

CORTLAND ENLARGED CITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2025



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BUSINESS
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Cortland Enlarged City School District, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cortland Enlarged City School District, New York (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, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof 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.

Responsibilities of Management for the Financial Statements

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

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

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, schedule of changes in District's total OPEB liability and related ratio, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4-13 and 51-55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

As described in Note II to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 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 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, Barw & Co. LLP

Rochester, New York
October 15, 2025

Cortland Enlarged City School District
Management's Discussion and Analysis
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. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

At the close of the fiscal year, the total liabilities plus deferred inflows (what the district owes) exceeded its total assets plus deferred outflows (what the district owns) by \$44,906,472 (net position) an increase of \$1,522,025 from the prior year.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$6,481,276 a decrease of \$3,411,300 in comparison with the prior year.

New York State Law limits the amount of unreserved fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,204,896. This amount was within the statutory limit.

General revenues which includes Federal and State Aid, Real Property Taxes, Investment Earnings, Compensation for Loss, and Miscellaneous accounted for \$54,246,785 or 91% of all revenues. Program specific revenues in the form of Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions accounted for \$5,498,085 or 9% of total revenues.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all School District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains seven individual governmental funds: General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund, Permanent Fund, Miscellaneous Special Revenue Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund which are reported as major funds. Data for the School Lunch Fund, the Special Aid Fund, the Miscellaneous Special Revenue Fund, the Debt Service Fund, and the Permanent Fund are aggregated into a single column and reported as nonmajor funds.

The School District adopts, and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

<u>Major Feature of the District-Wide and Fund Financial Statements</u>			
	Government-Wide Statements	Fund Financial Statements	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education, scholarship programs, and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as student activities monies
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; 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 revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

Financial Analysis of the School District As A Whole

Net Position

	<u>Governmental Activities</u>		<u>Total Variance</u>
<u>ASSETS:</u>	<u>2025</u>	<u>2024</u>	
Current and Other Assets	\$ 39,318,675	\$ 25,459,914	\$ 13,858,761
Capital Assets	82,287,777	73,076,647	9,211,130
Total Assets	\$ 121,606,452	\$ 98,536,561	\$ 23,069,891
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 14,464,956	\$ 19,537,985	\$ (5,073,029)
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 127,051,600	\$ 125,208,575	\$ 1,843,025
Other Liabilities	30,144,297	17,062,324	13,081,973
Total Liabilities	\$ 157,195,897	\$ 142,270,899	\$ 14,924,998
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 23,781,983	\$ 20,343,297	\$ 3,438,686
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 47,662,175	\$ 46,564,249	\$ 1,097,926
<u>Restricted For,</u>			
Capital Projects	1,761,067	1,200,000	561,067
Capital Reserve	3,093,764	3,760,979	(667,215)
Debt Service Reserve	2,301,181	1,677,927	623,254
Other Purposes	4,479,313	5,382,677	(903,364)
Unrestricted	(104,203,972)	(103,125,482)	(1,078,490)
Total Net Position	\$ (44,906,472)	\$ (44,539,650)	\$ (366,822)

Key Variances

- Current and Other Assets increased \$13,858,761 as a result of new DASNY bonds, adjustments to actuarial amount for TRS, and taxes not paid timely.
- Capital Assets increased \$9,211,130 as a result of recent capital improvement work.
- Deferred Outflows of Resources decreased \$5,073,029 as a result of actuarial adjustments to OPEB and pensions.
- Other Liabilities increased \$13,081,973 as a result of an increase in BANs and RANs.

The District's financial position is the product of many factors.

By far, the largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position consists of Capital Projects, Capital Reserve, Debt Service Reserve, and Other Purposes. The remaining balance of unrestricted net position is deficit of \$104,203,972.

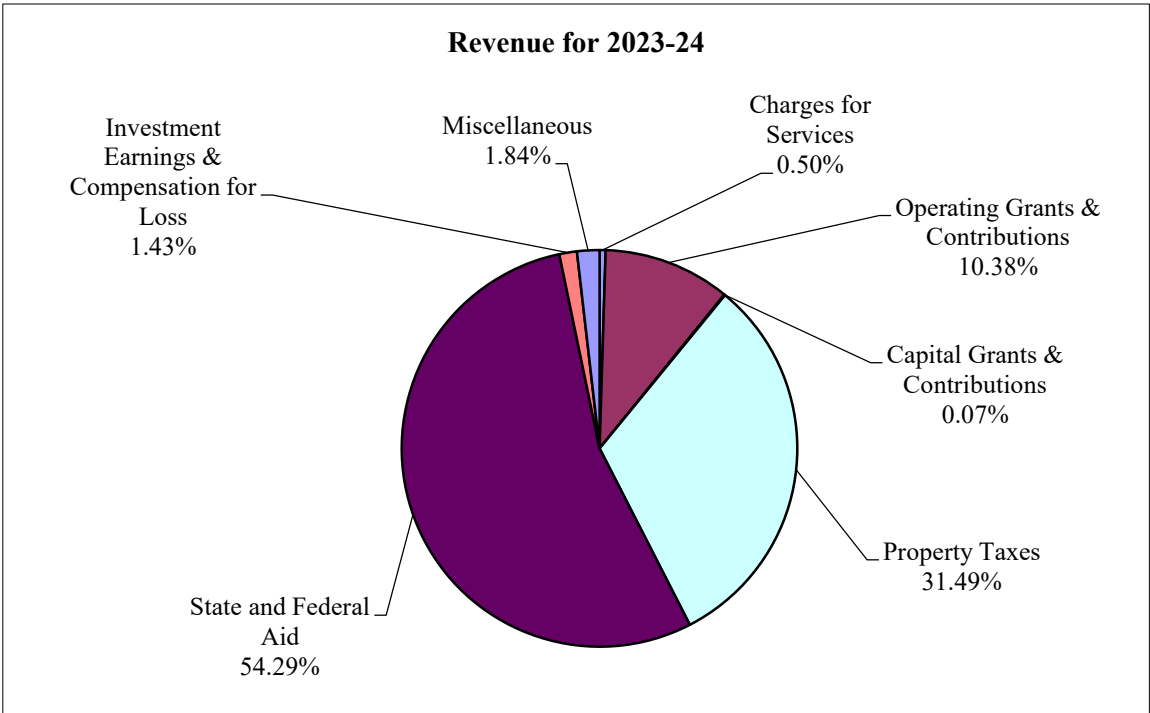
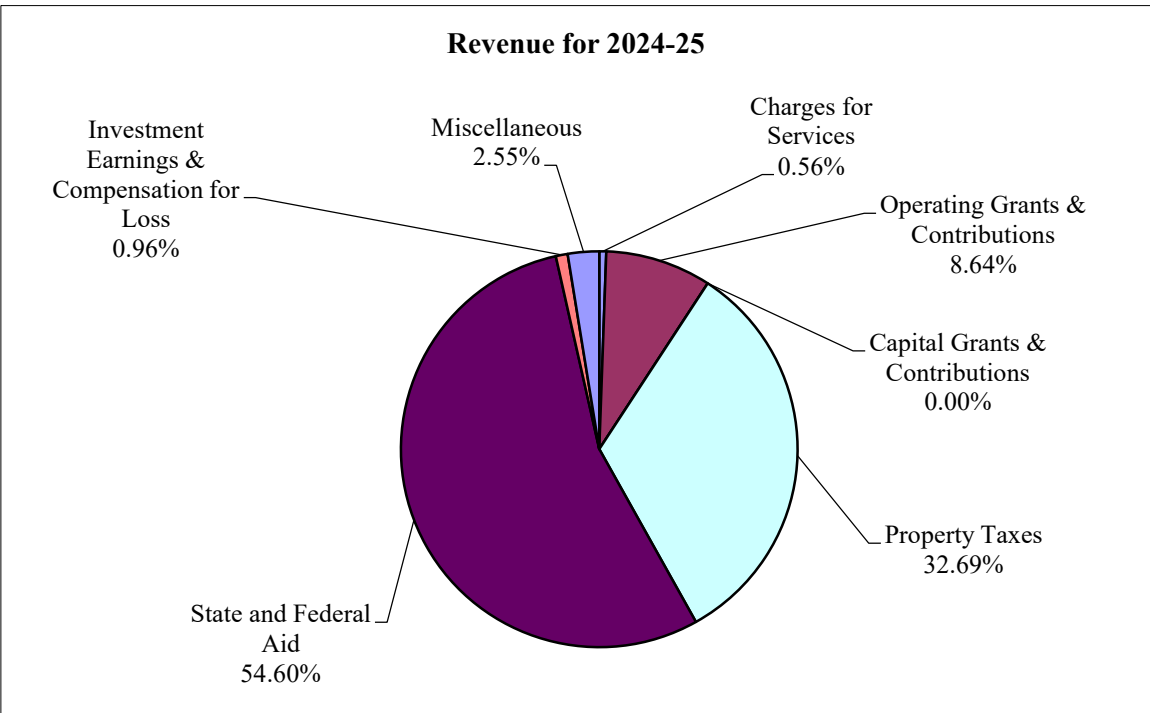
Changes in Net Position

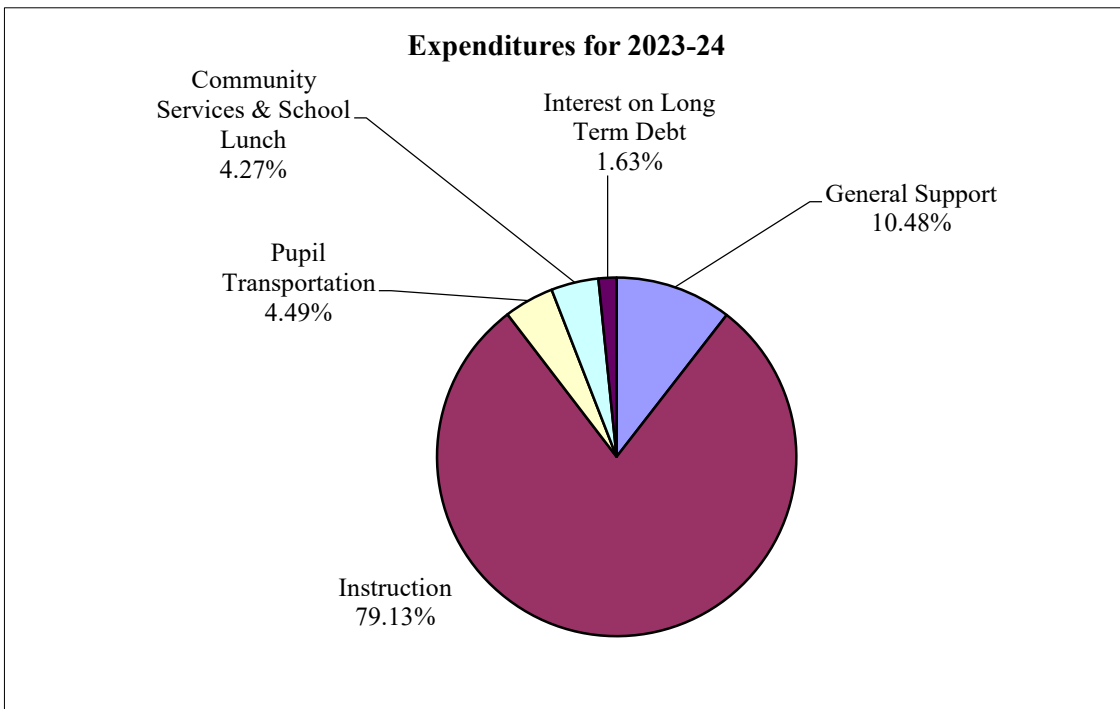
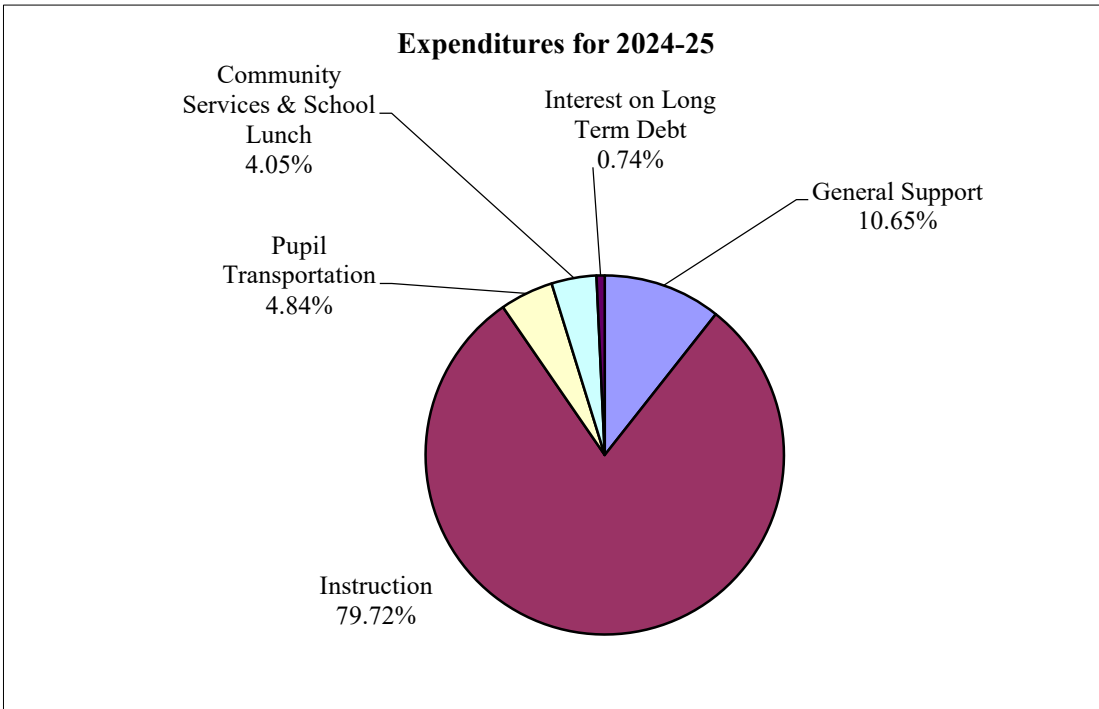
The District's total revenue increased to \$59,744,870. State and federal aid 55% and property taxes 33% accounted for most of the District's revenue. The remaining 12% of the revenue comes from operating grants and contributions, capital grants and contributions, charges for services, investment earnings, compensation for loss, and miscellaneous revenues.

The total cost of all the programs and services increased to \$58,222,845. The District's expenses are predominately related to education and caring for the students (Instruction) at 78%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 10% of the total costs. See table below:

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2025</u>	<u>2024</u>	<u>Variance</u>
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 333,644	\$ 294,748	\$ 38,896
Operating Grants & Contributions	5,164,441	6,172,410	(1,007,969)
Capital Grants & Contributions	-	42,528	(42,528)
Total Program	<u>\$ 5,498,085</u>	<u>\$ 6,509,686</u>	<u>\$ (1,011,601)</u>
<u>General -</u>			
Property Taxes	\$ 19,528,529	\$ 18,726,206	\$ 802,323
State and Federal Aid	32,621,835	32,278,673	343,162
Investment Earnings	553,587	478,580	75,007
Compensation for Loss	18,609	370,770	(352,161)
Miscellaneous	1,524,225	1,094,138	430,087
Total General	<u>\$ 54,246,785</u>	<u>\$ 52,948,367</u>	<u>\$ 1,298,418</u>
TOTAL REVENUES	<u>\$ 59,744,870</u>	<u>\$ 59,458,053</u>	<u>\$ 286,817</u>
<u>EXPENSES:</u>			
General Support	\$ 6,100,792	\$ 5,738,312	\$ 362,480
Instruction	45,687,103	43,313,265	2,373,838
Pupil Transportation	2,776,268	2,455,255	321,013
Community Services	158,675	124,784	33,891
School Lunch	2,164,660	2,214,472	(49,812)
Interest	1,335,347	891,826	443,521
TOTAL EXPENSES	<u>\$ 58,222,845</u>	<u>\$ 54,737,914</u>	<u>\$ 3,484,931</u>
CHANGE IN NET POSITION	<u>\$ 1,522,025</u>	<u>\$ 4,720,139</u>	
NET POSITION, BEGINNING OF YEAR	<u>(46,428,497)</u>	<u>(49,259,789)</u>	
NET POSITION, END OF YEAR	<u>\$ (44,906,472)</u>	<u>\$ (44,539,650)</u>	
Compensated absences adjustment		<u>(1,888,847)</u>	
2024 RESTATED NET POSITION		<u>\$ (46,428,497)</u>	

- Operating Grants & Contributions decreased \$1,007,969 as a result of the COVID federal funds being no longer available.
- Instruction increased \$2,373,838 as a result of an increase in costs for Special Education services.





Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$6,481,276 which is less than last year's ending fund balance of \$9,892,576.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was \$11,926,550. Fund balance for the General Fund decreased by \$1,597,832 compared with the prior year. See table below:

<u>General Fund Balances:</u>	<u>2025</u>	<u>2024</u>	<u>Total Variance</u>
Restricted	\$ 7,140,925	\$ 8,654,887	\$ (1,513,962)
Assigned	2,580,729	1,012,621	1,568,108
Unassigned	2,204,896	2,245,406	(40,510)
Total General Fund Balances	<u>\$ 11,926,550</u>	<u>\$ 11,912,914</u>	<u>\$ 13,636</u>
Compensated absences adjustment		1,611,468	(1,611,468)
2024 Restated General Fund Balances		<u>\$ 13,524,382</u>	<u>\$ (1,597,832)</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$927,991. This change is attributable to carryover encumbrances of \$37,621 from the 2023-24 school year, \$150,000 for DA approved use of insurance reserve (settlement), \$700,000 for voter approved Capital Projects Fund transfer and \$40,370 for CPSE budget update.

The key factors for budget variances in the General Fund are listed below along with explanations for each.

Expenditure Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
General Support	\$568,190	Increase in facility costs, including repairs
Employee Benefits	(\$1,060,301)	Employee benefit savings due to unfilled positions
Transfers-Out	\$700,000	Budget amendment for voter-approval capital project

Revenue Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Miscellaneous	\$580,361	BOCES refund higher than anticipated
State Sources	(\$606,449)	Less building aid than anticipated
Expenditure Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Employee Benefits	\$684,046	Lower than expected health insurance and retirement costs

Capital Asset and Debt Administration

Capital Assets

By the end of the 2025 fiscal year, the District had invested \$81,074,196 in a broad range of capital assets, including land, work in progress, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2025</u>	<u>2024</u>
<u>Capital Assets:</u>		
Land	\$ 503,239	\$ 503,239
Work in Progress	21,927,626	10,324,789
Buildings and Improvements	55,546,411	58,154,275
Machinery and Equipment	3,096,920	3,038,718
Total Capital Assets	<u>\$ 81,074,196</u>	<u>\$ 72,021,021</u>
<u>Lease Assets:</u>		
Equipment	\$ 1,213,581	\$ 1,055,626
Total Lease Assets	<u>\$ 1,213,581</u>	<u>\$ 1,055,626</u>

More detailed information can be found in the notes to the financial statements.

Long-Term Debt

At year end, the District had \$127,051,600 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2025</u>	<u>2024</u>
Serial Bonds Payable	\$ 19,787,600	\$ 14,841,620
Unamortized Bond Premium	2,790,440	2,550,205
Leases Liability	377,018	395,784
OPEB Liability	94,924,708	100,830,125
Net Pension Liability	2,550,121	3,578,686
Retainage Payable	370,874	234,169
Compensated Absences	6,250,839	2,777,986
Total Long-Term Obligations	<u>\$ 127,051,600</u>	<u>\$ 125,208,575</u>

More detailed information can be found in the notes to the financial statements.

Factors Bearing on the District's Future

The District will continue to mitigate the impact of rising costs of education on the overall budget, including using reserve funds as permitted by law to lessen their budgetary impact.

The property tax levy requires using reserves judiciously. These issues and concerns are exacerbated by requiring management to plan carefully and prudently to provide the educational resources necessary to meet student needs and flexibility on how students are taught.

The District also anticipates working within a difficult NYS budget cycle, which may impact our financial assistance through State Aid. The NYS Governor's revisions of factors used in the Foundation Aid Formula has had a negative impact on funding for Cortland. Coupled with rising costs, our expense budget continues to be close to our revenue budget, potentially requiring the district to request a tax levy override for the upcoming school years.

The District also plans on engaging stakeholders during the 2025-26 school year in Strategic Planning for future years, which includes independent reviews of the District's Programs, Facilities, and Finances.

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Cortland Enlarged City School District
1 Valley View Drive
Cortland, New York 13045

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 20,761,743
Cash with fiscal agent	8,500,000
Investments	306,275
Accounts receivable	7,018,948
Inventories	15,598
Net pension asset	2,716,111
Capital Assets:	
Land	503,239
Work in progress	21,927,626
Other capital assets (net of depreciation)	59,856,912
TOTAL ASSETS	<u>\$ 121,606,452</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>\$ 14,464,956</u>
 LIABILITIES	
Accounts payable	\$ 214,333
Accrued liabilities	1,343,227
Unearned revenues	8,943
Due to other governments	8,316
Due to teachers' retirement system	2,182,193
Due to employees' retirement system	277,647
Bond anticipation notes payable	21,570,000
Revenue anticipation notes payable	4,500,000
Other Liabilities	39,638
Long-Term Obligations:	
Due in one year	5,977,183
Due in more than one year	121,074,417
TOTAL LIABILITIES	<u>\$ 157,195,897</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>\$ 23,781,983</u>
 NET POSITION	
Net investment in capital assets	\$ 47,662,175
Restricted For:	
Capital projects	1,761,067
Debt service	2,301,181
Capital reserves	3,093,764
Other purposes	4,479,313
Unrestricted	(104,203,972)
TOTAL NET POSITION	<u>\$ (44,906,472)</u>

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK

Statement of Activities

For The Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
<u>Primary Government -</u>				
General support	\$ 6,100,792	\$ -	\$ -	\$ (6,100,792)
Instruction	45,687,103	117,036	3,139,051	(42,431,016)
Pupil transportation	2,776,268	-	-	(2,776,268)
Community services	158,675	-	-	(158,675)
School lunch	2,164,660	216,608	2,025,390	77,338
Interest	1,335,347	-	-	(1,335,347)
Total Primary Government	\$ 58,222,845	\$ 333,644	\$ 5,164,441	\$ (52,724,760)
General Revenues:				
Property taxes				\$ 19,528,529
State and federal aid				32,621,835
Investment earnings				553,587
Compensation for loss				18,609
Miscellaneous				1,524,225
Total General Revenues				\$ 54,246,785
Changes in Net Position				\$ 1,522,025
Net Position, Beginning of Year,				
as previously reported				\$ (44,539,650)
Compensated absences adjustment				(1,888,847)
Net Position, Beginning of Year, as adjusted				\$ (46,428,497)
Net Position, End of Year				\$ (44,906,472)

(See accompanying notes to financial statements)

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,952,503	\$ 11,734,674	\$ 3,574,566	\$ 29,261,743
Investments	-	-	306,275	306,275
Receivables	3,622,550	1,392,448	2,003,950	7,018,948
Inventories	-	-	15,598	15,598
Due from other funds	2,637,713	-	573,700	3,211,413
TOTAL ASSETS	\$ 20,212,766	\$ 13,127,122	\$ 6,474,089	\$ 39,813,977
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
<u>Liabilities</u> -				
Accounts payable	\$ 11,962	\$ 201,971	\$ 400	\$ 214,333
Accrued liabilities	344,851	-	12,497	357,348
Notes payable - revenue anticipation notes	4,500,000	-	-	4,500,000
Notes payable - bond anticipation notes	-	21,570,000	-	21,570,000
Due to other funds	-	893,754	2,317,659	3,211,413
Due to other governments	385	-	7,931	8,316
Due to TRS	2,182,193	-	-	2,182,193
Due to ERS	244,317	-	33,330	277,647
Other liabilities	39,638	-	-	39,638
Unearned revenue	-	-	8,943	8,943
TOTAL LIABILITIES	\$ 7,323,346	\$ 22,665,725	\$ 2,380,760	\$ 32,369,831
<u>Deferred Inflows</u> -				
Deferred inflows of resources	\$ 962,870	\$ -	\$ -	\$ 962,870
<u>Fund Balances</u> -				
Nonspendable	\$ -	\$ -	\$ 204,379	\$ 204,379
Restricted	7,140,925	1,924,216	2,544,552	11,609,693
Assigned	2,580,729	-	1,344,398	3,925,127
Unassigned	2,204,896	(11,462,819)	-	(9,257,923)
TOTAL FUND BALANCE	\$ 11,926,550	\$ (9,538,603)	\$ 4,093,329	\$ 6,481,276
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	\$ 20,212,766	\$ 13,127,122	\$ 6,474,089	

Amounts reported for governmental activities in the

Statement of Net Position are different because:

Capital assets/right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds. 82,287,777

Taxes receivable is deferred for those amounts collected after ninety (90) days on fund basis, while those amounts are recorded as revenue on the full accrual basis. 962,870

Interest is accrued on outstanding bonds in the Statement of Net Position but not in the funds. (985,879)

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	(19,787,600)
Lease liability	(377,018)
Retainage payable	(370,874)
OPEB liability	(94,924,708)
Compensated absences	(6,250,839)
Unamortized bond premiums	(2,790,440)
Net pension asset	2,716,111
Deferred outflow - pension	8,287,077
Deferred outflow - OPEB	6,177,879
Net pension liability	(2,550,121)
Deferred inflow - pension	(3,638,505)
Deferred inflow - OPEB	(20,143,478)

Net Position of Governmental Activities **\$ (44,906,472)**

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes and tax items	\$ 19,131,522	\$ -	\$ -	\$ 19,131,522
Charges for services	117,036	-	4,400	121,436
Use of money and property	562,740	-	(9,153)	553,587
Sale of property and compensation for loss	18,609	-	-	18,609
Miscellaneous	1,391,968	-	40,201	1,432,169
State sources	32,466,841	-	1,406,355	33,873,196
Federal sources	154,994	-	3,750,962	3,905,956
Sales	-	-	216,608	216,608
TOTAL REVENUES	\$ 53,843,710	\$ -	\$ 5,409,373	\$ 59,253,083
EXPENDITURES				
General support	\$ 4,651,181	\$ -	\$ 167,444	\$ 4,818,625
Instruction	28,874,466	-	3,156,198	32,030,664
Pupil transportation	1,470,598	620,301	13,643	2,104,542
Community services	158,675	-	-	158,675
Employee benefits	13,565,200	-	360,009	13,925,209
Debt service - principal	4,665,549	-	-	4,665,549
Debt service - interest	1,201,058	-	-	1,201,058
Cost of sales	-	-	1,190,425	1,190,425
Other expenses	-	-	879,178	879,178
Capital outlay	-	12,020,445	-	12,020,445
TOTAL EXPENDITURES	\$ 54,586,727	\$ 12,640,746	\$ 5,766,897	\$ 72,994,370
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (743,017)	\$ (12,640,746)	\$ (357,524)	\$ (13,741,287)
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ -	\$ 800,000	\$ 54,815	\$ 854,815
Transfers - out	(854,815)	-	-	(854,815)
Proceeds from obligations	-	9,162,763	-	9,162,763
BAN's redeemed from appropriations	-	430,000	-	430,000
Premium on obligations issued	-	-	737,224	737,224
TOTAL OTHER FINANCING SOURCES (USES)	\$ (854,815)	\$ 10,392,763	\$ 792,039	\$ 10,329,987
NET CHANGE IN FUND BALANCE	\$ (1,597,832)	\$ (2,247,983)	\$ 434,515	\$ (3,411,300)
FUND BALANCE, BEGINNING OF YEAR, as previously reported				
Compensated absences adjustment	1,611,468	-	-	1,611,468
FUND BALANCE, BEGINNING OF YEAR, as adjusted	\$ 13,524,382	\$ (7,290,620)	\$ 3,658,814	\$ 9,892,576
FUND BALANCE, END OF YEAR	\$ 11,926,550	\$ (9,538,603)	\$ 4,093,329	\$ 6,481,276

(See accompanying notes to financial statements)

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2025

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS

\$ (3,411,300)

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:

Capital Outlay	\$ 12,020,445	
Additions to Assets, Net	1,221,027	
Depreciation and Amortization	<u>(4,030,342)</u>	
		9,211,130

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	\$ 4,665,549	
Proceeds from Obligations-Bond Issuance	(8,812,600)	
Proceeds from BAN Redemption	(430,000)	
Unamortized Bond Premium	(240,235)	
Proceeds from Obligations-Lease Issuance	<u>(350,163)</u>	
		(5,167,449)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (536,498)

The retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (136,705)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 397,007

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. 693,750

(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	225,673
Employees' Retirement System	218,955

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	<u>27,462</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 1,522,025

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2025

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 109,768
TOTAL ASSETS	\$ 109,768
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 109,768
TOTAL NET POSITION	\$ 109,768

Statement of Changes in Fiduciary Net Position

For The Year Ended June 30, 2025

	Custodial Funds
ADDITIONS	
Library tax levy	\$ 461,024
Student activity	166,027
TOTAL ADDITIONS	\$ 627,051
DEDUCTIONS	
Student activity	\$ 166,523
Library tax levy	461,024
TOTAL DEDUCTIONS	\$ 627,547
CHANGE IN NET POSITION	\$ (496)
NET POSITION, BEGINNING OF YEAR	110,264
NET POSITION, END OF YEAR	\$ 109,768

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2025

I. Summary of Significant Accounting Policies

The financial statements of the Cortland Enlarged City School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement No. 61 *The Financial Reporting Entity*. 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 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 review of certain entities included in the District's reporting entity.

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held for various student organizations in the Custodial Fund.

(I.) (Continued)

B. Joint Venture

The District is one of several component school districts in the Onondaga-Cortland-Madison Board of Cooperative Educational Services (BOCES). The BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in 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, the District was billed \$8,852,673 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$2,293,783.

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

C. Basis of Presentation

1. District-wide Statements

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

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

(I.) (Continued)

2. **Fund 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. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following governmental funds:

a. **Major Governmental Funds** –

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

Capital Projects Fund - This fund is used to account for the financial resources used for acquisition of school buses.

b. **Nonmajor Governmental Funds** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

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

School Lunch Fund - Used to account for transactions of the District's lunch, breakfast and milk programs.

Miscellaneous Special Revenue Fund - This fund accounts for and reports those revenues that are restricted or committed to expenditures for specified purposes.

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

Permanent Fund - Used to account for and report resources that are legally restricted to the extent that earnings, not principle, may be used for purposes that benefit the District.

c. **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 in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

Custodial Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

(I.) (Continued)

D. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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.

The fund financial 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.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than August 1, and become a lien on August 8, 2024. Taxes are collected during the period September 1, 2024 to February 28, 2025.

The City of Cortland and Counties of Cortland and Tompkins, in which the District is located, enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the counties and City to the District within two years from the return of unpaid taxes to the counties and City. Real property taxes receivable expected to be collected within 60 days of year end, less similar amounts collected during this period in the preceding year are recognized as revenues. Otherwise, deferred revenues offset real property taxes receivable.

F. Restricted Resources

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

(I.) (Continued)

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. 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 expenditures and revenues to provide financing or other services.

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.

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 IX for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H. Estimates

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

I. Cash and Cash Equivalents

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 the date of acquisition.

New York State Law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

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

Investments are stated at fair value.

(I.) (Continued)

J. Receivables

Receivables are shown net of an allowance for uncollectible accounts, when applicable.

No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Inventory and Prepaid Items

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

Prepaid items represent payments made by the 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.

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

L. Capital Assets

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

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

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	25-50 Years
Improvements	\$ 5,000	SL	20-50 Years
Machinery & Equipment	\$ 1,000	SL	3-20 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

(I.) (Continued)

M. Right To Use Assets

The District-wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 4 and 5 years based on the contract terms and/or estimated replacement of the assets.

N. Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

O. 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 (expenses/expenditure) until that time.

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.

P. Vested Employee Benefits

1. Compensated Absences

The District, based on policy and/or various negotiated labor or employment contracts, recognizes a liability for compensated absences for leave time that:

- (i) has been earned for services previously rendered by employees.
- (ii) has accumulated and is allowed to be carried over into subsequent years.
- (iii) is more likely than not to be used as time off or settled (for example paid in cash to the employee or as a payment to an employee 403b or medical spending account) during or upon separation from employment.

Based on the criteria listed, only vacation leave, sick leave and sick leave banks meet the qualifications to be recognized as a liability for compensated absences. The total long-term estimated liability for compensated absences is reported as incurred in the District-wide financial statements. The short-term liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

(I.) (Continued)

Consistent with GASB Statement 101, Compensated Absences, the liability has been calculated using the more likely than not to be used as leave or settled at separation method with the compensated absences liability being calculated based on the pay rates in effect at year end.

Q. Other Benefits

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

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

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be 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.

R. Short-Term Debt

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

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

S. Accrued Liabilities and Long-Term Obligations

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

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

(I.) (Continued)

T. **Equity Classifications**

1. **District-wide Statements**

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

- a. **Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- b. **Restricted Net Position** - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

On the Statement of Net Position the following balances represent the restricted for other purposes:

	<u>Total</u>
Workers' Compensation Reserve	\$ 388,522
Unemployment Costs	73,632
Retirement Contribution - TRS	867,714
Retirement Contribution - ERS	876,683
Insurance Reserve	114,551
Tax Certiorari Reserve	422,162
Repair Reserve	683,192
Scholarships	432,152
Employee Benefit Accrued Liability Reserve	<u>620,705</u>
Total Net Position - Restricted for	
Other Purposes	<u>\$ 4,479,313</u>

- c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications . The reported deficit of \$104,203,972 at year end is the result of full implementation of GASB #75 regarding retiree health obligations and the New York State Pension system unfunded pension obligation.

2. **Fund Statements**

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

- a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes:

(I.) (Continued)

	<u>Total</u>
Inventory in School Lunch	\$ 15,598
Permanent Fund Endowment	188,781
Total Nonspendable Fund Balance	<u>\$ 204,379</u>

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

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. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The Reserve is accounted for in the General Fund under restricted fund balance. Year-end balance is as follows:

<u>Name of Reserve</u>	<u>Maximum Funding</u>	<u>Total Funding Provided</u>	<u>Total Year to Date Balance</u>
Capital Reserve	\$ 10,000,000	\$ 6,429,002	\$ 3,093,764

Reserve for Debt Service - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

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

(I.) (Continued)

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

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

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Teachers' Retirement Reserve – General Municipal Law §6-r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous years TRS salary.

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

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

(I.) (Continued)

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

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

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Workers' Compensation Reserve	\$ 388,522
Unemployment Costs	73,632
Retirement Contribution - ERS	876,683
Retirement Contribution - TRS	867,714
Insurance Reserve	114,551
Tax Certiorari Reserve	422,162
Repair Reserve	683,192
Capital Reserves	3,093,764
Employee Benefit Accrued Liability Reserve	620,705
<u>Capital Projects Fund -</u>	
Capital Projects	1,924,216
<u>Miscellaneous Special Revenue Fund -</u>	
Scholarships	237,109
<u>Permanent Fund -</u>	
Fund Balance	6,262
<u>Debt Service Fund -</u>	
Debt Service Reserve	2,301,181
Total Restricted Fund Balance	<u><u>\$ 11,609,693</u></u>

(I.) (Continued)

The District appropriated and/or budgeted funds from the following reserves for the 2025-26 budget:

	<u>Total</u>
Unemployment Costs	\$ 10,000
Retirement Contribution - ERS	742,170
Retirement Contribution - TRS	745,000
Repair	120,000
Workers' Compensation	145,000
Employee Benefit Accrued Liability	310,966
Total	<u>\$ 2,073,136</u>

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

d. **Assigned Fund Balance** – Includes amounts that are constrained by the District’s intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District’s purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

Management has determined significant encumbrances for the General Fund to be \$75,000, the Capital Projects Fund to be \$21,000, and the Special Aid Fund to be \$16,000. The District reports the following significant encumbrances:

<u>General Fund -</u>	
General Support	\$ 149,098
Instruction	119,637
<u>Capital Projects Fund -</u>	
Capital Improvements	\$ 4,826,687
<u>Special Aid Fund -</u>	
Instructional	\$ 20,959

Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 218,929
General Fund - Appropriated for Taxes	2,361,800
School Lunch Fund - Year End Equity	1,344,398
Total Assigned Fund Balance	<u>\$ 3,925,127</u>

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

(I.) (Continued)

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school 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 balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

3. Order of Use of Fund Balance

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

U. New Accounting Standards

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

GASB has issued Statement No. 101, *Compensated Absences*.

GASB has issued Statement No. 102, *Certain Risk Disclosures*.

V. Future Changes in Accounting Standards

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, which will be effective for fiscal years beginning after June 15, 2025.

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, which will be effective for fiscal years beginning after June 15, 2025.

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.

II. Restatement of Net Position/Fund Balance

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. The restatement is noted on the Statement of Activities and the Statement of Revenue, Expenditures, and Changes in Fund Balance.

III. Changes in Accounting Principles

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. The implementation of the statement changes the reporting for compensated absences. See Note II for the financial statement impact of implementation of the Statement.

IV. Stewardship, Compliance and Accountability

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

A. Budgets

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

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The budget was increased \$37,621 for carry over encumbrances, and \$150,000 for use of insurance reserve for lawsuit settlement, \$700,000 for a capital project, and \$40,370 for CPSE budget update.

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

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

B. 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.

(IV.) (Continued)

C. Deficit Net Position

The District-wide unrestricted net position had a deficit at June 30, 2025 of \$44,906,472. The deficit is the result of the implementation of GASB Statement 75, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, which required the recognition of an unfunded liability of \$94,924,708 at June 30, 2025. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

D. Deficit Fund Balance – Capital Projects Fund

The Capital Projects Fund had a deficit fund balance of \$9,538,603 at June 30, 2025, which is a result of bond anticipation notes which are used as a temporary means of financing capital projects. These proceeds are not recognized as revenue but merely serve to provide cash to meet expenditures. This results in the creation of a fund deficit which will remain until the notes are replaced by permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations).

V. Cash and Cash Equivalents

Credit risk: In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

Concentration of Credit risk: To promote competition in rates and service cost, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District’s investment policy limits the amounts that may be deposited with any one financial institution.

Interest rate risk: The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates

The District’s aggregate bank balances included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$ -
Collateralized with Securities held by the Pledging	
Financial Institution	3,238,598
Collateralized within Trust Department or Agent	14,550,742
Total	\$ 17,789,340

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end includes \$11,609,693 within the governmental funds and \$109,768 in the fiduciary funds.

VI. Investments

The District has few investments (primarily donated scholarship funds) and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

- A. Insured or registered, or investments held by the District or by the District's agent in the District's name, or
- B. Uninsured and unregistered, with the investments held by the financial institutes trust department in the District's name, or
- C. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District's name.

<u>Investments</u>	<u>Fund</u>	<u>Carrying Amount</u>	<u>Unrealized Investment Gain/(Loss)</u>	<u>Type of Investment</u>	<u>Category</u>
Aqua America, Inc.	Permanent Fund	\$ 24,141	\$ -	Common Stock	A
Techno Corp.	Permanent Fund	\$ 164,640	\$ -	Common Stock	A
Metlife	Misc Special Revenue Fund	\$ 117,494	\$ -	Common Stock	A

VII. Investment Pool

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year end are \$4,079,345, which consisted of \$1,104,279 in repurchase agreements, \$2,807,813 in U.S. Treasury Securities, \$37,122 in FDIC insured deposits and \$130,131 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Amount</u>	<u>Carrying Amount</u>	<u>Type of Investment</u>
General	\$ 4,079,345	\$ 4,079,345	CLASS

VIII. Receivables

Receivables at June 30, 2025 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>General</u> <u>Fund</u>	<u>Capital Projects</u> <u>Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
Accounts Receivable	\$ 263,096	\$ -	\$ 374,147	\$ 637,243
Due From State and Federal	1,048,907	1,392,448	1,629,803	4,071,158
Due From Other Governments	1,355,746	-	-	1,355,746
Taxes Receivable	954,801	-	-	954,801
Total Receivables	\$ 3,622,550	\$ 1,392,448	\$ 2,003,950	\$ 7,018,948

District management has deemed the amounts to be fully collectible.

IX. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2025 were as follows:

	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 2,637,713	\$ -	\$ -	\$ 854,815
Capital Projects Fund	-	893,754	800,000	-
Nonmajor Funds	573,700	2,317,659	54,815	-
Total	\$ 3,211,413	\$ 3,211,413	\$ 854,815	\$ 854,815

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

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

X. Capital Assets and Lease Assets

A. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 503,239	\$ -	\$ -	\$ 503,239
Work in progress	10,324,789	12,157,150	554,313	21,927,626
<i>Total Nondepreciable</i>	<u>\$ 10,828,028</u>	<u>\$ 12,157,150</u>	<u>\$ 554,313</u>	<u>\$ 22,430,865</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 92,788,451	\$ 200,000	\$ 135,180	\$ 92,853,271
Machinery and equipment	8,464,288	712,715	687,003	8,490,000
<i>Total Depreciated Assets</i>	<u>\$ 101,252,739</u>	<u>\$ 912,715</u>	<u>\$ 822,183</u>	<u>\$ 101,343,271</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 34,634,176	\$ 2,803,137	\$ 130,453	\$ 37,306,860
Machinery and equipment	5,425,570	480,706	513,196	5,393,080
<i>Total Accumulated Depreciation</i>	<u>\$ 40,059,746</u>	<u>\$ 3,283,843</u>	<u>\$ 643,649</u>	<u>\$ 42,699,940</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 61,192,993</u>	<u>\$ (2,371,128)</u>	<u>\$ 178,534</u>	<u>\$ 58,643,331</u>
Total Capital Assets	<u>\$ 72,021,021</u>	<u>\$ 9,786,022</u>	<u>\$ 732,847</u>	<u>\$ 81,074,196</u>

B. Lease Assets

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

<u>Type</u>	<u>Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>
<u>Lease Assets:</u>				
Equipment	\$ 2,156,180	\$ 904,454	\$ 605,019	\$ 2,455,615
<i>Total Lease Assets</i>	<u>\$ 2,156,180</u>	<u>\$ 904,454</u>	<u>\$ 605,019</u>	<u>\$ 2,455,615</u>
<u>Less Accumulated Amortization -</u>				
Equipment	\$ 1,100,554	\$ 746,499	\$ 605,019	\$ 1,242,034
<i>Total Accumulated Amortization</i>	<u>\$ 1,100,554</u>	<u>\$ 746,499</u>	<u>\$ 605,019</u>	<u>\$ 1,242,034</u>
<i>Total Lease Assets, Net</i>	<u>\$ 1,055,626</u>	<u>\$ 157,955</u>	<u>\$ -</u>	<u>\$ 1,213,581</u>

C. Other capital assets (net of depreciation and amortization):

Depreciated Capital Assets (net)	\$ 58,643,331
Amortized Lease Assets (net)	1,213,581
Total Other Capital Assets (net)	<u>\$ 59,856,912</u>

(X.) (Continued)

D. Depreciation/Amortization expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General Government Support	\$ 179,484	\$ -	\$ 179,484
Instruction	2,710,759	746,499	3,457,258
Pupil Transportation	370,083	-	370,083
School Lunch	23,517	-	23,517
Total Depreciation and Amortization Expense	\$ 3,283,843	\$ 746,499	\$ 4,030,342

XI. Short-Term Debt

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>
RAN	10/10/2025	4.34%	\$ -	\$ 4,500,000	\$ -	\$ 4,500,000
RAN	10/11/2024	4.50%	3,000,000	-	3,000,000	-
BAN	7/11/2025	4.50%	-	16,570,000	-	16,570,000
BAN	7/11/2025	3.85%	-	5,000,000	-	5,000,000
BAN	7/12/2024	4.75%	9,000,000	-	9,000,000	-
Total Short-Term Debt			\$ 12,000,000	\$ 26,070,000	\$ 12,000,000	\$ 26,070,000

Interest on short-term debt for June 30, 2025 was composed of:

Interest Paid	\$ 466,062
Less: Interest Accrued in the Prior Year	(413,938)
Plus: Interest Accrued in the Current Year	913,169
Total Short-Term Interest Expense	\$ 965,293

XII. Long-Term Debt Obligations

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

	<u>Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
<u>Bonds and Notes Payable -</u>					
Serial Bonds Payable	\$ 14,841,620	\$ 8,812,600	\$ 3,866,620	\$ 19,787,600	\$ 4,707,600
Unamortized Bond Premium	2,550,205	642,444	402,209	2,790,440	445,039
Lease Liability	395,784	350,163	368,929	377,018	255,271
Total Bonds and Notes Payable	\$ 17,787,609	\$ 9,805,207	\$ 4,637,758	\$ 22,955,058	\$ 5,407,910
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 3,578,686	\$ -	\$ 1,028,565	\$ 2,550,121	\$ -
OPEB Liability	100,830,125	-	5,905,417	94,924,708	-
Retainage Payable	234,169	136,705	-	370,874	370,874
Compensated Absences *	6,278,301	-	27,462	6,250,839	198,399
Total Other Liabilities	\$ 110,921,281	\$ 136,705	\$ 6,961,444	\$ 104,096,542	\$ 569,273
Total Long-Term Obligations	\$ 128,708,890	\$ 9,941,912	\$ 11,599,202	\$ 127,051,600	\$ 5,977,183

* The change in compensated absences above is a net change for the year.

(XII.) (Continued)

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2025</u>
Serial Bonds -					
Buses	\$ 529,000	2021	2025	1.25%	\$ 110,000
Construction	\$ 24,560,000	2014	2026	2.000%-5.000%	2,665,000
Construction	\$ 3,300,000	2014	2029	2.000%-5.000%	1,140,000
SED Project	\$ 4,270,000	2021	2035	4.000%-5.000%	3,355,000
Construction	\$ 4,740,000	2018	2032	5.00%	2,805,000
Buses	\$ 399,000	2022	2027	1.125%-1.250%	165,000
Buses	\$ 452,000	2023	2028	2.4%-3.9%	280,000
Buses	\$ 551,620	2024	2029	4.375%-4.500%	455,000
Construction	\$ 8,025,000	2025	2040	5.00%	8,025,000
Buses	\$ 787,600	2025	2030	3.75%-4.00%	787,600
Total Serial Bonds					\$ 19,787,600
Leases -					
Lease - IT Equipment	\$ 397,146	2023	2026	4.39%	\$ 138,592
Lease - IT Equipment	\$ 350,163	2024	2027	4.42%	238,426
Total Leases					\$ 377,018

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>		<u>Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 4,707,600	\$ 1,077,610	\$ 255,271	\$ 15,895
2027	1,765,000	723,585	121,747	5,480
2028	1,745,000	642,641	-	-
2029	1,735,000	560,450	-	-
2030	1,380,000	478,450	-	-
2031-35	5,445,000	1,487,450	-	-
2036-40	3,010,000	428,250	-	-
Total	\$ 19,787,600	\$ 5,398,436	\$ 377,018	\$ 21,375

Interest on long-term debt for June 30, 2025 was composed of:

Interest Paid	\$ 734,996
Less: Interest Accrued in the Prior Year	(35,443)
Less: Bond Premium Amortization	(402,209)
Plus: Interest Accrued in the Current Year	72,710
Total Long-Term Interest Expense	\$ 370,054

XIII. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 8,287,077	\$ 3,638,505
OPEB	6,177,879	20,143,478
Total	<u>\$ 14,464,956</u>	<u>\$ 23,781,983</u>

XIV. Pension Plans

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). 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.

B. Provisions and Administration

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

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

(XIV.) (Continued)

C. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3.0% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year .

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2025:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ 779,975	\$ 2,182,193

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Net pension asset/(liability)	\$ (2,550,121)	\$ 2,716,111
District's portion of the Plan's total net pension asset/(liability)	0.0148732%	0.0910340%

For the year ended June 30, 2025, the District recognized pension expenses of \$582,420 for ERS and \$1,656,954 for TRS. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(XIV.) (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 632,957	\$ 2,924,753	\$ 29,857	\$ -
Changes of assumptions	106,947	1,624,785	-	273,304
Net difference between projected and actual earnings on pension plan investments	200,075	-	-	3,017,831
Changes in proportion and differences between the District's contributions and proportionate share of contributions	170,211	478,149	201,727	115,786
Subtotal	<u>\$ 1,110,190</u>	<u>\$ 5,027,687</u>	<u>\$ 231,584</u>	<u>\$ 3,406,921</u>
District's contributions subsequent to the measurement date	277,647	1,871,553	-	-
Grand Total	<u>\$ 1,387,837</u>	<u>\$ 6,899,240</u>	<u>\$ 231,584</u>	<u>\$ 3,406,921</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2026	\$ 444,214	\$ (1,262,245)
2027	655,609	3,427,465
2028	(210,264)	(483,271)
2029	(10,953)	(590,171)
2030	-	368,135
Thereafter	-	160,853
Total	<u>\$ 878,606</u>	<u>\$ 1,620,766</u>

E. Actuarial Assumptions

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

(XIV.) (Continued)

	<u>ERS</u>	<u>TRS</u>
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%	4.40%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2022. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2022.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2025 for ERS and June 30, 2024 for TRS are summarized as follows:

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
<u>Asset Type -</u>		
Domestic equity	3.54%	6.60%
International equity	6.57%	7.40%
Global equity	7.25%	6.90%
Private equity	4.95%	10.00%
Real estate	5.25%	6.30%
Opportunistic portfolios	5.55%	n/a
Real assets	5.79%	n/a
Global bonds	0.25%	2.50%
Cash	0.25%	0.50%
Private debt	n/a	5.90%
Real estate debt	n/a	3.90%
High-yield bonds	n/a	4.80%
Domestic fixed income	n/a	2.60%
Fixed income	2.00%	n/a
Credit	5.40%	n/a

The real rate of return is net of the long-term inflation assumption of 2.90% for ERS and 2.40% for TRS.

(XIV.) (Continued)

F. Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.90% for ERS and 7.95% for TRS) than the current assumption :

<u>ERS</u>	<u>1% Decrease (4.90%)</u>	<u>Current Assumption (5.90%)</u>	<u>1% Increase (6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (7,380,372)	\$ (2,550,121)	\$ 1,483,141

<u>TRS</u>	<u>1% Decrease (5.95%)</u>	<u>Current Assumption (6.95%)</u>	<u>1% Increase (7.95%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (12,545,874)	\$ 2,716,111	\$ 15,551,850

H. Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	<u>(In Thousands)</u>	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Employers' total pension liability	\$ 247,600,239	\$ 142,837,827
Plan net position	230,454,512	145,821,435
Employers' net pension asset/(liability)	<u>\$ (17,145,727)</u>	<u>\$ 2,983,608</u>
Ratio of plan net position to the employers' total pension asset/(liability)	93.08%	102.10%

(XIV.) (Continued)

I. Payables to the 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 \$277,647 .

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 \$2,182,193.

XV. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms – At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	344
Active Employees	<u>404</u>
Total	<u>748</u>

B. Total OPEB Liability

The District's total OPEB liability of \$94,924,708 was measured as of July 1, 2024, and was determined by an actuarial valuation as of that date.

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

(XV.) (Continued)

Inflation	2.60%
Salary Increases	3.25%, average, including inflation
Discount Rate	3.93%
Healthcare Cost Trend Rates	Initial rate of 6.5% decreasing to an ultimate rate of 4.04%
Retirees' Share of Benefit-Related Costs	Varies depending on contract

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

Mortality rates were based on the Pub-2010 Mortality Tables, sex distinct, job category specific, head count weighted, and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

C. Changes in the Total OPEB Liability

Balance at June 30, 2024	<u>\$ 100,830,125</u>
<u>Changes for the Year -</u>	
Service cost	\$ 3,196,408
Interest	3,743,795
Differences between expected and actual experience	(2,909,377)
Changes in assumptions or other inputs	(7,022,605)
Benefit payments	(2,913,638)
Net Changes	<u>\$ (5,905,417)</u>
Balance at June 30, 2025	<u>\$ 94,924,708</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2024 to 3.93% in 2025. Updated the long-term trend table to the Getzen v1b long-term trend table. Updated the surviving spouse participation rate from 20% to 50%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current discount rate:

	1% Decrease	Discount	1% Increase
	<u>(2.93%)</u>	<u>Rate</u>	<u>(4.93%)</u>
		<u>(3.93%)</u>	
Total OPEB Liability	\$ 111,171,771	\$ 94,924,708	\$ 81,929,972

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

(XV.) (Continued)

	1% Decrease (5.50% Decreasing to 3.04%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.04%)	1% Increase (7.50% Decreasing to 5.04%)
Total OPEB Liability	\$ 80,804,229	\$ 94,924,708	\$ 113,093,611

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$2,562,885. 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	\$ -	\$ 7,532,605
Changes of assumptions	2,921,244	12,610,873
Contributions after measurement date	3,256,635	-
Total	\$ 6,177,879	\$ 20,143,478

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

<u>Year</u>	
2026	\$ (3,790,717)
2027	(4,679,174)
2028	(4,843,126)
2029	(2,175,168)
2030	(1,668,275)
Thereafter	(65,774)
Total	\$ (17,222,234)

XVI. Risk Management

A. General Information

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

(XVI.) (Continued)

B. Health Insurance

The District is a Participant in The Cooperative Health Insurance Fund of Central New York (Plan). The Plan was formed under Article 5-G of the New York State Municipal Law in 1985. The Plan is a non-risk-retained public entity risk pool for its employees' health insurance coverage. The pool is operated for the benefit of the twenty-nine (29) municipal corporations located within the pool's geographic area. The Plan contracts with an insurance company to provide services for all of its members. The Plan negotiates and approves annual contracts from the insurance company for the Participants' health insurance needs. The District is billed directly and pays the monthly premiums to the Plan for this health insurance coverage.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. During the year ended June 30, 2025, the District incurred premiums or contribution expenditures totaling \$8,973,707. The Plan was fully funded as of the last audit.

C. Workers' Compensation

The District is a Participant of the Onondaga-Cortland-Madison Workers' Compensation Consortium (the Plan). The Plan is sponsored by the Onondaga-Cortland-Madison Counties Board of Cooperative Educational Services (OCM BOCES) and its component districts. The Plan's objectives are to furnish workers' compensation benefits to Participants at a significant cost savings and to provide for risk management to reduce future liability for workers compensation. Membership in the Plan may be offered to only municipal corporations (city, town, village, fire district, school district or board of cooperative educational services - BOCES). Current membership of the Plan includes Participants from thirty (30) municipal corporations.

Voluntary withdrawal from the Plan is subject to the following constraints:

1. Notice on intention to withdraw must be given in writing to the Fiscal Officer prior to January 1 of the fiscal year, effective the next June 30.
2. Once withdrawn from the plan, the Participant is responsible for actual expenses and recognition of any claims/expenses incurred at the time of withdrawal but not yet paid.
3. Participant is not entitled to any share of the Plan surplus.

The Plan is administered by OCM BOCES and utilizes a third-party administrator who is responsible for processing claims, estimating liabilities and providing actuarial services. The Plan participants are charged an annual assessment which is allocated in light of comparative experience and relative exposure based on the estimated total liability of the participating members actuarially computed each year.

(XVI.) (Continued)

The Plan purchases, on an annual basis, stop-loss insurance to limit exposure for claims paid. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the period in which they are made. During the year ended June 30, 2025, the District incurred premiums or contribution expenditures totaling \$181,821.

D. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2024-25 fiscal year totaled \$16,822. The balance of the fund at June 30, 2025 was \$73,632 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2025, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XVII. Commitments and Contingencies

A. Litigation

The District has received one notice of claim which is in the discovery phase and the outcome cannot be determined at this time.

B. Grants

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

XVIII. Tax Abatement

The County of Cortland IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result the district property tax revenue was reduced \$520,958. The District received payment in lieu of tax (PILOT) payments totaling \$163,406 to help offset the property tax reduction.

XIX. Subsequent Event

A. On July 10, 2025 the District borrowed a construction Bond Anticipation Note in the amount of \$27,300,000 at 4.00% which matures July 10, 2026.

B. On August 28, 2025 the District issued a Serial Bond for bus purchases in the amount of \$620,000 at 3.96%.

Required Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Schedule of Changes in District's Total OPEB Liability and Related Ratio
For The Year Ended June 30, 2025

	TOTAL OPEB LIABILITY							
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 3,196,408	\$ 3,419,731	\$ 3,946,263	\$ 4,052,559	\$ 3,269,815	\$ 3,570,360	\$ 4,587,124	\$ 6,075,083
Interest	3,743,795	3,555,171	2,458,349	2,429,344	3,560,051	3,941,893	4,402,903	3,822,045
Changes in benefit terms	-	-	-	(82,904)	(3,832,071)	(3,547,239)	(413,435)	-
Differences between expected and actual experiences	(2,909,377)	-	(6,794,383)	-	(13,374,441)	-	(21,948,121)	(18,002,723)
Changes of assumptions or other inputs	(7,022,605)	(1,816,707)	(10,837,365)	1,318,542	20,317,729	(1,437,354)	(3,750,860)	-
Benefit payments	(2,913,638)	(2,673,811)	(2,713,966)	(2,606,382)	(2,422,591)	(2,315,616)	(2,296,407)	(2,124,442)
Net Change in Total OPEB Liability	\$ (5,905,417)	\$ 2,484,384	\$ (13,941,102)	\$ 5,111,159	\$ 7,518,492	\$ 212,044	\$ (19,418,796)	\$ (10,230,037)
Total OPEB Liability - Beginning	\$ 100,830,125	\$ 98,345,741	\$ 112,286,843	\$ 107,175,684	\$ 99,657,192	\$ 99,445,148	\$ 118,863,944	\$ 129,093,981
Total OPEB Liability - Ending	\$ 94,924,708	\$ 100,830,125	\$ 98,345,741	\$ 112,286,843	\$ 107,175,684	\$ 99,657,192	\$ 99,445,148	\$ 118,863,944
Covered Employee Payroll	\$ 23,655,123	\$ 24,063,753	\$ 19,094,321	\$ 21,226,602	\$ 22,810,688	\$ 23,060,798	\$ 23,218,578	\$ 21,705,853
Total OPEB Liability as a Percentage of Covered								
Employee Payroll	401.29%	419.01%	515.05%	528.99%	469.85%	432.15%	428.30%	547.61%

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
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
For The Year Ended June 30, 2025

NYSERS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.0149%	0.0168%	0.0147%	0.0148%	0.0144%	0.0141%	0.0151%	0.0154%	0.0152%	0.0158%
Proportionate share of the net pension liability (assets)	\$ 2,550,121	\$ 2,473,259	\$ 3,146,287	\$ (1,206,501)	\$ 14,341	\$ 3,745,293	\$ 1,072,944	\$ 496,425	\$ 1,425,583	\$ 2,538,034
Covered-employee payroll	\$ 5,166,623	\$ 5,127,329	\$ 4,343,143	\$ 4,320,104	\$ 4,710,644	\$ 4,498,326	\$ 4,536,304	\$ 4,645,689	\$ 4,587,530	\$ 4,416,615
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	49.358%	48.237%	72.443%	(27.928%)	0.304%	83.260%	23.652%	10.686%	31.075%	57.466%
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										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.0910%	0.0967%	0.0937%	0.0960%	0.1023%	0.1061%	0.1097%	0.1125%	0.1129%	0.1106%
Proportionate share of the net pension liability (assets)	\$ (2,716,111)	\$ 1,105,427	\$ 1,797,090	\$ (16,639,637)	\$ 2,828,132	\$ (2,757,316)	\$ (1,983,239)	\$ (855,416)	\$ 1,208,966	\$ (11,490,559)
Covered-employee payroll	\$ 18,511,895	\$ 17,370,176	\$ 18,748,857	\$ 17,234,093	\$ 16,615,719	\$ 17,645,793	\$ 17,939,015	\$ 17,984,187	\$ 17,551,132	\$ 16,808,753
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	(14.672%)	6.364%	9.585%	(96.551%)	17.021%	(15.626%)	(11.055%)	(4.756%)	6.888%	(68.361%)
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
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
For The Year Ended June 30, 2025

NYSERS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 779,975	\$ 639,599	\$ 478,590	\$ 660,511	\$ 654,163	\$ 623,461	\$ 646,522	\$ 656,420	\$ 647,257	\$ 767,850
Contributions in relation to the contractually required contribution	(779,975)	(639,599)	(478,590)	(660,511)	(654,163)	(623,461)	(646,522)	(656,420)	(647,257)	(767,850)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 5,166,623	\$ 5,127,329	\$ 4,343,143	\$ 4,320,104	\$ 4,710,644	\$ 4,498,326	\$ 4,536,304	\$ 4,645,689	\$ 4,587,530	\$ 4,416,615
Contributions as a percentage of covered-employee payroll	15.10%	12.47%	11.02%	15.29%	13.89%	13.86%	14.25%	14.13%	14.11%	17.39%
NYSTRS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	2,182,193	\$ 1,936,584	\$ 2,051,681	\$ 1,878,921	\$ 1,738,432	\$ 1,701,874	\$ 2,015,557	\$ 2,090,133	\$ 2,309,646	\$ 2,913,063
Contributions in relation to the contractually required contribution	(2,182,193)	(1,936,584)	(2,051,681)	(1,878,921)	(1,738,432)	(1,701,874)	(2,015,557)	(2,090,133)	(2,309,646)	(2,913,063)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 18,511,895	\$ 17,370,176	\$ 18,748,857	\$ 17,234,093	\$ 16,615,719	\$ 17,645,793	\$ 17,939,015	\$ 17,984,187	\$ 17,551,132	\$ 16,808,753
Contributions as a percentage of covered-employee payroll	11.79%	11.15%	10.94%	10.90%	10.46%	9.64%	11.24%	11.62%	13.16%	17.33%

(See Independent Auditors' Report)

Required Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2025

	<u>Original</u>	<u>Amended</u>	<u>Current</u>	<u>Over (Under)</u>
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Revised</u>
			<u>Revenues</u>	<u>Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 19,328,429	\$ 17,625,962	\$ 17,228,955	\$ (397,007)
Real property tax items	224,124	1,926,591	1,902,567	(24,024)
Charges for services	51,000	91,370	117,036	25,666
Use of money and property	333,700	333,700	562,740	229,040
Sale of property and compensation for loss	6,000	6,000	18,609	12,609
Miscellaneous	811,607	811,607	1,391,968	580,361
State Sources -				
Basic formula	27,878,415	27,878,415	24,791,288	(3,087,127)
Lottery aid	2,300,000	2,300,000	5,122,023	2,822,023
BOCES	2,580,000	2,580,000	2,293,783	(286,217)
Textbooks	164,897	164,897	99,712	(65,185)
All Other Aid -				
Computer software	37,978	37,978	50,829	12,851
Library loan	-	-	13,206	13,206
Other aid	112,000	112,000	96,000	(16,000)
Federal Sources	150,000	150,000	154,994	4,994
TOTAL REVENUES	<u>\$ 53,978,150</u>	<u>\$ 54,018,520</u>	<u>\$ 53,843,710</u>	<u>\$ (174,810)</u>
Appropriated reserves	<u>\$ 1,182,000</u>	<u>\$ 2,032,000</u>		
Appropriated fund balance	<u>\$ 975,000</u>	<u>\$ 975,000</u>		
Prior year encumbrances	<u>\$ 37,621</u>	<u>\$ 37,621</u>		
TOTAL REVENUES AND				
APPROPRIATED RESERVES/				
FUND BALANCE	<u><u>\$ 56,172,771</u></u>	<u><u>\$ 57,063,141</u></u>		

Required Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2025

	Original	Amended	Current		Unencumbered
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Encumbrances</u>	<u>Balances</u>
EXPENDITURES			<u>Expenditures</u>		
General Support -					
Board of education	\$ 58,000	\$ 81,500	\$ 69,161	\$ 210	\$ 12,129
Central administration	258,526	269,323	266,897	-	2,426
Finance	577,701	686,108	636,748	-	49,360
Staff	184,849	310,801	295,250	-	15,551
Central services	2,931,123	3,245,033	2,960,574	148,888	135,571
Special items	439,427	425,051	422,551	-	2,500
Instructional -					
Instruction, administration and improvement	1,732,576	1,774,631	1,758,337	2,890	13,404
Teaching - regular school	13,620,387	13,687,762	13,512,034	32,389	143,339
Programs for children with handicapping conditions	8,594,711	8,585,267	8,462,029	-	123,238
Occupational education	817,930	817,522	817,522	-	-
Teaching - special schools	126,977	77,260	77,260	-	-
Instructional media	1,638,311	1,910,744	1,846,136	33,697	30,911
Pupil services	2,594,748	2,526,497	2,401,148	230	125,119
Pupil Transportation	1,461,384	1,526,114	1,470,598	625	54,891
Community Services	165,949	158,675	158,675	-	-
Employee Benefits	15,309,547	14,249,246	13,565,200	-	684,046
Debt service - principal	4,320,000	4,665,549	4,665,549	-	-
Debt service - interest	1,175,625	1,201,058	1,201,058	-	-
TOTAL EXPENDITURES	<u>\$ 56,007,771</u>	<u>\$ 56,198,141</u>	<u>\$ 54,586,727</u>	<u>\$ 218,929</u>	<u>\$ 1,392,485</u>
Other Uses -					
Transfers - out	\$ 165,000	\$ 865,000	\$ 854,815	\$ -	\$ 10,185
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 56,172,771</u>	<u>\$ 57,063,141</u>	<u>\$ 55,441,542</u>	<u>\$ 218,929</u>	<u>\$ 1,402,670</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,597,832)</u>		
FUND BALANCE, BEGINNING OF YEAR, as previously reported	\$ 11,912,914	\$ 11,912,914	\$ 11,912,914		
Compensated absences adjustment	-	-	1,611,468		
FUND BALANCE, BEGINNING OF YEAR, as adjusted	<u>\$ 11,912,914</u>	<u>\$ 11,912,914</u>	<u>\$ 13,524,382</u>		
FUND BALANCE, END OF YEAR	<u><u>\$ 11,912,914</u></u>	<u><u>\$ 11,912,914</u></u>	<u><u>\$ 11,926,550</u></u>		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Schedule of Change From Adopted Budget To Final Budget
And The Real Property Tax Limit
For The Year Ended June 30, 2025

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget	\$ 56,135,150
Prior year's encumbrances	<u>37,621</u>
Original Budget	\$ 56,172,771
Budget revisions -	
DA Approved Use of Insurance Reserve (Settlement)	150,000
Voter Approved Capital Projects Fund Transfer	700,000
CPSE Budget Update	<u>40,370</u>
FINAL BUDGET	<u><u>\$ 57,063,141</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2025-26 voter approved expenditure budget	\$ 61,241,800
<u>Unrestricted fund balance:</u>	
Assigned fund balance	\$ 2,580,729
Unassigned fund balance	<u>2,204,896</u>
Total Unrestricted fund balance	<u>\$ 4,785,625</u>
<u>Less adjustments:</u>	
Appropriated fund balance	\$ 2,361,800
Encumbrances included in assigned fund balance	<u>218,929</u>
Total adjustments	<u>\$ 2,580,729</u>
General fund fund balance subject to Section 1318 of	
Real Property Tax Law	<u>2,204,896</u>
ACTUAL PERCENTAGE	<u><u>3.60%</u></u>

Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
Schedule of Project Expenditures
For The Year Ended June 30, 2025

<u>Project Title</u>	<u>Expenditures</u>					<u>Unexpended Balance</u>	<u>Methods of Financing</u>				<u>Fund Balance</u>
	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Obligations</u>	<u>Local Sources</u>	<u>State Sources</u>	<u>Total</u>	
Smart Schools Bond Act	\$ 2,270,295	\$ 2,270,295	\$ 1,995,960	\$ -	\$ 1,995,960	\$ 274,335	\$ -	\$ -	\$ 1,995,960	\$ 1,995,960	\$ -
2024-2025 Bus Purchases	787,600	787,600	-	624,451	624,451	163,149	787,600	-	-	787,600	163,149
7.7 M Security Capital Project	7,700,000	7,700,000	-	-	-	7,700,000	-	700,000	-	700,000	700,000
2024-2025 Capital Outlay	100,000	100,000	-	100,000	100,000	-	-	100,000	-	100,000	-
2023-2027 Capital Project	32,500,000	32,500,000	9,990,620	11,427,199	21,417,819	11,082,181	8,025,000	1,930,000	-	9,955,000	(11,462,819)
Barry Primary Project	6,500,000	6,500,000	-	138,933	138,933	6,361,067	-	1,200,000	-	1,200,000	1,061,067
Leases	350,163	350,163	-	350,163	350,163	-	350,163	-	-	350,163	-
TOTAL	\$ 50,208,058	\$ 50,208,058	\$ 11,986,580	\$ 12,640,746	\$ 24,627,326	\$ 25,580,732	\$ 9,162,763	\$ 3,930,000	\$ 1,995,960	\$ 15,088,723	\$ (9,538,603)

(See Independent Auditors' Report)

Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds				Debt	Total
	Special	School	Permanent	Miscellaneous	Debt	Nonmajor
	Aid	Lunch	Fund	Special Revenue	Service	Governmental
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS						
Cash and cash equivalents	\$ 184,401	\$ 1,536,407	\$ 6,262	\$ 111,233	\$ 1,736,263	\$ 3,574,566
Investments	-	-	188,781	117,494	-	306,275
Receivables	1,632,228	371,722	-	-	-	2,003,950
Inventories	-	15,598	-	-	-	15,598
Due from other funds	-	-	-	8,782	564,918	573,700
TOTAL ASSETS	<u>\$ 1,816,629</u>	<u>\$ 1,923,727</u>	<u>\$ 195,043</u>	<u>\$ 237,509</u>	<u>\$ 2,301,181</u>	<u>\$ 6,474,089</u>
LIABILITIES AND FUND BALANCES						
<u>Liabilities -</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ 400	\$ -	\$ 400
Accrued liabilities	-	12,497	-	-	-	12,497
Due to other funds	1,808,832	508,827	-	-	-	2,317,659
Due to other governments	7,797	134	-	-	-	7,931
Due to ERS	-	33,330	-	-	-	33,330
Unearned revenue	-	8,943	-	-	-	8,943
TOTAL LIABILITIES	<u>\$ 1,816,629</u>	<u>\$ 563,731</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 2,380,760</u>
<u>Fund Balances -</u>						
Nonspendable	\$ -	\$ 15,598	\$ 188,781	\$ -	\$ -	\$ 204,379
Restricted	-	-	6,262	237,109	2,301,181	2,544,552
Assigned	-	1,344,398	-	-	-	1,344,398
TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 1,359,996</u>	<u>\$ 195,043</u>	<u>\$ 237,109</u>	<u>\$ 2,301,181</u>	<u>\$ 4,093,329</u>
TOTAL LIABILITIES AND						
FUND BALANCES	<u>\$ 1,816,629</u>	<u>\$ 1,923,727</u>	<u>\$ 195,043</u>	<u>\$ 237,509</u>	<u>\$ 2,301,181</u>	<u>\$ 6,474,089</u>

Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2025

	Special Revenue Funds				Debt Service	Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund	Permanent Fund	Miscellaneous Special Revenue Fund	Fund	
REVENUES						
Charges for services	\$ -	\$ 4,400	\$ -	\$ -	\$ -	\$ 4,400
Use of money and property	-	2,112	(64,764)	25	53,474	(9,153)
Miscellaneous	7,124	559	-	32,518	-	40,201
State sources	1,057,838	348,517	-	-	-	1,406,355
Federal sources	2,074,089	1,676,873	-	-	-	3,750,962
Sales	-	216,608	-	-	-	216,608
TOTAL REVENUES	\$ 3,139,051	\$ 2,249,069	\$ (64,764)	\$ 32,543	\$ 53,474	\$ 5,409,373
EXPENDITURES						
General support	\$ -	\$ -	\$ -	\$ -	\$ 167,444	\$ 167,444
Instruction	3,156,198	-	-	-	-	3,156,198
Pupil transportation	13,643	-	-	-	-	13,643
Employee benefits	24,025	335,984	-	-	-	360,009
Cost of sales	-	1,190,425	-	-	-	1,190,425
Other expenses	-	854,782	-	24,396	-	879,178
TOTAL EXPENDITURES	\$ 3,193,866	\$ 2,381,191	\$ -	\$ 24,396	\$ 167,444	\$ 5,766,897
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (54,815)	\$ (132,122)	\$ (64,764)	\$ 8,147	\$ (113,970)	\$ (357,524)
OTHER FINANCING SOURCES (USES)						
Transfers - in	\$ 54,815	\$ -	\$ -	\$ -	\$ -	\$ 54,815
Premium on obligations issued	-	-	-	-	737,224	737,224
TOTAL OTHER FINANCING SOURCES (USES)	\$ 54,815	\$ -	\$ -	\$ -	\$ 737,224	\$ 792,039
NET CHANGE IN FUND BALANCE	\$ -	\$ (132,122)	\$ (64,764)	\$ 8,147	\$ 623,254	\$ 434,515
FUND BALANCE, BEGINNING OF YEAR	-	1,492,118	259,807	228,962	1,677,927	3,658,814
FUND BALANCE, END OF YEAR	\$ -	\$ 1,359,996	\$ 195,043	\$ 237,109	\$ 2,301,181	\$ 4,093,329

(See Independent Auditors' Report)

Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets/Right to Use Assets
For The Year Ended June 30, 2025

Capital assets/right to use assets, net		\$ 82,287,777
Add:		
Unspent bond proceeds	<u>\$ 163,149</u>	163,149
Deduct:		
Serial bond payable	\$ 19,787,600	
Lease Liability	377,018	
Unamortized bond premium	2,790,440	
Retainage payable	370,874	
Assets purchased with short-term financing	<u>11,462,819</u>	
		<u>34,788,751</u>
Net Investment in Capital Assets/Right to Use Assets		<u><u>\$ 47,662,175</u></u>

Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2025

<u>Grantor / Pass - Through Agency</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Agency Number</u>	<u>Total Expenditures</u>
<u>Federal Award Cluster / Program</u>			
<u>U.S. Department of Education:</u>			
<u>Passed Through NYS Education Department -</u>			
<u>Special Education Cluster IDEA -</u>			
Special Education - Grants to States (IDEA, Part B)	84.027	0032-25-0152	\$ 761,355
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-25-0152	40,081
<i>Total Special Education Cluster IDEA</i>			\$ 801,436
<u>Education Stabilization Funds -</u>			
ARP - ESSER 3-COVID-19	84.425U	5880-21-0560	\$ 219,093
<i>Total Education Stabilization Funds</i>			\$ 219,093
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-25-0560	50,530
Title IV - Student Support and Enrichment Program	84.424	0204-24-0560	10,215
Title IV - Student Support and Enrichment Program	84.424	0204-25-0560	44,607
Title V - Rural Education Achievement Program	84.358B	0006-24-0560	43,440
Title I - School Improvement Grant	84.010	0011-24-8174	199
Title I - School Improvement Grant	84.010	0011-25-8174	10,563
Title I - School Improvement Grant	84.010	0011-25-2174	99,558
Title I - Grants to Local Educational Agencies	84.010	0021-24-0560	9,370
Title I - Grants to Local Educational Agencies	84.010	0021-25-0560	785,078
Total U.S. Department of Education			\$ 2,074,089
<u>U.S. Department of Agriculture:</u>			
<u>Passed Through NYS Education Department -</u>			
<u>Child Nutrition Cluster -</u>			
National School Breakfast Program	10.553	110200010000	\$ 463,098
National School Lunch Program	10.555	110200010000	1,020,061
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	110200010000	136,278
Supply Chain Assistance-COVID-19	10.555	110200010000	4,872
Summer Food Service Program	10.559	110200010000	52,564
<i>Total Child Nutrition Cluster</i>			\$ 1,676,873
Total U.S. Department of Agriculture			\$ 1,676,873
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,750,962



BUSINESS
ADVISORS
AND CPAS

**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***

Independent Auditor's Report

To the Board of Education
Cortland Enlarged City School District, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cortland Enlarged City School District, New York (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 15, 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 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, Baw & Co. LLP

Rochester, New York
October 15, 2025