | (343,315) | (282,501) | (220,940) | (309,594) | (274,934) | (277,500) | (292,000) | (293,300) | (303,100) | (318,800) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered-employee payroll | $ 2,189,663 | $ 2,144,813 | $ 1,918,206 | $ 2,339,154 | $ 2,027,125 | $ 1,904,600 | $ 1,906,500 | $ 1,989,200 | $ 2,018,000 | $ 1,870,500 |
| Contributions as a percentage of covered-employee payroll | 15.68% | 13.17% | 11.52% | 13.24% | 13.56% | 14.57% | 15.32% | 14.74% | 15.02% | 17.04% |

**NYSTRS Pension Plan**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contributions | $ 671,682 | $ 707,717 | $ 722,376 | $ 644,695 | $ 625,891 | $ 625,900 | $ 756,800 | $ 835,600 | $ 929,100 | $ 1,204,300 |
| Contributions in relation to the contractually required contribution | (671,682) | (707,717) | (722,376) | (644,695) | (625,891) | (625,900) | (756,800) | (835,600) | (929,100) | (1,204,300) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered-employee payroll | $ 7,204,680 | $ 7,140,073 | $ 7,106,674 | $ 7,583,553 | $ 7,011,533 | $ 7,064,300 | $ 6,909,200 | $ 6,301,600 | $ 7,006,700 | $ 6,869,900 |
| Contributions as a percentage of covered-employee payroll | 9.32% | 9.91% | 10.16% | 8.50% | 8.93% | 8.86% | 10.95% | 13.26% | 13.26% | 17.53% |

**Supplementary Information**

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT**

**Schedule of Changes From Adopted Budget To Final Budget**

**And The Schedule Real Property Tax Limit**

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

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:**

| | |
|---|---|
| Adopted budget | $ 24,900,000 |
| Prior year's encumbrances | 145,944 |
| **Original Budget** | $ 25,045,944 |
| Budget revisions - | |
| Appropriated reserves - capital | 2,000,000 |
| Appropriated reserves - EBALR | 6,650 |
| **FINAL BUDGET** | **$ 27,052,594** |

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:**

| | | |
|---|---|---|
| 2025-26 voter approved expenditure budget | | $ 25,100,000 |
| Unrestricted fund balance: | | |
| Assigned fund balance | $ 1,034,519 | |
| Unassigned fund balance | 1,618,472 | |
| Total Unrestricted fund balance | $ 2,652,991 | |
| Less adjustments: | | |
| Appropriated fund balance | $ 921,815 | |
| Encumbrances included in assigned fund balance | 112,704 | |
| Total adjustments | $ 1,034,519 | |
| General fund fund balance subject to Section 1318 of Real Property Tax Law | | 1,618,472 |
| **ACTUAL PERCENTAGE** | | **6.45%** |

Supplementary Information

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT**

**Schedule of Project Expenditures - Capital Projects Fund**

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

| | | Expenditures | | | | Methods of Financing | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Project Title | Appropriation | Prior Years | Current Year | Total | Unexpended Balance | Obligations | Local Sources | State / Federal Sources | Total | Fund Equity |
| Misc Prior Projects | $ 621,306 | $ 878,946 | $ - | $ 878,946 | $ (257,640) | $ 215,524 | $ 285,504 | $ 355,599 | $ 856,627 | $ (22,319) |
| Reconstruction/Additions | 4,123,271 | 4,070,758 | - | 4,070,758 | 52,513 | 3,376,959 | 125,000 | 733,328 | 4,235,287 | 164,529 |
| Bus Purchases | 1,293,440 | 1,711,293 | - | 1,711,293 | (417,853) | - | 1,085,338 | - | 1,085,338 | (625,955) |
| Flood Remediation | 2,743,391 | 2,743,391 | - | 2,743,391 | - | - | 455,318 | 2,335,681 | 2,790,999 | 47,608 |
| Reconstruction Project | 15,000,000 | 14,849,854 | 96,325 | 14,946,179 | 53,821 | 14,275,000 | 438,686 | - | 14,713,686 | (232,493) |
| Reconstruction Project - 2026 | - | - | 108,930 | 108,930 | (108,930) | - | 2,000,000 | - | 2,000,000 | 1,891,070 |
| Bus Purchases 21/22 & 22/23 | 819,541 | 692,883 | - | 692,883 | 126,658 | - | 376,235 | - | 376,235 | (316,648) |
| Bus Purchases 23/24 | - | 256,987 | - | 256,987 | (256,987) | 367,908 | - | - | 367,908 | 110,921 |
| Bus Purchases 24/25 | - | - | 527,640 | 527,640 | (527,640) | 368,609 | - | - | 368,609 | (159,031) |
| Security Project | 200,000 | 166,381 | - | 166,381 | 33,619 | - | 200,000 | - | 200,000 | 33,619 |
| Smart School Bond Act | 922,936 | 755,360 | - | 755,360 | 167,576 | - | - | 755,360 | 755,360 | - |
| **TOTAL** | **$ 25,723,885** | **$ 26,125,853** | **$ 732,895** | **$ 26,858,748** | **$ (1,134,863)** | **$ 18,604,000** | **$ 4,966,081** | **$ 4,179,968** | **$ 27,750,049** | **$ 891,301** |

## Supplementary Information

## MIDDLEBURGH CENTRAL SCHOOL DISTRICT

## Schedule of Net Investment in Capital Assets/Lease Assets

## June 30, 2025

| | | |
|---|---|---|
| **Capital assets/right to use assets, net** | | $ 17,605,910 |
| **Add:** | | |
| Unspent proceeds | $ 2,116,616 | |
| | | 2,116,616 |
| **Deduct:** | | |
| Bond payable | $ 11,480,000 | |
| Unamortized bond premium | 794,315 | |
| Assets purchased with short-term financing | 1,199,325 | |
| | | 13,473,640 |
| **Net Investment in Capital Assets/Lease Assets** | | **$ 6,248,886** |

# 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*

To the President and Members
of the Board of Education of
Middleburgh Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities and each major fund of the Middleburgh Central School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2025-001.

**District's Response to the Finding**

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

**Purpose of This Report**

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

Mengel, Metzger, Barr & Co. LLP

Latham, NY
October 10, 2025

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND RESPONSES**

**JUNE 30, 2025**

## Section I: Summary of Auditor's Results

**Financial Statements**

| | | |
|---|---|---|
| Type of auditor's report issued | Unmodified | |
| Internal control over financial reporting: | | |
| • Material weakness(es) identified? | _____yes | __X__no |
| • Significant deficiency(ies) identified? | _____yes | __X__none reported |
| Noncompliance material to financial statements noted? | __X__yes | _____no |

## Section II: Financial Statement Findings

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

Noncompliance Material to the Financial Statements

2025-001 Compliance with New York State Real Property Tax Law

*Statement of Condition:* The unassigned fund balance of the general fund exceeds 4% of the 2025/2026 general fund budget by $614,472.

*Criteria:* NYS Real Property Tax Law 1318 limits the amount of unassigned fund balance a District can have to no more than 4% of the general fund budget for the ensuing fiscal year.

*Cause:* The cumulative effect of expenditures being significantly under budget.

*Effect of Condition:* The District was not in compliance with Real Property Tax Law.

*Context:* As part of audit procedures the compliance the NYS Real Property Tax Law 1318 limits is reviewed.

*Recommendation:* The District should develop a plan regarding how to address and use the excess in future years.

*Views of responsible officials and planned corrective actions:* The District reviews fund balance projections quarterly to ensure excess fund balance is considered when preparing the subsequent year's budget and in reviewing reserve balances. The District anticipates using a portion of fund balance to balance the budget and keep the tax levy increase minimal or at 0%.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**JUNE 30, 2025**

2024-001 Compliance with New York State Real Property Tax Law

*Condition:* Unassigned fund equity of the general fund exceeds 4% of the 24/25 general fund budget by $993,971.

Current Status: This item is repeated as finding 2025-001.