AUBURN ENLARGED CITY SCHOOL DISTRICT

Financial Statements and
Independent Auditor's Reports as of and
For the Year Ended June 30, 2025

Bonadio & Co., LLP
Accounting, Consulting & More

AUBURN ENLARGED CITY SCHOOL DISTRICT

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Bonadio & Co., LLP
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432 North Franklin Street, #60
Syracuse, NY 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

INDEPENDENT AUDITOR'S REPORT

November 18, 2025

To the Board of Education of the
Auburn Enlarged City School District:

Report on the Audit of the Financial Statements

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

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

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

Emphasis of Matter – Change in Accounting Principle
As discussed in Note 16 to the financial statements, during the year ended June 30, 2025, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences.* Our opinions are not modified with respect to this matter.

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

(Continued)

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund; Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios; Schedule of Proportionate Share of Net Pension Liability (Asset) and the Schedule of Contributions - Pension Plans 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 Combining Balance Sheet – Nonmajor Governmental Funds and Combining Statement of Revenue, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Balance Sheet – Nonmajor Governmental Funds, and Combining Statement of Revenue, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Original Budget to Revised Budget and Schedule of Section 1318 of the Real Property Tax Law Limit Calculation - General Fund, Schedule of Project Expenditures - Capital Projects Fund and the Schedule of Net Investment in Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bonadio & Co., LLP

The following is a discussion and analysis of the Auburn Enlarged City School District's (the District) financial performance. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements. The results of the current year are discussed 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 District's financial statements, which immediately follow this section.

Financial Highlights

- At June 30, 2025 total liabilities (what the District owes) exceeded its total assets (what the District owns) by $140,753,248 (net position) and at June 30, 2024 total liabilities exceeded total assets by $156,634,715 (as restated), an increase of $15,881,467 from 2024 to 2025. This increase in net position is primarily due to decreases in long-term obligations.

- Capital asset additions during fiscal 2025 amounted to approximately $11.9 million, primarily due to $11 million of capital project expenditures related to ongoing capital projects, approximately $399,000 in additions to buildings and site improvements, and approximately $210,000 of furniture and equipment purchases. In fiscal 2025 lease asset additions amounted to approximately $399,000.

- General revenue, which includes State aid, and property taxes accounted for $103,769,134 (or 89.8%) of all revenue. Program specific revenue in the form of Charges for Services and Operating Grants and Contributions accounted for $11,781,159 (or 10.2%) of total revenue.

- Total expenses in the District-wide financial statements totaled $99,668,826 and $93,609,726 in 2025 and 2024, respectively.

- As of the close of the fiscal year, the District's governmental funds reported a combined fund balance of $18,717,352, in 2025, a decrease of $8,843,313 from 2024 to 2025.

Overview of the Financial Statements

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

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

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

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

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

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

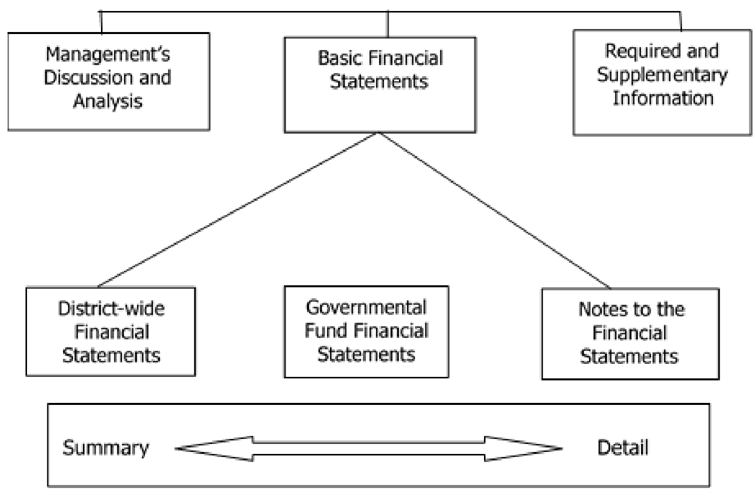


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

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

		Fund Financial Statements
	District-Wide	**Governmental Funds**
Scope	Entire District	The day-to-day operating activities of the District, such as instruction and special education
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred inflows/outflows of resources/liability information	All assets/deferred outflows and liabilities/inflows, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

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

The two District-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, 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.

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

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

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

- Capitalize current outlays for capital assets.

- Report long-term debt as a liability.

- Depreciate capital assets and allocate the depreciation to the proper function.

- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.

- Allocate net position balances as follows:

    - Net investment in capital assets.

    - Restricted net position includes resources with constraints placed on use by external sources or imposed by law.

    - Unrestricted net position is net position that does not meet any of the above restrictions.

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

The District has one type of fund:

- Governmental Funds: Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out of the District and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or less financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information in the reconciliation of the governmental fund statements explain the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund and the Capital Projects Fund. Required financial statements are the Balance Sheet and the Statement of Revenue, Expenditures, and Changes in Fund Balance.

Financial Analysis of the District as a Whole
Our analysis below focuses on the net position (Table A-3) and the change in net position (Table A-4) of the District-wide governmental activities.

Table A-3: Condensed Statements of Net Position - Governmental Activities

	Fiscal Year 2025	(As Restated) Fiscal Year 2024	Percent Change
Current and other assets	$ 47,808,330	$ 57,844,247	-17.3%
Non-current assets	102,809,465	89,957,861	14.3%
Total assets	150,617,795	147,802,108	1.9%
Deferred outflows of resources	20,848,509	25,194,468	-17.2%
Current liabilities	29,306,579	30,348,610	-3.4%
Long-term liabilities	213,255,035	237,919,819	-10.4%
Total liabilities	242,561,614	268,268,429	-9.6%
Deferred inflows of resources	69,657,938	61,362,862	13.5%
Net position:			
Net investment in capital assets	42,820,463	6,145,719	596.8%
Restricted	21,366,972	17,953,260	19.0%
Unrestricted	(204,940,683)	(180,733,694)	13.4%
Total net position	$ (140,753,248)	$(156,634,715)	-10.1%

Financial Analysis of the District as a Whole (Continued)

In Table A-3, total assets at June 30, 2025 were approximately $2.8 million higher than at June 30, 2024. Non-current assets increased approximately $12.9 million, due primarily an increase in capital asset additions during fiscal year 2025. Current assets decreased approximately $10.0 million, due to a decrease in cash at June 30, 2025 arising from current year activities of the District.

Deferred outflows of resources at June 30, 2025 were approximately $4.3 million lower than at June 30, 2024, due to a decrease in the other postemployment benefit (OPEB), ERS and TRS pension related deferred outflows of resources.

Total liabilities increased by approximately $25.7 million, due primarily to a decrease in long-term liabilities of approximately $24.7 million. The decrease in current liabilities is due to decreases in the ERS, TRS, OPEB and bonds payable liabilities.

Deferred inflows of resources at June 30, 2025 were approximately $8.3 million higher than at June 30, 2024, due to an increase in the other postemployment benefit (OPEB) and TRS deferred inflows of resources.

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

	Fiscal Year 2025	Fiscal Year 2024	Percent Change
Revenues:			
Program revenue -			
Charges for services	$ 264,697	$ 141,365	87.2%
Operating grants and contributions	11,516,462	13,876,326	-17.0%
General revenue -			
Taxes	36,171,430	35,655,980	1.4%
State sources	62,820,789	60,449,860	3.9%
Use of money and property	1,507,668	1,314,417	14.7%
Miscellaneous	3,269,247	2,870,156	13.9%
Total revenues	115,550,293	114,308,104	1.1%
Expenses:			
General support	15,567,771	14,049,234	10.8%
Instruction	75,139,893	71,079,194	5.7%
Transportation	4,213,196	4,037,775	4.3%
Debt service - interest	2,208,208	2,170,478	1.7%
School lunch program	2,539,758	2,273,025	11.7%
Total expenses	99,668,826	93,609,706	6.5%
Increase (Decrease) in net position	$ 15,881,467	$ 20,698,398	-23.3%

Changes in Net Position

The District's fiscal year 2025 revenues totaled $115,550,293 (Table A-4). Property taxes (including other tax items) and state sources accounted for most of the District's revenue.The remainder of revenue came from fees charged for services, operating grants, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled $99,668,826 for fiscal year 2025. These expenses are predominately related to instruction, which account for 75% of the District’s expenses (See Table A-6). The District's general support activities accounted for 16% of total costs.

Table A-5: Sources of Revenue for Fiscal Year 2025

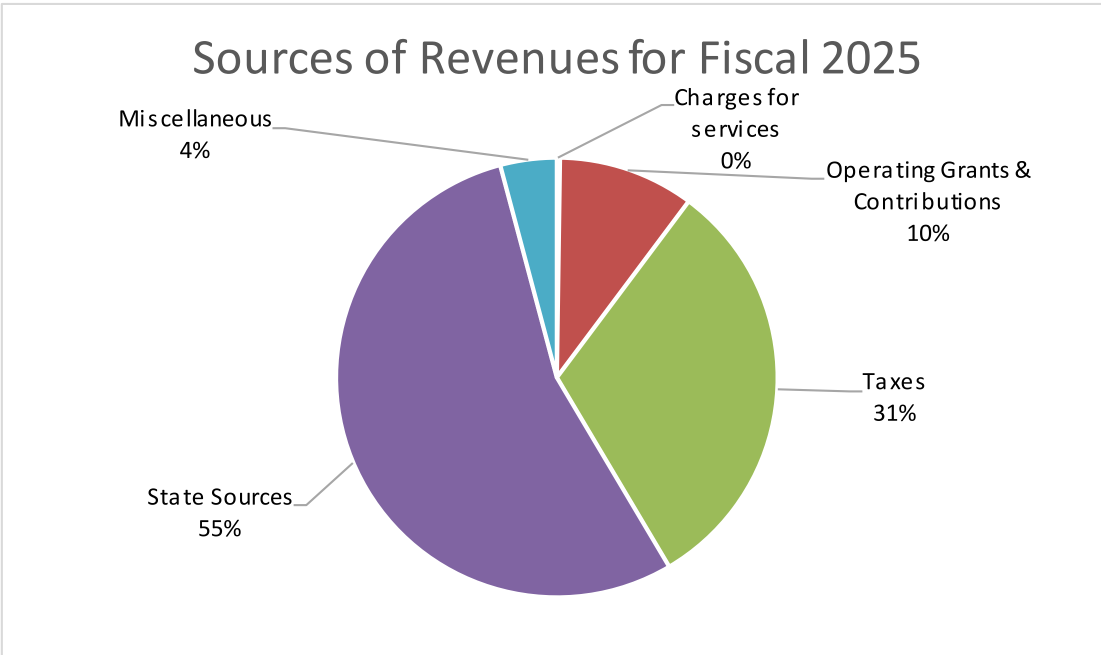
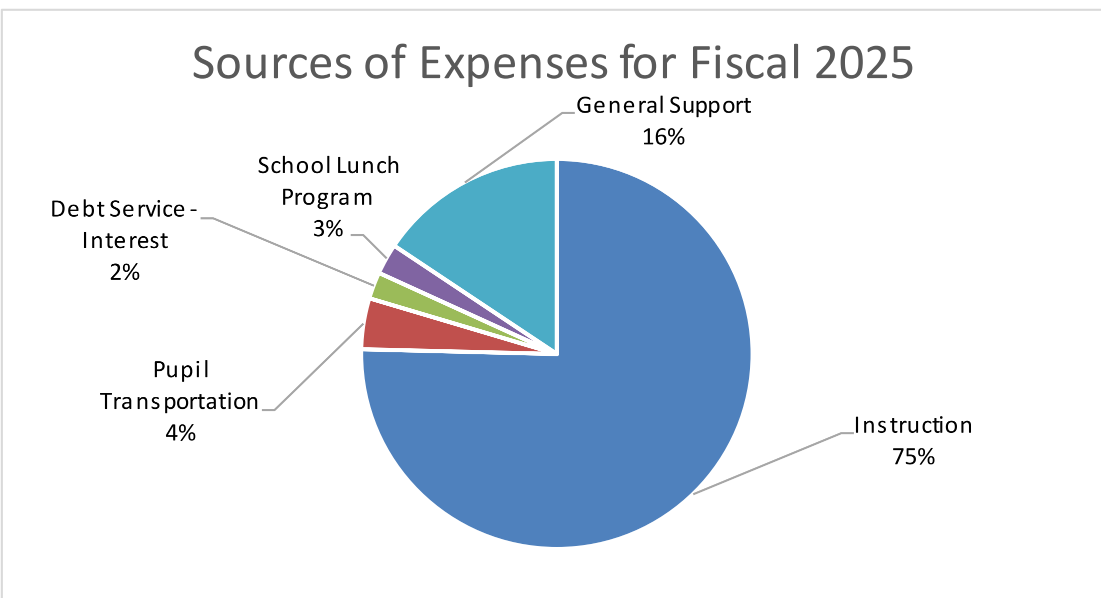


Table A-6: Expenses for Fiscal Year 2025



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

At June 30, 2025, the District, in its governmental funds, reported combined fund balances of $18.7 million, a decrease of $8.8 million from the prior year.

General Fund Budgetary Highlights
This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General Fund.

Table A-7: Results vs. Budget

	Original Budget	Final Budget	Actual	Encumbrances	Variance (Actual / Final Budget)
Revenues:					
Local sources	$38,746,938	$ 39,090,555	$ 40,430,564	$ -	$ 1,340,009
State sources	61,307,234	61,357,234	62,820,789	-	1,463,555
Medicaid reimbursement	350,000	350,000	509,607	-	159,607
Appropriations	4,000,000	4,000,000	-	-	(4,000,000)
Proceeds from capital leases	-	396,263	396,263	-	-
Transfers in	-	-	25,000	-	25,000
Total	104,404,172	105,194,052	104,182,223	-	(1,011,829)
Expenditures:					
General support	11,019,783	12,306,081	11,646,479	221,211	438,391
Instruction	58,210,650	55,890,816	53,717,993	82,370	2,090,453
Pupil transportation	4,105,818	4,129,133	3,917,485	-	211,648
Employee benefits	24,728,021	24,728,021	25,139,216	-	(411,195)
Capital outlay	-	1,008,800	1,008,800	-	-
Debt service	6,239,900	7,369,694	7,039,294	-	330,400
Transfers out	100,000	100,000	3,700,000	-	(3,600,000)
Total	104,404,172	105,532,545	106,169,267	303,581	(940,303)
Revenues over (under) expenditures	$ -	$ (338,493)	$ (1,987,044)	$ (303,581)	$ (1,952,132)

General Fund Budgetary Highlights (Continued)

- The General Fund is the only fund for which a budget is legally adopted.
- Total revenues came in within 1% of budget.
- Total expenditures came in within 1% of budget.

Capital Assets

As of June 30, 2025, the District had a net investment of $97.1 million in a broad range of capital assets including land, buildings, athletic facilities, computers and other educational equipment.

Table A-8: Capital Assets

Category	Fiscal Year 2025	Fiscal Year 2024	Percent Change
Land	$ 866,980	$ 866,980	0.0%
Construction in progress	43,098,166	32,197,957	33.9%
Site improvements	18,544,532	18,245,813	1.6%
Buildings	103,720,185	103,620,185	0.1%
Furniture and equipment	10,134,274	9,924,158	2.1%
Lease assets	2,720,040	4,369,216	-37.7%
Total	179,084,177	169,224,309	5.8%
Less: Accumulated depreciation and amortization	(81,979,526)	(79,266,448)	3.4%
Net capital assets	$ 97,104,651	$ 89,957,861	7.9%

Long-Term Obligations

At year-end, the District had $31.0 million in serial bonds outstanding and $182 million in other long-term obligations. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

Table A-9: Long-term Obligations

Category	2025	(As Restated) 2024
Serial bonds payable	$ 31,078,710	$ 34,266,636
Other long-term liabilities	182,176,325	203,653,183
Total	$ 213,255,035	$ 237,919,819

Factors Bearing on the Future of the District
The District relies heavily on state aid to finance its operations; approximately 60% of the District's General Fund revenues are from state aid. Foundation aid will be fully funded for the 2025-2026 year. However, the formula is still not adequately funding lower income districts such as ours. The District is continuing its advocacy campaign to fix the foundation aid formula.

In addition, the state has enacted a tax levy limit for all municipalities and school districts which is tied to the rate of inflation. This limits the District's ability to increase the tax levy by more than 2% per year, thus serving to further increase the District's reliance on state aid increases. Recent high inflation rates have negatively impacted the District, exacerbating the issues associated with the tax levy limit.

Factors Bearing on the Future of the District (Continued)
Health insurance costs are one of the largest expenses in the District's annual budget. The District provides postemployment health insurance coverage to retirees in accordance with various employment contracts. The cost of this coverage is recognized by the District annually as payments are made (pay-as-you-go basis); however, the true actuarially calculated liability for this coverage is estimated at approximately $158 million. The District established a Health Insurance reserve fund in the amount of $1,559,700 in response.

Contacting the District's Financial Management
This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact: Tessa Crawford, School Business Executive, Auburn Enlarged City School District, 78 Thornton Ave., Auburn, New York 13021.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Statement of Net Position
June 30, 2025

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 31,795,954
Cash and cash equivalents - restricted	3,596,574
Taxes receivable	2,271,192
Due from other governments	5,963,932
State and federal aid receivable	3,894,217
Other receivables	260,466
Inventory	25,425
Prepaid expenses	570
Total current assets	47,808,330
NON-CURRENT ASSETS:	
Net pension asset - TRS	5,704,814
Capital assets, nondepreciable	43,965,146
Capital assets, depreciable, net	53,139,505
Total non-current assets	102,809,465
Total assets	150,617,795
DEFERRED OUTFLOWS OF RESOURCES	
Pension related-TRS	13,478,838
Pension related-ERS	1,573,879
Other postemployment benefits	5,577,607
Deferred amount on refunding	218,185
Total deferred outflows of resources	20,848,509
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	3,414,714
Accrued liabilities	1,534,166
Accrued interest	58,662
Due to teachers' retirement system	4,379,611
Due to employees' retirement system	262,300
Unearned revenue	5,187
Bond anticipation note	19,651,939
Total current liabilities	29,306,579

LIABILITIES (Continued)	
LONG-TERM LIABILITIES:	
Due and payable within one year -	
Current portion of compensated absences	92,879
Current portion of bonds payable, net of premium	3,292,926
Current portion of installment debt	434,024
Lease liabilities, current	547,717
Total other postemployment benefits liability, current	7,091,829
Due and payable after one year -	
Net pension liability - ERS	3,174,914
Compensated absences, net of current portion	16,552,923
Bonds payable, net of premium	27,785,784
Installment debt	2,843,531
Lease liability, net of current portion	952,692
Total other postemployment benefits, net of current portion	150,485,816
Total long-term liabilities	213,255,035
Total liabilities	242,561,614
DEFERRED INFLOWS OF RESOURCES	
Pension related-TRS	7,731,176
Pension related-ERS	448,275
Other postemployment benefits	61,478,487
Total deferred inflows of resources	69,657,938
NET POSITION	
Net investment in capital assets	42,820,463
Restricted	21,366,972
Unrestricted	(204,940,683)
Total net position	$ (140,753,248)

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2025

		Program Revenue		
	Expenses	Charges for Services	Operating Grants	Net (Expense Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS:				
General support	$ 15,567,771	$ 202,299	$ -	$ (15,365,472)
Instruction	75,139,893	-	8,899,109	(66,240,784)
Pupil transportation	4,213,196	-	-	(4,213,196)
Debt service - interest	2,208,208	-	-	(2,208,208)
School lunch program	2,539,758	62,398	2,617,353	139,993
TOTAL FUNCTIONS/PROGRAMS	$ 99,668,826	$ 264,697	$ 11,516,462	(87,887,667)
GENERAL REVENUE:				
Real property taxes				32,537,145
Other tax items				3,634,285
Use of money and property				1,507,668
Sale of property and compensation for loss				307,675
Medicaid reimbursement				509,607
State sources				62,820,789
Miscellaneous				2,451,965
TOTAL GENERAL REVENUE				103,769,134
CHANGE IN NET POSITION				15,881,467
NET POSITION - beginning of year, as previously reported				(142,286,002)
Restatement - see note 16				(14,348,713)
NET POSITION - beginning of year, as restated				(156,634,715)
NET POSITION - end of year				$ (140,753,248)

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Balance Sheet – Governmental Funds
June 30, 2025

	General	Special Aid	Capital Projects	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 22,523,463	$ 7,966,633	$ -	$ 1,305,858	$ 31,795,954
Cash and cash equivalents - restricted	1,386,456	-	1,316,155	893,963	3,596,574
Taxes receivable	2,271,192	-	-	-	2,271,192
Due from other governments	5,963,932	-	-	-	5,963,932
State and federal aid receivable	974,536	2,736,319	-	183,362	3,894,217
Due from other funds	8,289,225	266,172	3,697,333	2,667	12,255,397
Other receivables	260,466	-	-	-	260,466
Inventory	-	-	-	25,425	25,425
Prepaid expenditures	570	-	-	-	570
TOTAL ASSETS	$ 41,669,840	$ 10,969,124	$ 5,013,488	$ 2,411,275	$ 60,063,727
LIABILITIES					
Accounts payable	$ 2,429,021	$ 525,699	$ 309,915	$ 150,079	$ 3,414,714
Accrued liabilities	1,534,166	-	-	-	1,534,166
Due to other funds	1,179,512	10,443,425	-	632,460	12,255,397
Due to Teachers' Retirement System	4,379,611	-	-	-	4,379,611
Due to Employees' Retirement System	262,300	-	-	-	262,300
Unearned revenue	-	-	-	5,187	5,187
Bond anticipation notes payable	-	-	19,495,000	-	19,495,000
TOTAL LIABILITIES	9,784,610	10,969,124	19,804,915	787,726	41,346,375
FUND BALANCE					
Nonspendable	570	-	-	25,425	25,995
Restricted:					
Retirement	5,207,481	-	-	-	5,207,481
Unemployment insurance	165,584	-	-	-	165,584
Debt service	-	-	-	276,294	276,294
Capital	6,265,000	-	1,006,240	-	7,271,240
Tax certiorari	2,115,479	-	-	-	2,115,479
Insurance	1,544,374	-	-	-	1,544,374
Insurance - Health	1,559,700	-	-	-	1,559,700
Liability	551,624	-	-	-	551,624
Employee benefits accrued liability	441,033	-	-	-	441,033
Worker's comp reserve	912,333	-	-	-	912,333
School lunch	-	-	-	1,004,827	1,004,827
Other	-	-	-	317,003	317,003
Total restricted fund balance	18,762,608	-	1,006,240	1,598,124	21,366,972
Assigned:					
Encumbrances	303,581	-	-	-	303,581
Appropriated for subsequent year's expenditures	2,500,000	-	-	-	2,500,000
Total assigned fund balance	2,803,581	-	-	-	2,803,581
Unassigned	10,318,471	-	(15,797,667)	-	(5,479,196)
TOTAL FUND BALANCE	31,885,230	-	(14,791,427)	1,623,549	18,717,352
TOTAL LIABILITIES AND FUND BALANCE	$ 41,669,840	$ 10,969,124	$ 5,013,488	$ 2,411,275	$ 60,063,727

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
June 30, 2025

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

Fund balance - total governmental funds	$ 18,717,352
Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds.	97,104,651
Deferred outflows/inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows - ERS/TRS	15,052,717
Deferred inflows - ERS/TRS	(8,179,451)
Deferred outflows - Refunding	218,185
Deferred outflows - OPEB	5,577,607
Deferred inflows - OPEB	(61,478,487)
Net pension assets/obligations are not due and payable in the current period and; therefore, are not reported in the funds.	
Net pension asset - TRS	5,704,814
Net pension liability - ERS	(3,174,914)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	
Bonds payable, including bond premium	(31,078,710)
BAN payable premium	(156,939)
Lease liability	(1,500,409)
Installment purchase debt	(3,277,555)
Other postemployment benefits obligation	(157,577,645)
Compensated absences	(16,645,802)
Accrued interest	(58,662)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (140,753,248)

AUBURN ENLARGED CITY SCHOOL DISTRICT

Statement of Revenue, Expenditures, and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2025

	General	Special Aid	Capital Projects	Nonmajor Governmental Funds	Total
REVENUE					
Real property taxes	$ 32,537,145	$ -	$ -	$ -	$ 32,537,145
Other tax items	3,634,285	-	-	-	3,634,285
Charges for services	202,299	-	-	-	202,299
Use of money and property	1,449,641	-	-	58,027	1,507,668
Sale of property and compensation for loss	307,675	-	-	-	307,675
Miscellaneous	2,299,519	-	-	183,615	2,483,134
State sources	62,820,789	3,342,774	-	208,202	66,371,765
Federal sources	-	5,556,335	-	2,409,151	7,965,486
Medicaid reimbursement	509,607	-	-	-	509,607
Sales - school lunch	-	-	-	62,398	62,398
Total revenue	103,760,960	8,899,109	-	2,921,393	115,581,462
EXPENDITURES					
General support	11,646,479	-	-	153,994	11,800,473
Instruction	53,717,993	8,529,703	-	-	62,247,696
Pupil transportation	3,917,485	79,886	-	-	3,997,371
Employee benefits	25,139,216	286,292	-	55,122	25,480,630
Debt service - principal	4,611,794	-	-	-	4,611,794
Debt service - interest	2,427,500	-	-	-	2,427,500
Cost of sales	-	-	-	2,392,552	2,392,552
Other expenditures	-	-	-	10,952	10,952
Capital outlay	1,008,800	-	11,000,209	-	12,009,009
Total expenditures	102,469,267	8,895,881	11,000,209	2,612,620	124,977,977
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,291,693	3,228	(11,000,209)	308,773	(9,396,515)
OTHER SOURCES AND (USES)					
Proceeds from capital leases	396,263	-	-	-	396,263
Premium on obligations	-	-	156,939	-	156,939
Operating transfers in	25,000	-	3,700,000	156,939	3,881,939
Operating transfers out	(3,700,000)	-	(156,939)	(25,000)	(3,881,939)
Total other sources (uses)	(3,278,737)	-	3,700,000	131,939	553,202
CHANGE IN FUND BALANCES	(1,987,044)	3,228	(7,300,209)	440,712	(8,843,313)
FUND BALANCE - beginning of year	33,872,274	(3,228)	(7,491,218)	1,182,837	27,560,665
FUND BALANCE - end of year	$ 31,885,230	$ -	$ (14,791,427)	$ 1,623,549	$ 18,717,352

AUBURN ENLARGED CITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenue, Expenditures, and
Changes in Fund Balance – Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net changes in fund balance - Total governmental funds	$ (8,843,313)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position:	
Capital asset (including lease asset) additions	11,909,009
Depreciation and amortization expense	(4,703,131)
Loss from the disposition of capital assets are not recorded on the fund financial statements are recorded in the statement of activities	(59,088)
Repayments of installment purchase debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	580,270
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	2,975,000
Net change in lease liabilities are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	660,261
Amortization of premiums associated with long-term debt is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	212,926
The net change in premiums on bond anticipation notes not previously reported in the funds.	(156,939)
Amortization of the deferred amount on refunding is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(31,169)
ERS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds:	
Net pension liability/asset	34,526
Deferred outflows of resources	(1,081,448)
Deferred inflows of resources	1,358,862
TRS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds:	
Net pension liability/asset	7,841,341
Deferred outflows of resources	(1,237,398)
Deferred inflows of resources	(5,846,567)
Other postemployment benefits (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, pension related (liabilities)/assets that are long-term in nature and therefore not reported in the funds:	
Other postemployment benefits liability	20,243,767
Deferred outflows of resources	(1,995,944)
Deferred inflows of resources	(3,807,371)
Compensated absences do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	(2,178,493)
Certain expenses in the statement of activities do not require the use of current resources and are, therefore, not reported as expenditures in the governmental funds:	
Change in accrued interest	6,366
Change in net position - governmental activities	$ 15,881,467

The accompanying notes are an integral part of these statements.

1. NATURE OF OPERATIONS

Auburn Enlarged City School District (the District) provides free K-12 public education to students living within its geographic borders.

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 (BOE). The President of the Board serves as chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the 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 the Governmental Accounting Standards Board (GASB) and consists of the primary government, and when applicable, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District including the Extraclassroom Activity Funds (the ECA Funds).

The Extraclassroom Activity Funds represent funds of the students of the District. The Board of Education exercises general oversight of these funds; however, these funds are used as designated by student management. The District accounts for the activities of these various student organizations in a Miscellaneous Special Revenue Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's Business Office.

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

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

1. NATURE OF OPERATIONS (Continued)

Joint Venture (Continued)

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

During the year, the District was billed $15,888,038 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $7,951,909.

Financial statements for the BOCES are available from the BOCES Administrative Office.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Presentation

The District's financial statements consist of District-wide financial statements, including a statement of net position and a statement of activities, and fund level financial statements which provide more detailed information.

District-wide Financial 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. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

Fund Financial Statements

The fund statements provide information about the District's funds. 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.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)
The District reports the following 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.

Special Revenue 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 and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Special Aid Fund – Used to account for proceeds from State and Federal grants that are restricted for specific educational programs.

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

The District reports the following nonmajor governmental funds:

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

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

- Extraclassroom Activities – This fund accounts for the activities of the student run clubs and organizations of the District.

- Scholarships – This fund accounts for amounts contributed to fund scholarships and the distribution of scholarships.

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

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

Non-exchange transactions in which the 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.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year as it matches the liquidation of related obligations.

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

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.

Restricted Cash and Cash Equivalents

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

Property Taxes

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to December 1. Taxes not collected by December 1 are turned over to the City and County who assume all responsibility for collection. Uncollected real property taxes are subsequently enforced by the City and County in which the District is located. The City and County pay an amount representing uncollected real property taxes transmitted to the City and County for enforcement to the District no later than the following August 31.

Real property taxes receivable expected to be collected within 60 days of year-end are recognized as revenue. Otherwise, a deferred inflows of resources offset real property taxes receivable.

Due from Other Governments

Due from other governments recorded as an asset at June 30, 2025 primarily relates to amounts due from BOCES. Management does not believe an allowance for doubtful accounts is necessary.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

State and Federal Aid Receivable
State and federal aid receivable recorded as an asset at June 30, 2025 relates to amounts due from New York State and/or the federal government. Management does not believe an allowance for doubtful accounts is necessary.

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

Inventory and Prepaid Expenditures
Inventory of food in the School Lunch Fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid expenditures 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.

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

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

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 estimated fair value at the date of donation.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)
Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold is used to report capital assets and the range of estimated useful lives by type of assets is as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 5,000	SL	40
Building improvements	$ 5,000	SL	40
Site improvements	$ 5,000	SL	15 - 20
Furniture and equipment	$ 5,000	SL	5 - 20

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

Vested Employee Benefits – Compensated Absences
Compensated absences consist of unpaid accumulated annual sick leave, comp and vacation time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, may contractually receive a payment based on unused accumulated sick leave.

Comp time eligibility and accumulation is specified in negotiated labor contracts.

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

Consistent with GASB Standards, the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

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

Other Postemployment Benefits
In addition to providing retirement benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various current employment contracts. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through self-insured plans and claims are paid by the District. The District recognizes the cost of providing health insurance by recording its share of insurance claims when they are paid.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

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. Such notes may be classified as part of the General Long-term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

District-Wide Statements – Equity Classifications
In the District-wide statements there are three classes of net position:

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

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

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

Governmental Fund Financial Statements – Equity Classifications
In the fund basis statements there are five classifications of fund balance:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes prepaid expenditures and inventories.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Extraclassroom Activities special revenue fund has other restricted fund balance of $109,415 related to extraclassroom activities. The Scholarship special revenue has other restricted fund balance of $207,588 scholarship funds. The District has available the following restricted fund balances:

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

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements – Equity Classifications (Continued)

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

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

Liability Reserve
According to General Municipal Law § 1709(8)(c), this reserve must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or $15,000, whichever is greater.

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

Retirement Contribution
Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements - Equity Classifications (Continued)

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

Health Insurance Reserve
This reserve (General Municipal Law §6-n) is used to pay for any loss, claim, action, or judgment for accident and health insurance authorized by Insurance Law Section 113 (a)(3). The reserve is accounted for in the General Fund.

Restricted fund balance includes the following:

General Fund	
Employee benefits accrued liability	$ 441,033
Unemployment insurance	165,584
Liability reserve	551,624
Capital reserve	6,265,000
Tax certiorari reserve	2,115,479
Retirement reserve	5,207,481
Worker's comp reserve	912,333
Insurance reserve	1,544,374
Health insurance reserve	1,559,700
Total restricted fund balance	$ 18,762,608
Capital Projects Fund	$ 1,006,240
Debt Service Fund	$ 276,294
School Lunch fund	$ 1,004,827
Scholarships Fund	$ 207,588
Extraclassroom Activities Fund	$ 109,415

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements – Equity Classifications (Continued)

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

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 in the General Fund. 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.

Encumbrances

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

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

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the 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's budget and encumbrances are also excluded from the 4% limitation.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Fund Balance Spending Policy

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, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Use of Estimates

The preparation of basic 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 amounts reported in the basic financial statements and the accompanying notes.

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

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

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

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

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

Differences between the governmental funds Statement of Revenue, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories.

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

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

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

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

- Long-term Debt Transaction Differences
  Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

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

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

4. 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.

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 are adopted at the program line-item level.

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

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

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

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

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

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include reducing future tax levies and committing funds for capital asset projects and purchases.

Fund Balance
The District's unrestricted fund balance in its General Fund was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

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

5. CASH AND INVESTMENTS

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

At June 30, 2025, the reported carrying amount of the District's deposits was $35,392,528 and total bank balance was $37,303,991. Of the total bank balance $8,569,524 was covered by federal depository insurance or by collateral held by the District's agent in the District's name, and the remaining was covered by collateral held in the pledging bank's trust department in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $3,596,574 within the governmental funds.

6. CAPITAL ASSETS

Capital asset balances and activity were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 866,980	$ -	$ -	$ 866,980
Construction in progress	32,197,957	11,000,209	(100,000)	43,098,166
Total nondepreciable cost	33,064,937	11,000,209	(100,000)	43,965,146
Capital assets that are depreciated:				
Buildings	103,620,185	100,000	-	103,720,185
Buildings/site improvements	18,245,813	298,719	-	18,544,532
Furniture and equipment	9,924,158	210,116	-	10,134,274
Total depreciable historical cost	131,790,156	608,835	-	132,398,991
Less accumulated depreciation:				
Buildings	(60,715,048)	(2,602,956)	-	(63,318,004)
Buildings/site improvements	(7,298,585)	(771,739)	-	(8,070,324)
Furniture and equipment	(9,226,569)	(268,438)	-	(9,495,007)
Total accumulated depreciation	(77,240,202)	(3,643,133)	-	(80,883,335)
Total depreciable cost - net	54,549,954	(3,034,298)	-	51,515,656
Lease assets, being amortized:				
Vehicles	798,040	382,484	(225,049)	955,475
Equipment	3,571,176	17,481	(1,824,092)	1,764,565
Total lease assets, being amortized	4,369,216	399,965	(2,049,141)	2,720,040
Less accumulated amortization for:				
Vehicles	(346,238)	(189,354)	165,961	(369,631)
Equipment	(1,680,008)	(870,644)	1,824,092	(726,560)
Total accumulated amortization	(2,026,246)	(1,059,998)	1,990,053	(1,096,191)
Total lease assets, being amortized, net	2,342,970	(660,033)	(59,088)	1,623,849
Governmental Activities, Capital Assets, net	$ 89,957,861	$ 7,305,878	$ (159,088)	$ 97,104,651

6. CAPITAL ASSETS (Continued)

Depreciation and amortization expense was allocated to specific functions as follows:

	Depreciation	Amortization
General support	$ 3,374,695	$ -
Instruction	242,483	870,644
Pupil transportation	13,133	189,354
School lunch	12,822	-
Total	$ 3,643,133	$ 1,059,998

7. INTERFUND BALANCES AND ACTIVITY

	Due From	Due To	Transfers In	Transfers Out
General	$ 8,289,225	$ 1,179,512	$ 25,000	$ 3,700,000
Special Aid	266,172	10,443,425	-	-
Capital Projects	3,697,333	-	3,700,000	156,939
Nonmajor funds	2,667	632,460	156,939	25,000
Total	$ 12,255,397	$ 12,255,397	$ 3,881,939	$ 3,881,939

Interfund receivables and payables 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 expected to be repaid within one year.

8. SHORT-TERM OBLIGATIONS

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
2024 BAN	June 26, 2025	4.00%	$19,965,000	$ -	$ (19,965,000)	$ -
Add: premium on BANs			49,118	-	(49,118)	-
2025 BAN	June 25, 2026	4.00%	-	19,495,000	-	19,495,000
Add: premium on BANs			-	156,939	-	156,939
		Total	$20,014,118	$19,651,939	$ (20,014,118)	$19,651,939

9. LONG-TERM OBLIGATIONS

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

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	$ 32,105,000	$ -	$ (2,975,000)	$ 29,130,000	$ 3,080,000
Unamortized premiums on bonds	2,161,636	-	(212,926)	1,948,710	212,926
Lease liabiities	2,160,670	396,263	(1,056,524)	1,500,409	547,717
Installment purchase debt - direct borrowing	3,857,825	-	(580,270)	3,277,555	434,024
Compensated absences	14,467,309	2,178,493	-	16,645,802	92,879
Total other postemployment benefits	177,821,412		(20,243,767)	157,577,645	7,091,829
Net pension obligation - ERS	3,209,440	-	(34,526)	3,174,914	-
Net pension obligation - TRS	2,136,527	-	(2,136,527)	-	-
Governmental activities long-term liabilities	$237,919,819	$ 2,574,756	$ (27,239,540)	$ 213,255,035	$ 11,459,375

Changes presented for compensated absences are reported as the net change.

Interest on all debt for the year was composed of:

Interest paid	$ 2,427,500
Less: Interest accrued in the prior year	(65,028)
Less: premium amortization	(212,926)
Plus: Interest accrued in the current year	58,662
Total interest expense	$ 2,208,208

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

Bond Issue	Issued	Maturity	Interest Rate	Outstanding Balance
2006 BOCES Refunded	2006	2032	1.88%	$ 3,845,000
2014 Serial Bond	2014	2029	5.00%	2,955,000
2017 Serial Bond	2017	2033	2.00%	2,370,000
2018 Serial Bond	2018	2033	3.00%	1,025,000
2021 Bond Refunding	2021	2029	1.00%	890,000
2022 Revenue Bond	2022	2038	5.00%	6,295,000
2022 Revenue Bond	2022	2039	5.00%	11,750,000
Total				$ 29,130,000

9. LONG-TERM OBLIGATIONS (Continued)

Installment purchase debt - direct borrowing:

Installment purchase debt - direct borrowing:	Issued	Maturity	Interest Rate	Outstanding Balance
Energy performance contracts	2007-2016	2021-2036	3.306-3.97%	$ 3,277,555

The following is a summary of the maturity of long-term indebtedness as of June 30, 2025:

	Principal	(Direct Borrowing) Installment Purchase Debt Principal	Interest	(Direct Borrowing) Installment Purchase Debt Interest	Total Debt Service
2026	$ 3,080,000	$ 434,024	$ 1,320,388	$ 84,390	$ 4,918,802
2027	3,170,000	446,702	1,185,988	71,712	4,874,402
2028	3,290,000	459,772	1,047,236	58,642	4,855,650
2029	3,085,000	473,245	902,825	45,168	4,506,238
2030	2,325,000	295,345	767,125	33,068	3,420,538
2031-2035	9,915,000	1,086,116	2,370,400	70,943	13,442,459
2036-2039	4,265,000	82,351	412,500	988	4,760,839
Totals	$ 29,130,000	$ 3,277,555	$ 8,006,462	$ 364,911	$ 40,778,928

10. PENSION PLANS

New York State and Local Employee's Retirement System (ERS)
The District participates in the New York State and Local Employee's Retirement System (ERS). The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to ERS.

ERS benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in ERS, 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.

This is a cost-sharing, multiple-employer, defined benefit pension plan. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. GLIP amounts are appropriated to and included in the ERS. ERS is included in the State's financial report as a pension trust fund. That report, including information regarding benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

10. PENSION PLANS (Continued)

New York State and Local Employee's Retirement System (ERS) (Continued)

The significant dates shown below are referenced throughout the ERS section of this footnote:

- Fiscal year end – June 30, 2025
- Measurement date – March 31, 2025
- Actuarial valuation date – April 1, 2024

Vesting

All Members are vested when they reach five years of service credit.

Employer Contributions

Participating employers are required under the RSSL to contribute to ERS at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2025 was approximately 15.2 percent of covered payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2025, the applicable interest rate was 5.9 percent. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

		ERS
2025	$	911,364
2024	$	771,755
2023	$	664,467

Member Contributions

Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to ERS. As a result, of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with ERS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

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

At year end, a net pension liability of $3,174,914 for its proportionate share of the ERS total pension liability was reported. The net pension liability is determined as of the measurement date, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation date. The proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At the measurement date, the proportion was 0.0185172%, which was a decrease of 0.0032801% from the proportionate share of 0.0217973% as of the prior year measurement date.

10. PENSION PLANS (Continued)

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

As of the fiscal year end, pension expense of $632,669 was recognized and the deferred outflows/inflows of resources related to pensions from the following sources were reported:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 788,035	$ 37,172
Changes of assumptions	133,150	-
Net difference between projected and actual earnings on pension plan investments	249,095	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	141,299	411,103
Contributions subsequent to the measurement date	262,300	-
Total	$ 1,573,879	$ 448,275

The net amount of the share of balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year End:	
2026	$ 466,946
2027	765,910
2028	(328,522)
2029	(41,030)
2030	-
Thereafter	-
	$ 863,304

At fiscal year end, $262,300 was recognized as a deferred outflow of resources related to pensions resulting from the contributions made subsequent to the measurement date. This outflow will be recognized as a reduction of the net pension liability in the following fiscal year.

Actuarial Assumptions

The total pension liability at the measurement date was determined by using an actuarial valuation as of the actuarial valuation date. Update procedures were used by the actuary to roll forward the total pension liability to be as of the measurement date.

Economic assumptions used in the actuarial valuation date include:

Actuarial cost method	Aggregate Cost Method
Inflation	2.9%
Salary increases	4.3%
Investment rate of return (net of investment expense, including inflation)	5.9%
Active member decrements	1.5%

10. PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

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

To set the long-term expected rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) 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.

Demographic assumptions used in the actuarial valuation date are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

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

Asset Class	Target Allocations in %	Long-term expected rate of return in %
Domestic equity	25.0	3.54
International equity	14.0	6.57
Private equity	15.0	7.25
Real estate	12.0	4.95
Opportunistic/ARS portfolio	3.0	5.25
Credit	4.0	5.40
Real assets	4.0	5.55
Fixed Income	22.0	2.00
Cash	1.0	0.25
	100.0	

Discount Rate

The discount rate used to measure the total pension asset was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. PENSION PLANS (Continued)

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

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

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Proportionate share of Net Pension Liability (asset)	$ 9,188,600	$ 3,174,914	$ (1,846,518)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (in 000's) of the employers as of the measurement date were as follows:

Employers' total pension liability	$247,600,239
Fiduciary net position	230,454,512
Employers' net pension liability	$ 17,145,727
Fiduciary net position as a percentage of total pension liability	93.08%

New York State Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (NYSTRS). NYSTRS is a public employee retirement system (PERS) that was created and exists, pursuant to Article 11 of the New York State Education Law. NYSTRS is the administrator of a cost-sharing, mutiple-employer, defined benefit plan, administered by a 10-member Board to Provide pension benefits for teachers employed in New York, excluding New York City. NYSTRS issues a publicly available Annual Comprehensive Final Report. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

The significant dates shown below are referenced throughout the NYSTRS section of this footnote:

- Fiscal year end – June 30, 2025
- Measurement date – June 30, 2024
- Actuarial valuation date – June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2024

10. PENSION PLANS (Continued)

Benefits

The benefits provided to members of the System are established by New York State law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1	Members who last joined prior to July 1,1973, are covered by the provisions of Article 11 of the Education Law.
Tier 2	Members who last joined on or after July 1, 1973, and prior to July 27, 1976, are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).
Tier 3	Members who last joined on or after July 27, 1976, and prior to September 1, 1983, are covered by the provisions of Article 14 and Article 15 of the RSSL.
Tier 4	Members who last joined on or after September 1, 1983, and prior to January 1, 2010, are covered by the provisions of Article 15 of the RSSL.
Tier 5	Members who joined on or after January 1, 2010, and prior to April 1, 2012, are covered by the provisions of Article 15 of the RSSL.
Tier 6	Members who joined on or after April 1, 2012, are covered by the provisions of Article 15 of the RSSL.

Employer Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. The actuarially determined contribution rate applied to 2023-24 salaries is 9.76%. The required contribution is an actuarially determined rate. The contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current plan year and two preceding plan years were:

	TRS
2025	$ 3,816,261
2024	$ 3,563,165
2023	$ 3,550,268

Member Contributions

Tier 3 and Tier 4 members are required by law to contribute 3.0% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3.0% and 6.0% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than five years of credited service for Tiers 3-6, the member contributions with interest calculated at 5.0% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

10. PENSION PLANS (Continued)

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

At fiscal year end, a net pension asset of $5,704,814 was reported for the proportionate share of the NYSTRS total pension liability. The net pension asset as of the measurement date, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation date. The proportion of the net pension asset was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At the measurement date, the proportionate share was 0.191205%, which was an increase of 0.004378% from the prior measurement date.

For the fiscal year end, pension expense (income) of $3,089,781 was recognized and deferred outflows/inflows of resources related to pensions from the following sources were reported:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,143,037	$ -
Changes of assumptions	3,412,635	574,037
Net difference between projected and actual earnings on pension plan investments	-	6,338,535
Changes in proportion and differences between the District's contributions and proportionate share of contributions	96,905	818,604
Contributions subsequent to the measurement date	3,826,261	-
Total	$ 13,478,838	$ 7,731,176

At fiscal year end, $3,826,261 was recognized as a deferred outflow of resources related to pensions resulting from the contributions made subsequent to the measurement date.

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

Fiscal year ending:	
2025	$ (3,064,335)
2026	6,778,725
2027	(1,334,510)
2028	(1,409,179)
2029	682,800
Thereafter	267,900
	$ 1,921,401

10. PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability at the measurement date was determined by an actuarial valuation with update procedures used to roll forward the total pension liability to the measurement date, using the following actuarial valuations and assumptions:

Actuarial cost method	Entry age normal
Inflation	2.40%
Projected salary increases	Rates for increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.3% compounded annually.
Investment rate of return	6.95% compounded annually, net of pension plan investment expense, including inflation.

Annuitant and active mortality rates based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis.

The demographic actuarial assumptions and the salary scales are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. NYSTRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions. For the full details, please refer to the Recommended Actuarial Assumptions 2021 Report, which can be found on the System's website located at www.nystrs.org.

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

10. PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

The Long-Term Expected Real Rates of Return are presented by asset allocation classify cation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target asset allocation as of the measurement date are summarized in the following table:

Asset Class:	Target Allocation in %	Long-Term Expected Real Rate of Return in %*
Domestic equity	33	6.6
International equity	15	7.4
Global equity	4	6.9
Real estate equity	11	6.3
Private equity	9	10.0
Domestic fixed income	16	2.6
Global bonds	2	2.5
Private debt	2	5.9
Real estate debt	6	3.9
High-yield bonds	1	4.8
Cash equivalents	1	0.5
	100	

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

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. 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 determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

The following presents the net pension liability (asset) of the NYSTRS participant calculated using the discount rate of 6.95%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

1% Decrease 5.95%	Current Discount 6.95%	1% Increase 7.95%
$ 26,350,865	$ (5,704,814)	$ (32,664,501)

10. PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position (in 000's)

The components of the current year net pension liability (asset) of the participating employers as of measurement date are as follows:

Total pension liability	$ 142,837,826
Plan fiduciary net position	145,821,434
Net pension liability (asset)	$ (2,983,608)
Plan fiduciary net position as a percentage of total pension liability	102.1%

11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

The plan is a single-employer defined benefit OPEB plan administered by the 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 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.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Active not eligible to retire	433
Actives eligible to retire	113
Retired and surviving spouses	537
Retiree spouses covered	233
Total participants	1,316

Total OPEB Liability
The District's total OPEB liability of $157,577,645 was measured as of June 30, 2025, and was determined by an actuarial valuation as of that date.

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

Inflation	2.2 percent per year
Payroll Growth	3.30 percent as of June 30, 2025
Discount Rate	4.39 percent as of June 30, 2025
Healthcare Cost Trend Rates	5.30 percent for 2025, decreasing to an ultimate rate of 3.71 percent for years after 2070
Share of Benefit-Related Costs	20 percent share of GDP above which cost growth is assumed to meet resistance
Cost Method	Entry Age Normal, Level Percent of Pay

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

Mortality rates were MP-2021 Dataset Mortality Table fully generational as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2025 valuation were based on large scale retirement plan population data. The plan's estimated termination and retirement experience is then analyzed and the base table is adjusted accordingly. There is no formal experience study done for the plan.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2024	$ 177,821,412
Changes for the Year-	
Service cost	3,940,206
Interest	6,963,728
Changes of benefit terms	(793,714)
Changes in assumptions or other inputs	(11,115,294)
Differences between expected and actual experience	(12,445,103)
Benefit payments	(6,793,590)
Net changes	(20,243,767)
Balance at June 30, 2025	$ 157,577,645

Changes of assumptions and other inputs reflect a change in the discount rate from 3.98% in 2024 to 4.39% in 2025.

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% lower (3.39%) or 1% higher (5.39%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$180,247,084	$ 157,577,645	$ 139,147,955

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% lower or 1% higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$137,392,192	$ 157,577,645	$ 182,759,573

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 revenue of $7,633,539. 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	$ 3,879,209	$ 30,203,934
Changes of assumptions	-	31,274,553
Contributions after measurement date	1,698,398	-
Total	$ 5,577,607	$ 61,478,487

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

	Governmental Activities Net Position
Balance at June 30, 2024 as previously reported	$ (142,286,002)
Adjustments:	
Compensated absences liability	(14,348,713)
Balance at July 1, 2024 as restated	$ (156,634,715)

The District recognized $1,698,398 as a deferred outflow of resources resulting from the benefit payments made subsequent to the measurement date of June 30, 2025 which will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025.

12. LEASES

The District as a Lessee
The School District leases various copiers and equipment, primarily from Onondaga-Cortland-Madison and CiTi Board of Cooperative Educational Service (BOCES). The School District also leases vehicles from Enterprise Fleet Management. Except for the vehicles, the leases do not contain renewal options. The leases have various inception dates and remaining terms of 24-62 months. The lease agreements have interest rates/discount rates between 1.90% and 8.01%. The total lease liability as of June 30, 2025 is $2,160,670.

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

Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
$ 2,160,670	$ 396,263	$ 1,056,524	$ 1,500,409	$ 547,717

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

	Principal	Interest	Total
2026	$ 547,717	$ 47,654	$ 595,371
2027	446,045	28,886	474,931
2028	398,650	13,689	412,339
2029	76,497	-	76,497
2030	31,500	-	31,500
	$ 1,500,409	$ 90,229	$ 1,590,638

13. RISK MANAGEMENT

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

Worker's Compensation
The District is a member of the Onondaga-Cortland-Madison Counties BOCES Consortium Workers' Compensation Self-Insurance Plan (the Plan). Current membership of the Plan includes various municipal entities. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. 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.

The Plan purchases, on an annual basis, stop-loss insurance to limit its exposure for claims.

13. RISK MANAGEMENT (Continued)

Worker's Compensation (Continued)

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 claim costs depend on complex factors, the process used in computing claim 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 claim liabilities are charged or credited to expense in the periods in which they are made. During the year ended June 30, 2025, the District incurred premiums or contribution expenditures totaling $342,766.

Health Insurance Plan

The District has a District-wide self-insured Health Insurance Plan administered through a third-party insurance carrier. Claims incurred but not reported (IBNR) was approximately $1,436,632 at June 30, 2025 and was recorded in the General Fund in accrued liabilities.

Unemployment

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 the benefits paid from the fund to former employees. The expenditures of this program for the 2024-2025 fiscal year totaled $18,012. In addition, as of June 30, 2025, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

14. CONTINGENCIES AND COMMITMENTS

Litigation

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

The District has also been named as a defendant in certain other actions. The District intends to defend itself vigorously in each of these cases. Accordingly, no loss contingency has been accrued.

Other Contingencies

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 audits, the District's administration believes disallowances, if any, will be immaterial.

15. TAX ABATEMENT

The following information summarizes the PILOT agreements entered into by the City of Auburn IDA and the Cayuga County IDA relating to the District:

Year Began	Agreement/Property	Total Assessed Value	Abatement Rate	PILOT Taxable Value	School Tax Rate / 1000	Regular Taxable Amount	PILOT Payment Received	Taxes Abated
2012	Auburn Community	$ 7,666,700	Set Payment	$819,000	16.273335	$ 124,763	$ 13,328	$ 111,435
2016	Carovail	1,176,900	80%	941,520	16.273335	19,152	15,322	3,830
2000	Central Building	4,051,400	Set Payment	60,000	16.273335	65,930	27,928	38,002
2013	Currier/ Gen West	3,186,300	77%	2,453,451	16.273335	51,852	39,926	11,926
1995	FLRR	785,500	Sale Based Fee	71,780	16.273335	12,783	9,578	3,205
2013	JBJ	5,847,300	Set Payment	131,155	16.273335	95,155	61,048	34,107
2010	Logan Lofts	2,314,100	60%	832,249	16.273335	37,658	13,611	24,047
2015	Mack Studios	1,538,300	63% on expansion 1, 20% on expansion 2	824,679	16.273335	25,033	12,183	12,850
2012	NUCOR	14,601,100	45%	6,570,495	16.273335	237,609	106,924	130,685
2024	PG Auburn MOB	2,473,800	0%	95,500	16.273335	40,257	1,554	38,703
2020	Prison City	2,179,200	40%	1,069,680	16.273335	35,463	17,407	18,056
2024	RJC/Rycoe	942,300	0%	76,800	16.273335	15,334	1,250	14,085
2012	Seminary Commons	1,052,800	60%	631,680	16.273335	17,133	10,280	6,853
2003	Tessy	13,699,500	30%	9,200,000	16.273335	222,937	149,715	73,222
2014	WST33	2,895,500	50%	1,447,750	16.273335	47,119	21,470	25,649
						$ 1,048,178	$ 501,524	$ 546,654

16. RESTATEMENT

Change in Accounting Principle

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. These changes were incorporated in the District's financial statements and had the following effect on the beginning net position of the governmental activities:

Governmental Activities

	Compensated Absences Liability	Net position
As previously reported, June 30, 2024	$ 118,596	$(142,286,002)
Restatement	14,348,713	(14,348,713)
As restated, July 1, 2024	$ 14,467,309	$(156,634,715)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

AUBURN ENLARGED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Actual (Budgetary)
REVENUE					
Local sources:					
Real property taxes	$ 35,644,998	$ 32,532,430	$ 32,537,145	$ -	$ 4,715
Other tax items	621,246	3,733,814	3,634,285	-	(99,529)
Charges for services	87,500	87,500	202,299	-	114,799
Use of money and property	491,694	491,694	1,449,641	-	957,947
Sale of property and compensation for loss	20,500	287,065	307,675	-	20,610
Miscellaneous	1,881,000	1,958,052	2,299,519	-	341,467
Total local sources	38,746,938	39,090,555	40,430,564	-	1,340,009
State sources	61,307,234	61,357,234	62,820,789	-	1,463,555
Medicaid reimbursement	350,000	350,000	509,607	-	159,607
Total revenue	100,404,172	100,797,789	103,760,960	-	2,963,171
EXPENDITURES					
General support					
Board of education	39,400	81,585	76,006	-	5,579
Central administration	361,300	383,308	538,689	588	(155,969)
Finance	472,948	450,442	441,405	1,200	7,837
Staff	1,648,218	1,784,767	1,823,402	-	(38,635)
Central services	6,873,817	7,981,879	7,209,968	219,423	552,488
Special items	1,624,100	1,624,100	1,557,009	-	67,091
Total general support	11,019,783	12,306,081	11,646,479	221,211	438,391
Instruction					
Instruction, administration & improvement	3,594,505	3,344,354	3,469,409	13,128	(138,183)
Teaching - regular school	25,675,309	25,460,412	25,346,765	46,787	66,860
Programs for students with disabilities	18,899,953	17,948,858	16,432,022	7,735	1,509,101
Occupational education	2,655,911	2,535,879	2,534,238	-	1,641
Teaching - special schools	248,912	251,313	249,771	-	1,542
Instructional media	3,768,047	2,918,921	2,248,698	2,600	667,623
Pupil services	3,368,013	3,431,079	3,437,090	12,120	(18,131)
Total instruction	58,210,650	55,890,816	53,717,993	82,370	2,090,453
Pupil transportation	4,105,818	4,129,133	3,917,485	-	211,648
Employee benefits	24,728,021	24,728,021	25,139,216	-	(411,195)
Capital outlay	-	1,008,800	1,008,800		-
Debt service - Principal	3,760,270	4,816,794	4,611,794	-	205,000
Debt service - Interest	2,479,630	2,552,900	2,427,500	-	125,400
Total expenditures	104,304,172	105,432,545	102,469,267	303,581	2,659,697
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(3,900,000)	(4,634,756)	1,291,693	(303,581)	5,622,868
OTHER FINANCING SOURCES (USES):					
Proceeds from capital leases	-	396,263	396,263	-	-
Transfer from other funds	-	-	25,000	-	25,000
Transfers to other funds	(100,000)	(100,000)	(3,700,000)	-	(3,600,000)
Appropriations	4,000,000	4,000,000	-	-	(4,000,000)
Total other financing sources (uses)	3,900,000	4,296,263	(3,278,737)	-	(7,575,000)
NET CHANGE IN FUND BALANCE	$ -	$ (338,493)	$ (1,987,044)	$ (303,581)	$ (1,952,132)
FUND BALANCE - beginning of year			33,872,274		
FUND BALANCE - end of year			$ 31,885,230		

AUBURN ENLARGED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios
For the Year Ended June 30:

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability											
Service cost	$ 3,940	$ 4,456	$ 5,905	$ 6,913	$ 6,348	$ 6,876	$ 6,289	$ 6,057	$ 5,723		
Interest	6,964	6,857	6,747	5,741	6,301	8,924	6,779	6,433	5,232		
Changes of benefit terms	(794)	(178)	(190)	(247)	(1,421)	(1,708)	(813)	72	-		
Differences between expected and actual experience	(12,445)	(4,743)	(30,808)	3,621	(10,332)	(59,841)	21,050	3,413	17,307		
Changes in assumptions	(11,115)	(5,519)	(30,446)	(22,592)	4,683	48,274	44,757	5,148	(12,897)		
Benefit payments	(6,794)	(6,759)	(6,936)	(7,330)	(7,305)	(7,009)	(2,881)	(2,595)	(2,403)		
Total change in total OPEB liability	(20,244)	(5,886)	(55,728)	(13,894)	(1,726)	(4,484)	75,181	18,528	12,962		
Total OPEB liability - beginning	177,821	183,707	239,435	253,329	255,055	259,539	184,358	165,830	152,868		
Total OPEB liability - ending	$ 157,577	$ 177,821	$ 183,707	$ 239,435	$ 253,329	$ 255,055	$ 259,539	$ 184,358	$ 165,830		
Covered-employee payroll	$ 36,594	$ 41,383	$ 39,972	$ 34,070	$ 32,937	$ 32,781	$ 31,759	$ 30,741	$ 30,741		
Total OPEB liability as a percentage of covered-employee payroll	430.6%	429.7%	459.6%	702.8%	769.1%	778.1%	817.2%	599.7%	539.4%		

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Discount rate	4.39%	3.98%	3.78%	2.83%	2.27%	2.48%	3.44%	3.61%	3.80%		

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

The Single Discount Rate changed from 3.98% to 4.39% effective June 30, 2025.
The Salary scale changed from 3.42% to 3.30% effective June 30, 2025.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:
- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

AUBURN ENLARGED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Schedule of Proportionate Share of Net Pension Liability (Asset)
For the Year Ended June 30:

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.019%	0.022%	0.021%	0.020%	0.020%	0.020%	0.019%	0.019%	0.018%	0.019%
Proportionate share of the net pension liability (asset)	$ 3,175	$ 3,209	$ 4,421	$ (1,519)	$ 20	$ 5,198	$ 1,404	$ 602	$ 1,645	$ 2,975
Covered-employee payroll	$ 7,038	$ 6,650	$ 6,572	$ 6,021	$ 6,283	$ 6,165	$ 6,033	$ 5,564	$ 5,468	$ 5,262
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.11%	-48.26%	-67.27%	25.23%	-0.32%	-84.31%	-23.27%	10.82%	30.08%	56.54%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.88%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.191%	0.187%	0.182%	0.172%	0.165%	0.162%	0.181%	18.100%	0.173%	0.175%
Proportionate share of the net pension liability (asset)	$ (5,705)	$ 2,137	$ 3,496	$ (29,862)	$ 4,566	$ (4,218)	$ (3,075)	$ (1,373)	$ 1,848	$ (18,195)
Covered-employee payroll	$ 36,508	$ 37,169	$ 33,164	$ 32,271	$ 29,249	$ 28,048	$ 29,368	$ 27,703	$ 28,632	$ 26,624
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.63%	-5.75%	-10.54%	92.54%	-15.61%	15.04%	10.47%	-4.96%	6.45%	-68.34%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.50%	100.70%	99.00%	110.50%

AUBURN ENLARGED CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Schedule of Contributions – Pension Plans
For the Year Ended June 30:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 910	$ 772	$ 664	$ 857	$ 841	$ 833	$ 813	$ 776	$ 791	$ 779
Contributions in relation to the contractually required contribution	910	772	664	857	841	833	813	776	791	779
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 7,038	$ 6,650	$ 6,572	$ 6,021	$ 6,283	$ 6,165	$ 6,033	$ 5,564	$ 5,468	$ 5,262
Contributions as a percentage of covered-employee payroll	12.93%	11.61%	10.10%	14.23%	13.39%	13.51%	13.48%	13.95%	14.47%	14.80%

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 3,826	$ 3,563	$ 3,550	$ 3,163	$ 2,787	$ 2,485	$ 3,068	$ 2,894	$ 3,555	$ 3,722
Contributions in relation to the contractually required contribution	3,826	3,563	3,550	3,163	2,787	2,485	3,068	2,894	3,555	3,722
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 36,508	$ 37,169	$ 33,164	$ 32,271	$ 29,249	$ 28,048	$ 29,368	$ 27,703	$ 28,632	$ 26,624
Contributions as a percentage of covered-employee payroll	10.48%	9.59%	10.70%	9.80%	9.53%	8.86%	10.45%	10.45%	12.42%	13.98%

SUPPLEMENTARY INFORMATION

AUBURN ENLARGED CITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2025

	School Lunch	Extraclassroom Activities	Scholarships	Debt Service	Total
ASSETS					
Cash and cash equivalents	$ 1,305,858	$ -	$ -	$ -	$ 1,305,858
Cash and cash equivalents - restricted	-	109,415	510,921	273,627	893,963
State and federal aid receivable	183,362	-	-	-	183,362
Due from other funds	-	-	-	2,667	2,667
Inventory	25,425	-	-	-	25,425
TOTAL ASSETS	$ 1,514,645	$ 109,415	$ 510,921	$ 276,294	$ 2,411,275
LIABILITIES					
Accounts payable	$ 150,079	$ -	$ -	$ -	$ 150,079
Due to other funds	329,127	-	303,333	-	632,460
Unearned revenue	5,187	-	-	-	5,187
TOTAL LIABILITIES	484,393	-	303,333	-	787,726
FUND BALANCE					
Nonspendable	25,425	-	-	-	25,425
Restricted	1,004,827	109,415	207,588	276,294	1,598,124
TOTAL FUND BALANCE	1,030,252	109,415	207,588	276,294	1,623,549
TOTAL LIABILITIES AND FUND BALANCE	$ 1,514,645	$ 109,415	$ 510,921	$ 276,294	$ 2,411,275

AUBURN ENLARGED CITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	School Lunch	Extraclassroom Activities	Scholarships	Debt Service	Total
REVENUE					
Use of money and property	$ 426	$ -	$ -	$ 57,601	$ 58,027
Miscellaneous	-	161,573	22,042	-	183,615
State sources	208,202	-	-	-	208,202
Federal sources	2,409,151	-	-	-	2,409,151
Sales - school lunch	62,398	-	-	-	62,398
Total revenue	2,680,177	161,573	22,042	57,601	2,921,393
EXPENDITURES					
General support	-	153,994	-	-	153,994
Employee benefits	55,122	-	-	-	55,122
Cost of sales	2,392,552	-	-	-	2,392,552
Other expenditures	-	-	10,952	-	10,952
Total expenditures	2,447,674	153,994	10,952	-	2,612,620
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	232,503	7,579	11,090	57,601	308,773
OTHER SOURCES AND (USES)					
Operating transfers out	(25,000)	-	-	-	(25,000)
Operating transfers in	-	-	-	156,939	156,939
Total other sources (uses)	(25,000)	-	-	156,939	131,939
CHANGE IN FUND BALANCES	207,503	7,579	11,090	214,540	440,712
FUND BALANCE - beginning of year	822,749	101,836	196,498	61,754	1,182,837
FUND BALANCE - end of year	$ 1,030,252	$ 109,415	$ 207,588	$ 276,294	$ 1,623,549

The accompanying notes are an integral part of these statements.

OTHER INFORMATION (UNAUDITED)

AUBURN ENLARGED CITY SCHOOL DISTRICT

OTHER INFORMATION (UNAUDITED)
Schedule of Change from Original Budget to Revised Budget and Schedule of Section 1318 of Real Property Tax Law Limit Calculation – General Fund
For the Year Ended June 30, 2025

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget		$ 104,404,172
Add: Prior year's encumbrances		341,586
Original budget		104,745,758
Budget revisions		786,787
Final budget		$ 105,532,545

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-26 voter-approved expenditure budget	$ 107,323,677	
Maximum allowed (4% of 2025-26 subsequent year's budget):		$ 4,292,947

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

Unrestricted fund balance:	
Assigned fund balance	$ 2,803,581
Unassigned fund balance	10,318,471
Total unrestricted fund balance	13,122,052
Less:	
Appropriated fund balance	$ 2,500,000
Encumbrances included in assigned fund balance	303,581
Total adjustments	2,803,581
General Fund Balance Subject to Section 1318 of Real Property Tax Law	$ 10,318,471
Actual percentage	9.61%

AUBURN ENLARGED CITY SCHOOL DISTRICT

OTHER INFORMATION (UNAUDITED)
Schedule of Project Expenditures – Capital Projects Fund
For the Year Ended June 30, 2025

	Authorization		Expenditures			
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Available Balance
Districtwide Building Project	$ 43,745,300	$ 43,745,300	$ 32,128,948	$ 11,000,209	$ 43,129,157	$ 616,143
	$ 43,745,300	$ 43,745,300	$ 32,128,948	$ 11,000,209	$ 43,129,157	$ 616,143

AUBURN ENLARGED CITY SCHOOL DISTRICT

OTHER INFORMATION (UNAUDITED)
Schedule of Net Investment in Capital Assets (Unaudited)
June 30, 2025

Capital assets, net	$ 97,104,651
Add:	
Deferred amounts on refunding	218,185
Unspent bond anticipation notes proceeds	1,316,155
Deduct:	
Short-term portion of leases	(547,717)
Long-term portion of leases	(952,692)
Short-term portion of bonds payable	(3,292,926)
Long-term portion of bonds payable	(27,785,784)
Short-term portion of installment debt payable	(434,024)
Long-term portion of installment debt payable	(2,843,531)
Bond anticipation notes	(19,651,939)
Capital Projects accounts payable	(309,915)
Net investment in capital assets	$ 42,820,463

REQUIRED REPORT

Bonadio & Co., LLP
Accounting, Consulting & More

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

November 18, 2025

To the Board of Education of the
Auburn Enlarged City School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Auburn Enlarged City School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2025.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

432 North Franklin Street, #60
Syracuse, NY 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

(Continued)

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Auburn Enlarged City School District's Response to Findings

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

Purpose of This Report

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

Bonadio & Co., LLP

Reference: 2025-001

Criteria:
Transactions should be recorded in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

Condition/Cause:
Although incurred as of June 30, 2025, fees associated with capital projects were not recorded by management as expenditures and liabilities in the Capital Projects Fund as of June 30, 2025.

Effect:

Capital Projects Fund:

Expenditures	$ 309,794	
Accounts Payable		$ 309,794

Governmental Activities:

Expenses	$ 309,794	
Accounts Payable		$ 309,794

Material audit adjustments to the Capital Projects Fund were required in order for the financial statements to be presented in accordance with U.S. GAAP:

Recommendation:
We recommend that the District establish a process to evaluate and record entries necessary to ensure financial reporting conforms with U.S. GAAP. This may include the accrual of expenditures that may be associated with tentative projects that will commence in future years, if the expenditure and liability were in fact incurred during a different reporting period.

Management should continue to use a mechanism to track such initial expenditures associated with a project, so that total costs associated with a project can be captured, even when across a multi-year period of time. This will continue to assist with budgeting and project management.

Management's Response:
Management agrees with the proposed adjustment and records have been updated to reflect the inclusion of the expenditure in the proper fiscal year. Going forward, at and around fiscal year end, management will review status and cutoff of expenditures in the Capital Projects Fund. Regardless of the status of the corresponding project, any obligations incurred as of fiscal year end will be accrued back, regardless of when paid to ensure proper reporting with generally accepted accounting principles.