GREATER JOHNSTOWN SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES

JUNE 30, 2026

DRAFT

10/06/2026 (3)

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 – 15
BASIC FINANCIAL STATEMENTS	
Statement of net position	16
Statement of activities and change in net position	17
Balance sheet – governmental funds	18
Reconciliation of governmental funds balance sheet to statement of net position	19
Statement of revenues, expenditures and changes in fund balances – governmental funds	20
Reconciliation of governmental funds statement of revenues, expenditures and changes in fund balances to statement of activities	21
Statement of fiduciary net position and statement of changes in fiduciary net position	22
NOTES TO BASIC FINANCIAL STATEMENTS	23 – 55
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of revenues, expenditures and changes in fund balance – budget (Non-GAAP basis) and actual – general fund	56 – 57
Notes to schedule of revenues, expenditures and changes in fund balance – budget (Non-GAAP basis) and actual – general fund	58 – 60
Schedule of funding progress – changes in total other post-employment benefits liability and related ratios	61
Schedule of the local government's proportionate share of the net pension liability	62
Schedule of local government contributions	63
SUPPLEMENTARY INFORMATION	
Schedule of change from adopted budget to final – general fund	64
Schedule of real property tax law limit calculation	64
Schedule of capital projects fund – project expenditures and financing resources	65
Net investment in capital assets	66
OTHER REPORTS	
Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Go*vernment Auditing Standards*	67 – 68
EXTRACLASSROOM ACTIVITY FUNDS	
Independent auditors' report	70 – 71
Statement of assets and liabilities arising from cash transactions	72
Statement of revenues collected and expenses paid	73 – 74
Notes to financial statements	75
MANAGEMENT LETTER	76 – 78

DRAFT

INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Greater Johnstown School District
Johnstown, New York

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 Greater Johnstown School District (the District), as of and for the year ended June 30, 2026, 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, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

DRAFT

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress – changes in total other post-employment benefits liability and related ratios, and schedule of local government's proportionate share of the net pension liability and contributions on pages 4 through 15 and 56 through 63 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.

DRAFT

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 introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information on pages 64 through 66 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2026, 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.

Gloversville, New York
October 7, 2026

DRAFT

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The *governmental funds statements* tell how basic services such as general and special education were financed in the short-term, as well as what remains for future spending.

Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a custodian for the benefit of others.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

DRAFT

Table A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-1 Major Features of the District-wide and Fund Financial Statements

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

District-Wide Statements

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

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

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

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

DRAFT

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

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.
- 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 are those with constraints placed on use by external sources or imposed by law.
    - Unrestricted net position are net position that do not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- Governmental Funds: Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District’s programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information following the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, CM miscellaneous special revenue fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balance.
- Fiduciary Fund: The School District is the custodian for assets that belong to others, such as the student activities funds and the private purpose trust funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

DRAFT

FINANCIAL SUMMARY

Table A-2

Condensed Statement of Net Position (in thousands)

	Fiscal Year 2026	Fiscal Year 2025	% Change (Increase, - Decrease)
Assets			
Current and other assets	$ 38,595	$ 44,533	-13
Capital assets - net	67,130	57,729	16
Total Assets	105,725	102,262	3
Deferred Outflows of Resources			
Other post-employment benefits	9,617	12,406	-22
Pensions	5,456	5,457	0
Total Deferred Outflows of Resources	15,073	17,863	-16
Liabilities			
Current liabilities	11,342	19,736	-43
Long-term liabilities	79,547	66,798	19
Total Liabilities	90,889	86,534	5
Deferred Inflows of Resources			
Other post-employment benefits	9,272	14,464	-36
Leases	562	700	-20
Pensions	4,117	2,807	47
Total Deferred Inflows of Resources	13,951	17,971	-22
Net Position			
Net investment in capital assets	35,821	32,679	10
Restricted	15,687	15,614	0
Unrestricted	(35,550)	(32,673)	-9
Total Net Position	$ 15,958	$ 15,620	2

DRAFT

Table A-3

Changes in Net Position from Operating Results (in thousands)

	Fiscal Year 2026	Fiscal Year 2025	% Change (Increase, - Decrease)
Revenues			
Program Revenues			
Charges for services	$ 234	$ 219	7
Operating grants and contributions	3,329	3,390	-2
General Revenues			
Property taxes	13,416	12,948	4
State sources	27,145	25,845	5
Federal sources	132	148	-11
Use of money and property	912	985	-7
Miscellaneous	1,363	1,670	-18
Total Revenues	46,531	45,205	3
Expenses			
General support	7,578	7,257	4
Instruction	31,852	30,956	3
Transportation	3,726	3,327	12
Community service	0	5	-100
Debt service	1,502	1,006	49
Cost of sales – Lunch Program	1,663	1,315	26
Total Expenses	46,321	43,866	6
Change in Net Position	210	1,339	-84
Other Change in Net Position	128	1	12700
Total Change in Net Position	$ 338	$ 1,340	-75

DRAFT

Table A-4 – Revenue Sources for 2026 – Total Governmental Activities

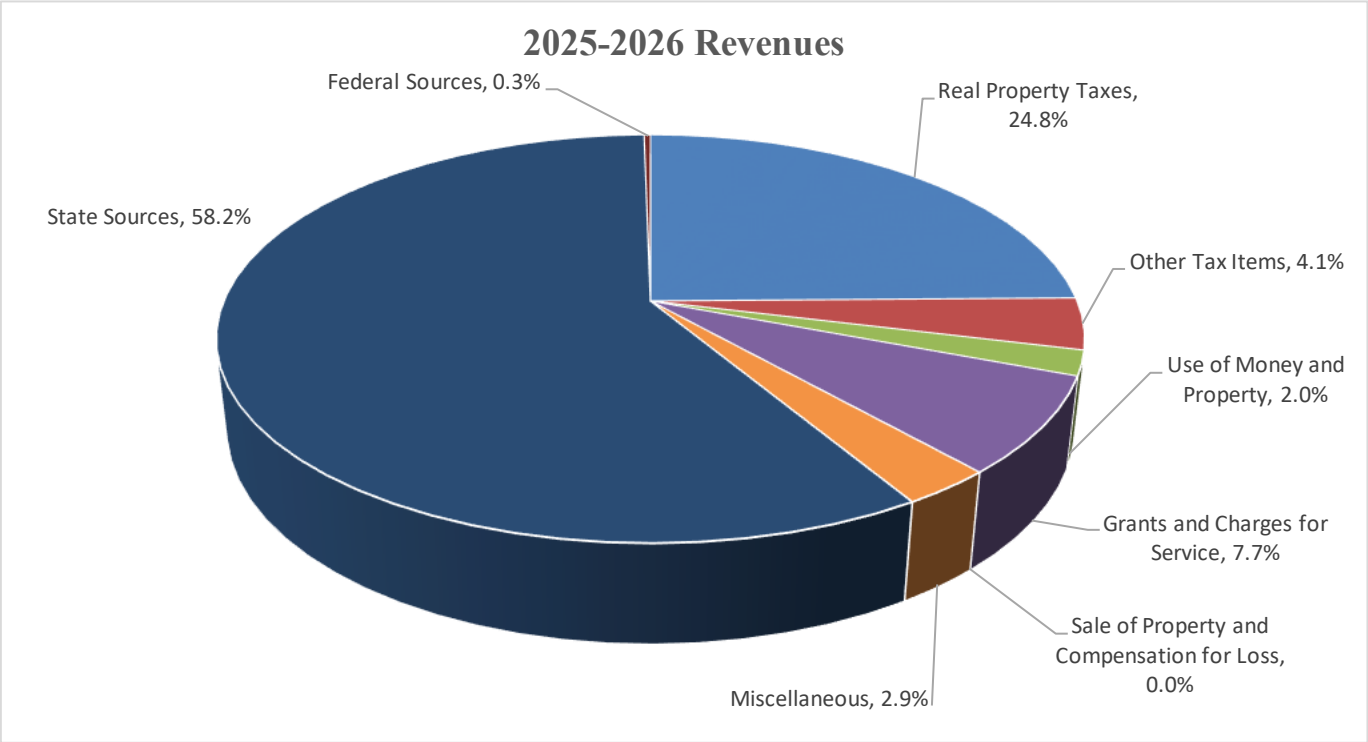


Table A-5 – Expenses for 2026 – Total Governmental Activities

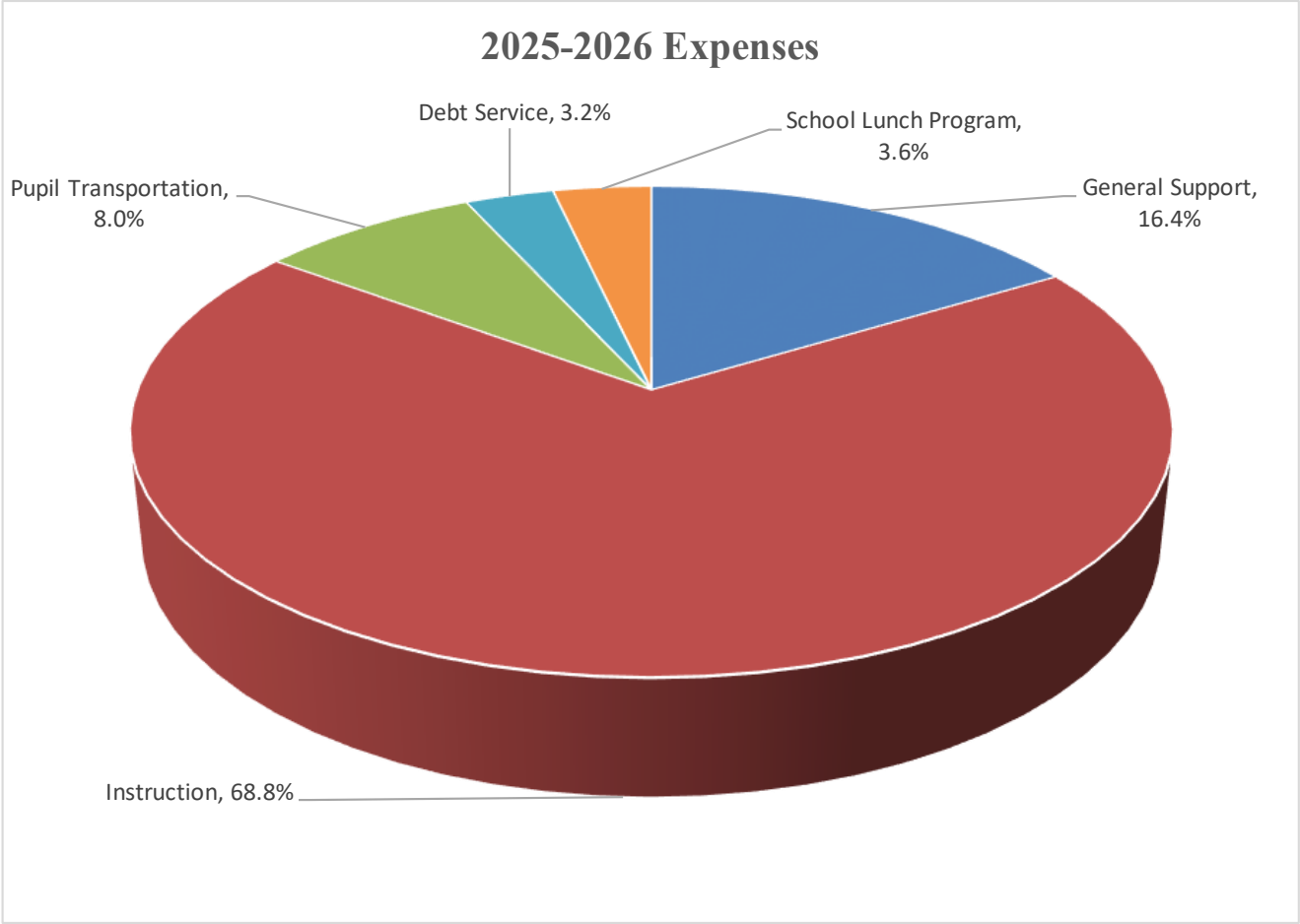


Table A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Table A-6

Net Cost of Governmental Activities (in thousands)

	Total Cost of Services 2026	Total Cost of Services 2025	% Change (Incr.; -Decr.)	Net Cost of Services 2026	Net Cost of Services 2025	% Change (Incr.; -Decr.)
General support	$ 7,578	$ 7,257	4%	$ 7,578	$ 7,257	4%
Instruction	31,852	30,956	3%	29,715	28,557	4%
Pupil transportation	3,726	3,327	12%	3,726	3,327	12%
Community service	0	5	-100%	0	5	-100%
Debt service - interest	1,502	1,006	49%	1,502	1,006	49%
Cost of sales - lunch program	1,663	1,315	26%	238	105	127%
Totals	$ 46,321	$ 43,866	6%	$ 42,759	$ 40,257	6%

DETAILED ANALYSES

Governmental Activities Overall

The School District's 2026 revenue was $46,531,800, an increase of $1,326,118 and 2.9%. The increase was primarily due to an increase in state aid. Property taxes and New York State aid accounted for the majority of revenue by contributing 24.8% and 58.2% of the total revenue raised. The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The cost of all programs and services totaled $46,321,446 for 2026. This was an increase of $2,455,498 and 5.6% over prior year. The increase was primarily due to higher instruction and debt service expenses. In 2026 and 2025, 76.8% and 78.2% of expenses are for the education, supervision, and transportation of students, respectively.

Net position was $15,957,983 as of June 30, 2026, which was an increase of $338,008 and 2.2% over the prior year.

General Fund

Assets in the General Fund were $31,694,885 and $37,270,377 for the fiscal years ended 2026 and 2025, respectively. The decrease of $5,575,492, or 15%, from year to year is due to less cash on hand in 2025-2026, along with netting out due to/due from, State and Federal aid receivables were lower in 2025-2026 as well as overall reductions in all categories.

Liabilities in the General Fund were $7,005,238 and $12,095,725 for the fiscal years ended 2026 and 2025, respectively. The decrease of $5,090,487, or 42%, from year to year is due to deliberate netting of interfund due to/due from to clean up accounts.

Fund Balance in the General Fund were $22,271,692 and $22,538,817 for the fiscal years ended 2026 and 2025, respectively. The decrease of $267,125, or 1%, resulted from revenues being less than expenditures in 2025-2026.

Revenues in the General Fund were $43,134,613 and $40,663,866 for the fiscal years ended 2026 and 2025, respectively. The increase of $2,470,747, or 6%, resulted from higher real property taxes and state aid.

Expenditures in the General Fund were $43,391,635 and $41,371,220 for the fiscal years ended 2026 and 2025, respectively. The increase of $2,020,415, or 5%, resulted from increasing costs across all expense categories.

DRAFT

Special Aid Fund

Assets in the Special Aid Fund were $935,219 and $1,387,133 for the fiscal years ended 2026 and 2025, respectively. The decrease of $451,914, or 33%, from year to year is due to a smaller state and federal aid receivable as well as the result of cleaning up due to/due from.

Liabilities in the Special Aid Fund were $935,219 and $1,387,133 for the fiscal years ended 2026 and 2025, respectively. The decrease of $451,914, or 33%, from year to year is due to smaller accounts payable balances as well as the result of cleaning up due to/due from in 2025-2026.

Fund balance in the Special Aid Fund were $-0- for the fiscal years ended 2026 and 2025. There was no year-over-year change.

Revenues in the Special Aid Fund were $1,955,450 and $2,228,421 for the fiscal years ended 2026 and 2025, respectively. The decrease of $272,971 or 12%, from year to year is due to reduction in grant allocations which resulted in less state and federal revenues.

Expenditures in the Special Aid Fund were $1,978,971 and $2,250,509 for the fiscal years ended 2026 and 2025, respectively. The decrease of $271,538, or 12%, from year to year is due to reduced grant allocations resulting in less expenses and lower employee benefits.

School Lunch Fund

Assets in the School Lunch Fund were $433,132 and $385,948 for the fiscal years ended 2026 and 2025, respectively. The increase of $47,184, or 12%, from year to year is due to increased participation and a la carte sales resulting in higher state and federal aid.

Liabilities in the School Lunch Fund were $171,223 and $95,332 for the fiscal years ended 2026 and 2025, respectively. The increase of $75,891, or 80%, from year to year is due to an increase in due to other funds.

Fund Balance in the School Lunch Fund were $261,909 and $290,616 for the fiscal years ended 2026 and 2025, respectively. The decrease of $28,707, or 10%, from year to year is due to a decrease in assets and increase in liabilities.

Revenues in the School Lunch Fund were $1,438,364 and $1,211,493 for the fiscal years ended 2026 and 2025, respectively. The increase of $226,871, or 19%, from year to year is due to increased participation which resulted in higher state and federal aid in 2025-2026.

Expenditures in the School Lunch Fund were $1,540,410 and $1,236,811 for the fiscal years ended 2026 and 2025, respectively. The increase of $303,599, or 25%, from year to year is due to expanded food choices and use of local products and increased BOCES expenses.

Capital Fund

Assets in the Capital Fund were $6,756,160 and $16,802,327 for the fiscal years ended 2026 and 2025, respectively. The decrease of $10,046,167, or 60%, from year to year is due to completion/closing of a $15M project and $3M EPC project.

Liabilities in the Capital Fund were $4,164,726 and $16,818,522 for the fiscal years ended 2026 and 2025, respectively. The decrease of $1,263,796, or 75%, from year to year is due to the completion of a medium project and paying off a BAN and having less accounts payable in 2025-2026.

Fund Balance in the Capital Fund were $2,591,434 and $(16,195) for the fiscal years ended 2026 and 2025, respectively. The increase of $2,607,629, or 16,101%, from year to year is due to the issuance of $11,275,000 of new bonds less the $9,866,624 spent on capital project work during the year.

DRAFT

Revenues in the Capital Fund were $32,106 and $93,278 for the fiscal years ended 2026 and 2025, respectively. The decrease of $61,172, or 66%, from year to year is due to lower premiums received on bond anticipation notes.

Expenditures in the Capital Fund were $9,866,624 and $6,071,036 for the fiscal years ended 2026 and 2025, respectively. The decrease of $3,795,588, or 62%, from year to year is due to final payments for $15M capital project and $3M EPC project along with the start of new projects.

CM Misc. Special Revenue Fund

Assets in the CM Misc. Special Revenue Fund were $541,935 and $523,539 for the fiscal years ended 2026 and 2025, respectively. The decrease of $18,396, or 3.5%, resulted in no significant variances between fiscal years.

Liabilities in the CM Misc. Special Revenue Fund were $4,012 and $1,545 for the fiscal years ended 2026 and 2025, respectively. The increase of $2,467, or 160%, from year to year is due to an increase in accounts payable for 2025-2026.

Fund Balance in the CM Misc. Special Revenue Fund were $537,923 and $521,994 for the fiscal years ended 2026 and 2025, respectively. The increase of $15,929, or 3%, resulted in no significant variances between fiscal years.

Revenues in the CM Misc. Special Revenue Fund were $51,050 and $433,820 for the fiscal years ended 2026 and 2025, respectively. The decrease of $382,770, or 88%, from year to year is due to a contribution to a solar educational contribution fund in 2024-2025, not 2025-2026.

Expenditures in the CM Misc. Special Revenue Fund were $35,121 and $34,619 for the fiscal years ended 2026 and 2025, respectively. The increase of $502, or 1.5%, resulted in no significant variances between fiscal years.

DRAFT

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

As of June 30, 2026, the School District had $67,130,450 (net of depreciation and amortization) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

Capital Assets (net of depreciation and amortization) (in thousands)

	Fiscal Year 2026	Fiscal Year 2025
Land, land improvements and construction in progress	$ 61,423	$ 51,557
Buildings and equipment	5,504	5,894
Right to use assets	203	278
Totals	$ 67,130	$ 57,729

The District wrapped up the $15 million capital project in 2025-2026. The District ramped up the Small II $5 million project work. The District started planning and financing for the $11million Solar Project, along with planning for the Small III approx. $2,400,000 project. All building projects (minus) the Solar Project are happening to continually improve the safety of our District buildings for the students in the district. The Solar Project will impact the district by reducing the energy costs at Johnstown High School and Warren Street Elementary school.

Long-Term Debt

As of June 30, 2026, the School District had $82,667,081 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Table A-8

Outstanding long-term debt (in thousands)

	Fiscal Year 2026	Fiscal Year 2025
General obligation bonds (financed with property taxes)	$ 31,745	$ 23,605
All other debt	50,922	45,067
Totals	$ 82,667	$ 68,672

Other debt is comprised of compensated absences and other post-employment benefits.

The District issued $11,275,000 of new bonds to finance the $15 million District Wide capital project.

The District has a current S & P Bond Rating of A+/Stable.

DRAFT

Table A-9

Other Information

The Greater Johnstown School District's enrollment for the past 5 years is as follows:

2021-2022	1,579
2022-2023	1,581
2023-2024	1,592
2024-2025	1,563
2025-2026	1,537

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The District is highly-dependent on state aid to fund operating expenses. Changes in the State's economy and other changes at the state level that impact the manner in which state aid is paid could have a significant impact on the finances of the District. While total enrollment remains relatively flat over the last several years, the transiency and needs of our students continue to increase.

The ending of COVID related relief monies, the District is focused on its financial planning to continue to support the needs of our students while remaining financially stable. The fund balance status, inclusive of our reserves, indicates the financial foundation of the school district is solid, which shows the District to be in good stead for future school fiscal years and in a position to minimize negative impacts on our financial position. Unfunded mandates continue to add pressure to the District's overall financial operation, and changes to State aid over time may further that pressure.

Health insurance, including post-employment benefits costs, remain a formidable component of the budgeting and collective bargaining processes. The District continues to use the competitive bidding process conducted by a third-party broker, to establish contracts with insurance carriers that provide comparable coverages and provide for potential cost savings to the District to hopefully offset any increases in premiums the District pays. As utilization is a major driver of health insurance costs, the District will continue to work with the District-wide Health Insurance Committee, as well as with other school districts in the region, to implement measures to slow the rate of growth in health insurance costs.

Another factor that the District is monitoring closely is the rate of inflation and its impact on the cost of materials and supplies required for educating our students and for the safe, daily operation of the district. The District will continue to utilize competitive bidding and the use of purchasing consortiums to offset higher costs for goods and services.

The Board of Education has established and maintains reserves to help offset anticipated increases in costs or unexpected, unforeseen expenses that may occur. These reserves include:

- Reserve for worker's compensation
- Reserve for retirement contributions (ERS)
- Reserve for retirement contributions sub-fund (TRS)
- Reserve for tax certiorari
- Reserve for capital projects (construction)
- Reserve for capital projects (buses)
- Reserve for accrued employee benefits liability

DRAFT

- Reserve for property loss
- Reserve for liability claims
- Reserve for unemployment insurance

The District continues to engage in long-range financial planning, reserve planning and fund-balance management. Through the planning process, the District will continue to employ strategies to utilize reserves and fund balance in a planned, methodical manner in an attempt to maintain programs and maximize the best use of our resources.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Greater Johnstown School District
Business Office
1 Sir Bills Circle, Suite 101
Johnstown, New York 12095

DRAFT

GREATER JOHNSTOWN SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2026

ASSETS		
Cash		
Unrestricted	$	12,660,088
Restricted		15,752,980
Receivables		
State and Federal aid		2,003,128
Due from other governments		1,898,958
Lease receivable		561,914
Taxes receivable		1,875,626
Other receivables		28,190
Inventories		17,367
Net pension asset - proportionate share		3,796,498
Right to use assets, net of amortization		203,223
Capital assets, net of depreciation		66,927,227
Total Assets		105,725,199
DEFERRED OUTFLOWS OF RESOURCES		
Other post-employment benefits		9,616,563
Pensions		5,456,119
Total Deferred Outflows of Resources		15,072,682
LIABILITIES		
Payables		
Accounts payable		1,117,205
Accrued liabilities		56,418
Collections in advance		44,847
Unearned grant revenues		370
Bond anticipation note payable		3,908,750
Long-term liabilities		
Due and payable within one year		
Due to Teachers' Retirement System		1,461,191
Due to Employees' Retirement System		128,557
Bonds payable		4,535,000
Deferred bond premium		70,018
Compensated absences payable		20,068
Due and payable after one year		
Bonds payable		27,210,000
Deferred bond premium		980,258
Net pension liability - proportionate share		454,455
Other post-employment benefits		50,671,234
Compensated absences payable		230,779
Total Liabilities		90,889,150
DEFERRED INFLOWS OF RESOURCES		
Other post-employment benefits		9,272,125
Lease		561,914
Pensions		4,116,709
Total Deferred Inflows of Resources		13,950,748
NET POSITION		
Net investment in capital assets		35,820,512
Restricted		
Reserve for liability and property loss		575,257
Reserve for tax certiorari		221,285
Reserve for debt service		635,796
Reserves for capital projects		8,674,865
Reserve for employee benefit accrued liability		193,695
Reserve for workers' compensation		2,314,572
Unemployment insurance reserve		415,266
Reserve for retirement contribution - TRS		319,688
Reserve for retirement contribution - ERS		2,336,304
Unrestricted		(35,549,257)
Total Net Position	$	15,957,983

See notes to basic financial statements.

DRAFT

GREATER JOHNSTOWN SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenues and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 7,578,365	$ 0	$ 0	$ (7,578,365)
Instruction	31,852,263	(191,063)	(1,946,450)	(29,714,750)
Pupil transportation	3,726,126	0	0	(3,726,126)
Debt service	1,501,691	0	0	(1,501,691)
School lunch program	1,663,001	(42,897)	(1,382,514)	(237,590)
Total Functions and Programs	$ 46,321,446	$ (233,960)	$ (3,328,964)	(42,758,522)
GENERAL REVENUES				
Real property taxes				11,517,154
Other tax items				1,898,951
Use of money and property				912,372
Miscellaneous				1,362,990
State sources				27,145,379
Federal sources				132,030
Total General Revenues				42,968,876
CHANGE IN NET POSITION				210,354
TOTAL NET POSITION - BEGINNING OF YEAR				15,619,975
OTHER CHANGE IN NET POSITION				127,654
TOTAL NET POSITION - END OF YEAR				$ 15,957,983

DRAFT

See notes to basic financial statements.

GREATER JOHNSTOWN SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2026

	General	Special Aid	School Lunch	Capital	CM Misc. Special Revenue	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 7,775,940	$ 60,975	$ 3,678	$ 4,343,812	$ 475,683	$ 12,660,088
Restricted	15,686,728	0	0	0	66,252	15,752,980
Due from other funds	3,109,760	50,560	0	2,402,760	0	5,563,080
State and Federal aid receivable	1,054,876	823,684	124,568	0	0	2,003,128
Due from other governments	1,611,439	0	287,519	0	0	1,898,958
Lease receivable	561,914	0	0	0	0	561,914
Taxes receivable	1,875,626	0	0	0	0	1,875,626
Other receivables	18,602	0	0	9,588	0	28,190
Inventories	0	0	17,367	0	0	17,367
TOTAL ASSETS	$ 31,694,885	$ 935,219	$ 433,132	$ 6,756,160	$ 541,935	$ 40,361,331
LIABILITIES						
Accounts payable	$ 551,204	$ 307,131	$ 603	$ 255,800	$ 2,467	$ 1,117,205
Accrued liabilities	53,733	5	2,680	0	0	56,418
Due to other funds	4,771,400	627,713	162,246	176	1,545	5,563,080
Bond anticipation note payable	0	0	0	3,908,750	0	3,908,750
Due to Employees' Retirement System	128,557	0	0	0	0	128,557
Due to Teachers' Retirement System	1,461,191	0	0	0	0	1,461,191
Collections in advance	39,153	0	5,694	0	0	44,847
Unearned grant revenues	0	370	0	0	0	370
Total Liabilities	7,005,238	935,219	171,223	4,164,726	4,012	12,280,418
DEFERRED INFLOWS OF RESOURCES						
Deferred inflow - lease	561,914	0	0	0	0	561,914
Deferred tax revenues	1,856,041	0	0	0	0	1,856,041
Total Deferred Inflows of Resources	2,417,955	0	0	0	0	2,417,955
FUND BALANCE						
Nonspendable						
Reserved for inventory	0	0	17,367	0	0	17,367
Restricted						
Reserve for liability and property loss	575,257	0	0	0	0	575,257
Reserve for tax certiorari	221,285	0	0	0	0	221,285
Reserve for debt service	635,796	0	0	0	0	635,796
Reserve for capital projects - 2020	620,709	0	0	0	0	620,709
Reserve for capital projects - 2024	8,054,156	0	0	0	0	8,054,156
Reserve for workers' compensation	2,314,572	0	0	0	0	2,314,572
Reserve for employee benefit accrued liability	193,695	0	0	0	0	193,695
Unemployment insurance reserve	415,266	0	0	0	0	415,266
Reserve for retirement contribution - TRS	319,688	0	0	0	0	319,688
Reserve for retirement contribution - ERS	2,336,304	0	0	0	0	2,336,304
Assigned	3,253,108	0	244,542	0	537,923	4,035,573
Unassigned	3,331,856	0	0	2,591,434	0	5,923,290
Total Fund Balance	22,271,692	0	261,909	2,591,434	537,923	25,662,958
TOTAL LIABILITIES AND FUND BALANCE	$ 31,694,885	$ 935,219	$ 433,132	$ 6,756,160	$ 541,935	$ 40,361,331

See notes to basic financial statements.

DRAFT

GREATER JOHNSTOWN SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2026

Total balance - governmental funds balance sheet (page 18)	$ 25,662,958
Add:	
Capital assets and right to use assets, net of accumulated depreciation and amortization	67,130,450
Pensions	4,681,453
Deferred tax revenues	1,856,041
Total	73,667,944
Deduct:	
Compensated absences	250,847
Other post-employment benefits	50,326,796
Deferred bond premim	1,050,276
Bonds payable	31,745,000
Total	83,372,919
NET POSITION, GOVERNMENTAL ACTIVITIES	$ 15,957,983

DRAFT

See notes to basic financial statements.

GREATER JOHNSTOWN SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2026

	General	Special Aid	School Lunch	Capital	CM Misc. Special Revenue	Total Governmental Funds
REVENUES						
Real property taxes	$ 11,596,937	$ 0	$ 0	$ 0	$ 0	$ 11,596,937
Other tax items	1,898,951	0	0	0	0	1,898,951
Charges for services	191,063	0	0	0	0	191,063
Use of money and property	910,733	0	6	0	1,633	912,372
Miscellaneous	1,259,520	9,000	12,947	32,106	49,417	1,362,990
State sources	27,145,379	930,775	488,700	0	0	28,564,854
Federal sources	132,030	1,015,675	864,564	0	0	2,012,269
Surplus food	0	0	29,250	0	0	29,250
Sales - school lunch	0	0	42,897	0	0	42,897
Total Revenues	43,134,613	1,955,450	1,438,364	32,106	51,050	46,611,583
EXPENDITURES						
General support	5,415,355	0	0	0	35,121	5,450,476
Instruction	21,246,782	1,620,211	0	0	0	22,866,993
Pupil transportation	2,675,015	0	0	0	0	2,675,015
Employee benefits	9,341,818	358,760	0	0	0	9,700,578
Debt service						
Principal	3,431,250	0	0	0	0	3,431,250
Interest	1,281,415	0	0	0	0	1,281,415
Cost of sales	0	0	1,540,410	0	0	1,540,410
Capital outlay	0	0	0	9,866,624	0	9,866,624
Total Expenditures	43,391,635	1,978,971	1,540,410	9,866,624	35,121	56,812,761
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(257,022)	(23,521)	(102,046)	(9,834,518)	15,929	(10,201,178)
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	0	0	0	11,275,000	0	11,275,000
Premiums on obligations issued	0	0	0	1,050,276	0	1,050,276
Bond issuance costs	0	0	0	(220,276)	0	(220,276)
BANs redeemed from appropriations	0	0	0	296,250	0	296,250
Operating transfers in	0	23,521	50,000	100,000	0	173,521
Operating transfers (out)	(173,521)	0	0	0	0	(173,521)
Total Other Financing Sources (Uses)	(173,521)	23,521	50,000	12,501,250	0	12,401,250
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	(430,543)	0	(52,046)	2,666,732	15,929	2,200,072
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	22,538,817	0	290,616	(16,195)	521,994	23,335,232
OTHER CHANGE IN FUND BALANCE	163,418	0	23,339	(59,103)	0	127,654
FUND BALANCE (DEFICIT) - END OF YEAR	$ 22,271,692	$ 0	$ 261,909	$ 2,591,434	$ 537,923	$ 25,662,958

See notes to basic financial statements.

DRAFT

GREATER JOHNSTOWN SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2026

REVENUES		
Governmental funds	$ 46,611,583	
Add:		
Current year deferred tax revenue	1,856,041	
Deduct:		
Prior year deferred tax revenue	1,935,824	
REVENUES - STATEMENT OF ACTIVITIES		46,531,800
EXPENDITURES - GOVERNMENTAL FUNDS	56,812,761	
Add:		
Depreciation and amortization	474,777	
Increase in other post-employment benefits	3,413,494	
Increase in compensated absences	39,199	
Bond issuance costs	220,276	
	4,147,746	
Deduct:		
Principal payments of long-term debt	3,431,250	
Change in fixed assets	9,875,881	
Pensions	1,331,930	
	14,639,061	
EXPENDITURES - STATEMENT OF ACTIVITIES		46,321,446
CHANGE IN NET POSITION		$ 210,354

DRAFT

See notes to basic financial statements.

GREATER JOHNSTOWN SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2026

	Custodial Funds	Private Purpose Trust Funds
ASSETS		
Cash	$ 192,611	$ 0
Investment - restricted	0	319,564
Total Assets	192,611	319,564
NET POSITION	$ 192,611	$ 319,564

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2026

	Custodial Funds	Private Purpose Trust Funds
ADDITIONS		
Investment earnings	$ 0	$ 41,602
Extraclassroom receipts	305,467	0
Total Additions	305,467	41,602
DEDUCTIONS		
Extraclassroom disbursements	313,744	0
Total Deductions	313,744	0
Changes in Net Position	(8,277)	41,602
NET POSITION - BEGINNING OF YEAR	200,888	277,962
NET POSITION - END OF YEAR	$ 192,611	$ 319,564

DRAFT

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Greater Johnstown School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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.

Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

i) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found with these financial statements. The District accounts for assets held as the custodian for various student organizations in the custodial fund.

B. Joint Venture

The District is one of 15 component districts in the Hamilton, Fulton and Montgomery Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Joint Venture – (Continued)

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

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

During the year, the District was billed $7,940,019 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued $-0- of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of $-0-.

The District's share of BOCES aid amounted to $3,227,345.

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

C. Basis of Presentation

1. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

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

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

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Basis of Presentation – (Continued)

2. Fund Statements

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

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The District reports the following major governmental funds:

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.

School Lunch Fund – This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted for expenditures of the school breakfast and lunch programs.

Miscellaneous Special Revenue Fund – Miscellaneous Special Revenue Fund is used to account for those revenues that are legally restricted to expenditures for a specific purpose.

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

Capital Projects Fund – These funds are used to account for the financial resources used for acquisition, construction, or major repair of, or the right-to-use capital facilities and other capital and intangible assets.

The District reports the following fiduciary funds:

Custodial Funds: Fiduciary activities are those in which the District acts as custodian for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

Private Purpose and Non-Expendable Trust Funds – These funds are used to account for trust arrangements in which the assets are (a) administered through a trust in which the government itself is not a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the government.

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year 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, lease liabilities, claims and judgments and compensated absences, workers' compensation, pensions and other post-employment benefits, which are recognized as expenditures to the extent they have matured. General capital assets and intangible lease assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Real Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on September 1. Taxes are collected during the period September 1 to October 31.

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

F. Restricted Resources

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

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

G. Interfund Transactions

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

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

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

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

I. Cash (and Cash Equivalents)/Investments

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

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

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

Investments are stated at fair value based on quoted market prices.

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

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

J. Accounts Receivable

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

K. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U. S. Department of Agriculture, at the Government's assigned value, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

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

L. Leases Receivable

The District leases a school building to a third party. A lease receivable is measured and recorded at the present value of lease payments expected to be received by the District during the lease term using an implicit discount rate, net of any provision for estimated uncollectible amounts. As lease payments are received from the lessee, they are first allocated to the amortization of the discount on the lease receivable and recognized as interest revenue, and then to lease receivable.

A portion of fund balance, equal to the difference between the lease receivable and deferred outflows of resources for deferred lease, has been classified as nonspendable to indicate that apportion of revenue recognized from the lease does not constitute available spendable resources (if the amortization of the deferred inflow is different from the lease receivable).

M. Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, were used. Donated assets are reported at estimated fair market value at the time received.

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Capital Assets – (Continued)

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buses	$ 5,000	Straight-line	8
Land	5,000	N/A	N/A
Building and improvements	5,000	Straight-line	20-50
Machinery and equipment	5,000	Straight-line	5-30

N. Intangible Lease Assets

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. The intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible assets reported in the district-wide financial statements follow the same thresholds as noted for capital assets.

O. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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 (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O. Deferred Outflows and Inflows of Resources – (Continued)

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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

At June 30, 2026, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2026 for ERS and June 30, 2025 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2026	June 30, 2025
District's proportionate share of the net pension asset (liability)	$ (454,455)	$ 3,796,498
District's portion of the Plan's total net pension asset (liability)	0.0080552%	0.064119%
Change in proportion since the prior measurement date	0.000552%	(0.002443)%

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O. Deferred Outflows and Inflows of Resources – (Continued)

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

For the year ended June 30, 2026, the District recognized its proportionate share of pension expense of $487,461 for ERS and $(203,548) for TRS. At June 30, 2026, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 260,066	$ 1,990,211	$ 0	$ 0
Changes of assumptions	78,010	1,502,915	0	40,932
Net difference between projected and actual earnings on pension plan investments	0	0	814,862	2,965,055
Changes in proportion and differences between the District's contributions and proportionate share of contributions	85,156	156,155	43,962	251,898
District's contributions subsequent to the measurement date	128,557	1,255,049	0	0
Total	$ 551,789	$ 4,904,330	$ 858,824	$ 3,257,885

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended March 31, 2027 for ERS and June 30, 2027 for TRS. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended:	ERS	TRS
2027	$ 188,916	$ (855,732)
2028	(289,222)	(892,282)
2029	(161,388)	(193,175)
2030	(173,899)	331,788
2031	0	75,780
Thereafter	0	0

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions

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

	ERS	TRS
Measurement date	March 31, 2026	June 30, 2025
Actuarial valuation date	April 1, 2025	June 30, 2024
Interest rate	5.9%	6.95%
Salary scale	5.2%	2.04% – 5.80%
Decrement tables	April 1, 2020 - March 31, 2025 Systems experience	July 1, 2019 - June 30, 2024 Systems experience
Inflation rate	2.9%	2.5%
Projected cost of living adjustments	1.5%	1.4%

For ERS, annuitant mortality rates are based on April 1, 2020 through March 31, 2025 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For ERS, the actuarial assumptions used in the April 1, 2025 valuation are based on the results of an actuarial experience study for the period April 1, 2020 through March 31, 2025. For TRS, the actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2024.

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

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

	ERS	TRS
Measurement date	March 31, 2026	June 30, 2025
Asset type		
Domestic equity	3.29%	6.70%
International equity	5.85	7.40
Global equities	0	7.00
Real estate	5.20	6.50
Domestic fixed income securities	0	2.60
Global bonds	0	2.40
High-yield bonds	0	4.70
Real estate debt	0	3.80
Private debt	0	6.10
Fixed income	1.75	0
Credit	5.10	0
Private equity/alternative investments	7.00	9.80
Opportunistic/ARS portfolio	5.13	0
Cash	0.25	0.60
Real assets	5.54	0

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O. Deferred Outflows and Inflows of Resources – (Continued)

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

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
District's proportionate share of the net pension asset (liability)	$(3,103,801)	$ (454,455)	$ 1,760,516

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension asset (liability)	$(7,295,019)	$ 3,796,498	$13,129,432

Changes of Assumptions

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

Pension Plan Fiduciary Net Position

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

	(Dollars in thousands) ERS	TRS	Total
Measurement date	March 31, 2026	June 30, 2025	
Employers' total pension asset (liability)	$(253,773,040)	$(148,272,068)	$(402,045,108)
Plan fiduciary net position asset (liability)	248,131,290	154,193,125	402,324,415
Employers' net pension asset (liability)	(5,641,750)	5,921,057	279,307
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	97.78%	104.0%	100.07%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2026 represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to $128,557.

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O. Deferred Outflows and Inflows of Resources – (Continued)

Payables to the Pension Plan – (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30, 2026 are paid to the System in September, October and November, 2026 through a state aid intercept. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the fiscal year ended June 30, 2026 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2026 amount to $1,461,191.

Additional pension information can be found in Note 11.

P. 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. The District had $370 in unearned grant revenue at June 30, 2026.

Q. Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

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

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 Statement 101, *Accounting for Compensated Absences*, the liability has been calculated using the more likely than not to be used as leave or settled at separation method and an accrual for that 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 expensed on a pay-as-you go basis.

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

R. Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

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

The District may issue Bond Anticipation Notes (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. BANs that are replaced with long-term financing or renewed subsequent to the year-end but before the issuance of the financial statements are treated as long-term liabilities, as these notes will not require the use of working capital during that period. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

T. Accrued Liabilities and Long-Term Obligations

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

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

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

U. Health Insurance Plan

The School District provides health insurance benefits primarily through participation in the Fulmont Health Trust, (the Plan). The Plan was self-insured for the year ended June 30, 2026. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims, (including future claim adjustment expenses), that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The District pays an estimate of its actual claims and expenses monthly based on its experience in the Plan. The Plan has a stop loss policy to protect the School District from unusually high claims. Excess funds, if any, at the close of the Plan's year (December 31), would be used to pay subsequent assessments/premiums. If the Plan were to be discontinued and after exhausting its assets, each member would be responsible for its own liabilities.

V. Equity Classifications

District-Wide Statements

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

i) 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, and the right-to-use assets, net of any unexpended proceeds.

ii) 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.

iii) Unrestricted Net Position

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

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

V. Equity Classifications – (Continued)

District-Wide Statements – (Continued)

Funds Statements

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

1. Nonspendable

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 the inventory recorded in the School Lunch Fund of $17,367.

2. Restricted

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The District has established the following restricted fund balances:

Currently Utilized by the District:

Capital

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

Liability Claims and Property Loss

According to Education Law §1709(8) (c)), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or $15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000. This reserve is accounted for in the General Fund under Restricted Fund Balance.

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

V. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: - (Continued)

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 under Restricted Fund Balance.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During the fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Debt Service

According to General Municipal Law §6-l , the Mandatory 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 sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the General Fund under Restricted Fund Balance.

Tax Certiorari

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari 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 under Restricted Fund Balance.

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

V. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due 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. The reserve is accounted for in the General Fund under Restricted Fund Balance.

Unemployment Insurance

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

3. Committed

Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School Districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2026.

4. Assigned

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

DRAFT

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

V. Equity Classifications – (Continued)

Funds Statements – (Continued)

5. Unassigned

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

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance

The District's policy is to annually determine the appropriate use of fund balance upon recommendation of the Superintendent and Board of Education.

W. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2026, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 103, *Financial Reporting Model Improvements,* effective for the year ending June 30, 2026. This Statement's objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assisting a government's accountability. Additionally, the statements also addresses certain application issues.

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending June 30, 2026. This statement's objective is to provide separate disclosure of lease assets, intangible right-to-use assets, subscription assets and capital assets held for sale.

X. Future Changes in Accounting Standards

GASB has issued Statement No. 105, *Subsequent Events*, effective for the year ending June 30, 2027. This statement's objective is to improve financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of the financial statement users.

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

DRAFT

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the 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 District-wide statements, compared with the current financial resources focus of the governmental funds.

A. Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balance of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and deferred inflows of resources, and long-term assets and liabilities, and deferred outflows of resources.

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

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories, described as follows:

i) Long-term Revenue and Expense Differences

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

ii) Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 acquisition of capital items or financing of intangible lease assets in the fund statements and depreciation or amortization expense on those items as recorded in the Statement of Activities.

iii) Long-term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

DRAFT

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – (CONTINUED)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities - (Continued)

iv) Pension Differences

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

v) OPEB Differences

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

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

Appropriations are adopted at the program line item level.

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

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.

DRAFT

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)

Encumbrances

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

Excess Fund Balance – Real Property Tax Limit

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.

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

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.

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

Uncollateralized	$ 0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	14,089,711

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 $15,752,980 within the governmental funds and $192,611 in fiduciary funds.

DRAFT

NOTE 5 – INVESTMENTS

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

a. Insured or registered, or investments held by the District or by the District's agent in the District's name, or

b. Uninsured and unregistered, with the investments held by the financial institution's trust department in the District's name, or

c. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District's name.

Investment

Fund	Private Purpose Trust	Private Purpose Trust	Private Purpose Trust
Carrying amount (fair value)	$ 21,790	$ 217,709	$ 80,065
Unrealized investment gain/loss	0	126,591	(4,828)
Type of investment	Money Market	Equities	Fixed Income
Category of investment	C	C	C

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

NOTE 6 – LEASE RECEIVABLE

The District began leasing the former Glebe Street Elementary School to HFM BOCES on July 1, 2020. The lease has a ten year term and HFM BOCES pays annual fixed rent of $142,893 for the term of the lease. The District has recognized a lease receivable of $561,914 as of June 30, 2026, as well as deferred inflows of $561,914, which represent the payments yet to be made over the course of the lease term.

The District recognized $138,097 of deferred inflows of resources in the current year.

DRAFT

NOTE 7 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 261,396	$ 0	$ 0	$ 261,396
Construction in process	48,890,337	9,866,624	0	58,756,961
Total nondepreciable historical cost	49,151,733	9,866,624	0	59,018,357
Capital assets that are depreciated:				
Land improvements	2,405,124	0	0	2,405,124
Buildings	27,047,969	0	0	27,047,969
Furniture and equipment	2,605,143	78,935	0	2,684,078
Total depreciable historical cost	32,058,236	78,935	0	32,137,171
Less accumulated depreciation:				
Buildings, furniture and equipment	23,758,929	469,372	0	24,228,301
Total accumulated depreciation	23,758,929	469,372	0	24,228,301
Net depreciable historical cost	8,299,307	(390,437)	0	7,908,870
Right to use assets that are amortized:				
Equipment	1,200,126	41,098	724,928	516,296
Less accumulated amortization:				
Equipment	921,820	5,405	614,152	313,073
Net amortizable historical cost	278,306	35,693	110,776	203,223
GRAND TOTAL	$ 57,729,346	$ 9,511,880	$ 110,776	$ 67,130,450

Depreciation and amortization were allocated to the following programs as follows:

General support	$ 79,116
Instruction	334,075
Pupil transportation	39,081
School lunch program	22,505
TOTAL	$ 474,777

DRAFT

NOTE 8 – SHORT-TERM DEBT

Interest paid on short-term debt for the year was $560,315.

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	6/26/2026	3.30%	$ 3,305,000	$ 0	$ 3,305,000	$ 0
BAN	6/26/2026	4.25%	10,000,000	0	10,000,000	0
BAN	6/26/2026	3.000	0	3,000,000	3,000,000	0
BAN	6/25/2027	4.00%	0	3,908,750	0	3,908,750
TOTALS			$ 13,305,000	$ 6,908,750	$ 16,305,000	$ 3,908,750

NOTE 9 – LONG-TERM DEBT

Interest paid on long-term debt for the year was $721,100.

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds and notes payable					
General obligation debt	$ 23,605,000	$ 11,275,000	$ 3,135,000	$ 31,745,000	$ 4,535,000
Total bonds and notes payable	23,605,000	11,275,000	3,135,000	31,745,000	4,535,000
Other liabilities:					
Other post-employment benefits	44,855,574	5,815,660	0	50,671,234	0
Compensated absences, net	211,648	39,199	0	250,847	20,068
Total other liabilities	45,067,222	5,854,859	0	50,922,081	20,068
TOTAL LONG-TERM LIABILITIES	$ 68,672,222	$ 17,129,859	$ 3,135,000	$ 82,667,081	$ 4,555,068

The current portion (amount due within one year) of other post-employment benefits as of June 30, 2026, was not determinable.

DRAFT

NOTE 9 – LONG-TERM DEBT – (CONTINUED)

The following is a summary of maturity of indebtedness:

Description of Issue	Serial Bond	Serial Bond	Serial Bond
Issue date	2016	2019	2026
Final maturity	2028	2033	2041
Interest rate	2.00-4.00%	3.000%	5.000%
Outstanding at year end	$ 815,000	$ 19,655,000	$ 11,275,000

	Principal	Interest	Total
Fiscal year ended June 30:			
2027	$ 4,535,000	$ 1,350,427	$ 5,885,427
2028	3,640,000	1,018,950	4,658,950
2029	3,270,000	896,400	4,166,400
2030	3,375,000	787,600	4,162,600
2031	3,490,000	675,150	4,165,150
2032 - 2036	9,070,000	1,869,500	10,939,500
2037 - 2041	4,365,000	676,000	5,041,000
TOTALS	$ 31,745,000	$ 7,274,027	$ 39,019,027

In the prior year, the District defeased certain general obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

NOTE 10 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 3,109,760	$ 4,771,400	$ 0	$ 173,521
Special Aid Fund	50,560	627,713	23,521	0
School Lunch Fund	0	162,246	50,000	0
CM Miscellaneous Special Revenue Fund	0	1,545	0	0
Capital Projects Fund	2,402,760	176	100,000	0
Total Governmental Activities	5,563,080	5,563,080	173,521	173,521
Fiduciary Fund	0	0	0	0
TOTALS	$ 5,563,080	$ 5,563,080	$ 173,521	$ 173,521

Interfund receivables and payables, other than between governmental activities and fiduciary funds, 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.

DRAFT

NOTE 11 – PENSION PLANS

General Information

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

Plan Descriptions and Benefits Provided:

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

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

DRAFT

NOTE 11 – PENSION PLANS – (CONTINUED)

Plan Descriptions and Benefits Provided: - (Continued)

Plan members who joined the system before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976 and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.11% of covered payroll for the TRS' fiscal year ended June 30, 2025. The District's average contribution rate was 15.00% of covered payroll for the ERS' fiscal year ended March 31, 2026.

	NYSTRS	NYSERS
2026	$ 1,255,049	$ 457,910
2025	1,332,453	366,610
2024	1,237,420	285,823

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2026 was $1,255,049 for the TRS at the contribution rate of 9.59% and $457,910 for the ERS at an average contribution rate of 15.00%.

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

Additional pension information can be found in Note 1 O.

NOTE 12 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

The District administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the District. The plan is a single-employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes, which grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

DRAFT

NOTE 12 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

General Information About the OPEB Plan: - (Continued)

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collected bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

Benefits Provided

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	204
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	258
Total	462

Net OPEB Liability:

The District's total OPEB liability of $50,671,234 was measured as of June 30, 2026, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions and Other Inputs

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

Inflation	2.6%
Salary Increases	Varied by years of service and retirement system
Discount Rate	4.32%
Healthcare Cost Trend Rates - Medical	6.50% in 2026, decreasing to an ultimate rate of 4.04% by 2075

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

Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2021.

DRAFT

NOTE 12 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Changes in the Total OPEB Liability:

Balance at June 30, 2025	$ 44,855,574
Changes for the year:	
Service cost	1,718,582
Interest	2,187,729
Changes in benefit terms	0
Differences between expected and actual experience	667,286
Changes in assumptions or other inputs	3,450,457
Benefit payments	(2,208,394)
Net changes	5,815,660
Balance at June 30, 2026	$ 50,671,234

The plan had the following changes since the last valuation:

- Discount rate decreased from 4.81% in 2025 to 4.32% in 2026.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.32%) or 1 percentage point higher (5.32%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 59,005,217	$ 50,671,234	$ 43,996,669

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.50% decreasing to 3.04%) or 1 percentage point higher (7.50% decreasing to 5.04%) than the current healthcare cost trend rate:

	1% Decrease (5.50% Decreasing to 3.04%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.04%)	1% Increase (7.50% Decreasing to 5.04%)
Total OPEB Liability	$ 42,309,491	$ 50,671,234	$ 61,564,852

DRAFT

NOTE 12 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

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

For the year ended June 30, 2026, the District recognized OPEB expense of $3,413,494. At June 30, 2026, 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	$ 5,266,249	$ 4,094,216
Changes of assumptions or other inputs	4,350,314	5,177,909
Total	$ 9,616,563	$ 9,272,125

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

Fiscal Year Ending June 30:	
2027	$ (877,263)
2028	(1,519,441)
2029	733,211
2030	733,212
2031	686,470
Thereafter	588,249
Total	$ 344,438

NOTE 13 – RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, injuries to employees, errors and omissions and natural disasters, etc. The risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

Consortiums and Self Insured Plans

The District participates in Fulmont Workers Compensation Plan, a risk-sharing pool to insure Workers' Compensation claims. 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 District's share of liability for unbilled and open claims is $73,183.

For its employee health and accident insurance coverage, the District is a participant in the Fulmont Health Trust, a public entity risk pool operated for the benefit of seven individual school districts located within Montgomery and Fulton Counties.

DRAFT

NOTE 14 – COMMITMENTS AND CONTINGENCIES

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

The District is a party to tax certiorari cases filed for 2023, 2024, 2025 and 2026 by three District taxpayers. The District's exposure is limited to a refund of any school tax payments made in excess of that due under the assessed value determined by the Court or by settlement. The approximate total liabilities for the four years is $445,624.

NOTE 15 – FAIR VALUE MEASUREMENTS

As required by GASB 72 *Fair Value Measurements,* the District is required to value investment securities based on the valuation measurement techniques and hierarchy established by the FASB ASC.

There are three general valuation techniques that may be used to measure fair value, as described below:

(A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets. Prices may be indicated by pricing guides, sales transactions, market trades or other sources.

(B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and

(C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Fair values of assets measured on a recurring basis at June 30, 2026, are as follows:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Scholarship Funds	$ 319,564	$ 319,564	$ 0	$ 0

NOTE 16 – TAX ABATEMENTS

Fulton County enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced $483,341. The District received Payment in Lieu of Tax (PILOT) payments totaling $41,775.

DRAFT

NOTE 17 – OTHER CHANGE IN FUND BALANCE/NET POSTION

Other change in fund balance in the general fund consists of $163,418 to clear prior year receivables. Other change in fund balance in the school lunch fund consists of $23,339 for incorrect prior year meal reimbursement claims. Other change in fund balance in the capital fund consists of $(59,103) to write off an uncollectible receivable.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the issuance date of the audit report. There were no issues to report that would have a material effect on the financial statements.

DRAFT

GREATER JOHNSTOWN SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON–GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Actual Revenues	Original Budget Variance to Final Budget Variance Over (Under)	Final Budget Variance with Budgetary Actual Over (Under)
REVENUES:					
Local Sources					
Real property taxes	$ 12,632,818	$ 11,517,681	$11,596,937	$ (1,115,137)	$ 79,256
Real property tax items	481,141	1,596,278	1,898,951	1,115,137	302,673
Charges for services	137,350	137,350	191,063	0	53,713
Use of money and property	168,200	168,200	910,733	0	742,533
Miscellaneous	708,000	708,000	1,259,520	0	551,520
Total Local Sources	14,127,509	14,127,509	15,857,204	0	1,729,695
State Sources	25,931,963	25,931,963	27,145,379	0	1,213,416
Federal Sources	120,000	120,000	132,030	0	12,030
Total Revenues	40,179,472	40,179,472	43,134,613	0	2,955,141
OTHER FINANCING SOURCES					
Transfers from other funds	59,737	59,737	0	0	(59,737)
Total Revenues	40,239,209	40,239,209	43,134,613	$ 0	$ 2,895,404

DRAFT

See paragraph on supplementary schedules included in independent auditors' report.

GREATER JOHNSTOWN SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON–GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Actual Expenditures	Year End Encumbrances	Actual Expenditures Including Encumbrances	Original Budget Variance to Final Budget Variance (Over) Under	Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under
EXPENDITURES							
General Support							
Board of Education	93,057	99,426	84,947	$ 740	$ 85,687	$ 6,369	$ 13,739
Central administration	250,921	297,835	297,442	0	297,442	46,914	393
Finance	430,743	430,268	388,677	18,025	406,702	(475)	23,566
Staff	353,380	424,323	423,675	0	423,675	70,943	648
Central services	3,793,295	3,731,360	3,510,713	35,552	3,546,265	(61,935)	185,095
Special items	715,906	723,716	709,901	0	709,901	7,810	13,815
Instructional							
Instruction, administration and improvements	1,138,815	1,211,049	1,161,119	4,825	1,165,944	72,234	45,105
Teaching – regular school	11,359,212	10,682,042	10,465,049	50,021	10,515,070	(677,170)	166,972
Programs for children with handicapping conditions	5,688,743	5,235,183	4,953,977	0	4,953,977	(453,560)	281,206
Occupational education	1,296,448	1,136,415	1,136,394	0	1,136,394	(160,033)	21
Teaching - special school	0	30,000	26,489	0	26,489	30,000	3,511
Instructional media	1,294,908	1,382,162	1,342,415	2,845	1,345,260	87,254	36,902
Pupil services	2,057,254	2,255,680	2,161,339	24	2,161,363	198,426	94,317
Pupil Transportation	2,889,900	2,702,599	2,675,015	0	2,675,015	(187,301)	27,584
Community Services	7,000	4,000	0	0	0	(3,000)	4,000
Employee Benefits	8,904,735	10,146,603	9,341,818	0	9,341,818	1,241,868	804,785
Debt Service	4,712,500	4,712,665	4,712,665	0	4,712,665	165	0
Total Expenditures	44,986,817	45,205,326	43,391,635	112,032	43,503,667	218,509	1,701,659
Other Financing Uses							
Transfers to other funds	170,000	173,521	173,521	0	173,521	3,521	0
Total Expenditures and Other Uses	45,156,817	45,378,847	43,565,156	$ 112,032	$ 43,677,188	$ 222,030	$ 1,701,659
NET CHANGE IN FUND BALANCE	(4,917,608)	(5,139,638)	(430,543)				
FUND BALANCE – BEGINNING	22,538,817	19,127,260	22,538,817				
OTHER CHANGE IN FUND BALANCE	0	0	163,418				
FUND BALANCE – ENDING	$ 17,621,209	$ 13,987,622	$ 22,271,692				

See paragraph on supplementary schedules included in independent auditors' report.

DRAFT

GREATER JOHNSTOWN SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2026

NOTE 1 – BUDGETARY INFORMATION AND BASIS OF BUDGETING

The District's budget is prepared in accordance with the requirements of New York State Education Law and is adopted on a basis consistent with the cash receipts and disbursements method, with the exception of encumbrances, which are treated as expenditures for budgetary purposes when commitments are made. The legal level of budgetary control is at the function level within the general fund.

The accompanying budgetary comparison schedule for the general fund presents the original and final legally adopted budget and the actual results on the budgetary basis of accounting. Because the District's budgetary basis differs from accounting principles generally accepted in the United States of America (GAAP), a reconciliation to the GAAP-basis change in fund balance is presented in a separate schedule immediately following the budgetary comparison schedule.

NOTE 2 – EXPLANATION OF SIGNIFICANT BUDGET VARIANCES BETWEEN ORIGINAL BUDGET AND FINAL BUDGET AMOUNTS

The following summarizes the more significant differences between original and final budget amounts for the general fund for the year ended June 30, 2026:

General Fund

	Amount
Budgetary Revenues	
Differences – original budget to final budget:	
Local Sources	
Real Property Taxes In the original budget, the real property taxes line includes the full tax levy amount. In the final budget, the real property tax line is reduced by the STAR payment amount of $1,115,137, which was moved to the real property tax items line.	$(1,115,137)
Real Property Tax Items The STAR payment was budgeted in the real property taxes line then moved to real property tax items in the final budget.	1,115,137

DRAFT

NOTE 2 – EXPLANATION OF SIGNIFICANT BUDGET VARIANCES BETWEEN ORIGINAL BUDGET AND FINAL BUDGET AMOUNTS – (CONTINUED)

General Fund – (Continued)

	Amount
Budgetary Expenditures	
Differences – original budget to final budget	
General Support	
Central Administration The District had a change in Superintendent and Assistant Superintendent in August 2025, which required an increase in these budget lines.	$ 46,914
Staff There were hirings during the school year, which increased staff costs.	70,943
Instructional	
Occupational Education The District had fewer students than anticipated attend BOCES CTE classes in 2025-26.	(160,033)
Pupil Services Increases in costs resulted in higher expenses in the pupil services category.	198,426
Employee Benefits A large increase in health insurance premiums required the increase of the appropriation budget for employee benefits.	1,241,868

DRAFT

GREATER JOHNSTOWN SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2026

NOTE 3 – EXPLANATION OF SIGNIFICANT VARIANCES BETWEEN FINAL BUDGET AND ACTUAL RESULTS

The following summarizes the more significant differences between final budget amounts and actual results for the general fund for the year ended June 30, 2026:

	General Fund Over (Under)
Budgetary Revenues	
Differences – Final budget to actual results	
Local Sources	
Real Property Tax Items Utility bills were higher than previous year, increasing the funds refunded by New York State.	$ 302,673
Charges for Services Increased number of out-of-district students for both individuals and other school districts.	53,713
Use of Money and Property The District's investments with NYCLASS have caused an increase in interest revenue. Also, leased property to HFM BOCES revenue increased.	742,533
Miscellaneous Increased number of claims paid by the county for services. There was a significant increase in excess BOCES revenue. This has been increasing significantly over the past few years. Other revenue, E-Rate and Connect Kids increased use from the previous year causing an increase in miscellaneous revenue.	551,520
Transfers from Other Funds There was no interfund transfer from the debt service fund.	(59,737)
Budgetary Expenditures	
Differences – final budget to actual results	
There were no significant variances between final budget and actual results.	

DRAFT

GREATER JOHNSTOWN SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

FOR THE YEARS ENDED JUNE 30, 2026, 2025, 2024, 2023, 2022, 2021, 2020, 2019 AND 2018

Measurement Date	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability									
Service cost	$ 1,718,582	$ 1,733,783	$ 1,701,462	$ 1,688,616	$ 2,420,862	$ 4,799,743	$ 3,134,563	$ 1,521,254	$ 1,586,592
Interest	2,187,729	1,852,093	1,741,352	1,910,375	1,420,303	2,100,842	2,456,264	2,045,968	1,873,939
Change of benefit terms	0	(676,953)	0	(68,851)	0	(41,412,707)	0	0	0
Differences between expected and actual experience	667,286	3,824,829	852,609	(12,282,648)	230,281	3,496,511	(82,198)	8,434,615	0
Change of assumptions or other inputs	3,450,457	(3,137,282)	(525,421)	(1,233,254)	(13,353,986)	5,815,823	19,481,127	5,057,540	(2,667,769)
Benefit payments	(2,208,394)	(1,979,224)	(1,967,473)	(1,695,703)	(1,858,244)	(1,597,548)	(1,544,364)	(1,576,067)	(2,021,465)
Net change in total OPEB liability	5,815,660	1,617,246	1,802,529	(11,681,465)	(11,140,784)	(26,797,336)	23,445,392	15,483,310	(1,228,703)
Total OPEB Liability - beginning	44,855,574	43,238,328	41,435,799	53,117,264	64,258,048	91,055,384	67,609,992	52,126,682	53,355,385
Total OPEB Liability - ending	$ 50,671,234	$ 44,855,574	$ 43,238,328	$ 41,435,799	$ 53,117,264	$ 64,258,048	$ 91,055,384	$ 67,609,992	$ 52,126,682
Covered-employee payroll	$ 14,938,448	$ 14,813,881	$ 12,437,610	$ 11,801,322	$ 12,808,222	$ 9,741,379	$ 10,808,216	$ 12,073,210	$ 13,956,493
Total OPEB liability as a percentage of covered-employee payroll	339.20%	302.79%	347.64%	351.11%	414.71%	659.64%	842.46%	560.00%	373.49%
Plan's fiduciary net position	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Net OPEB Liability	$ 50,671,234	$ 44,855,574	$ 43,238,328	$ 41,435,799	$ 53,117,264	$ 64,258,048	$ 91,055,384	$ 67,609,992	$ 52,126,682

DRAFT

See paragraph on supplementary schedules included in independent auditors' report.

GREATER JOHNSTOWN SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE YEARS ENDED JUNE 30, 2026, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018 AND 2017

NYS Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	0.0080552%	0.0075032%	0.0073127%	0.0069773%	0.0060573%	0.0067375%	0.0073005%	0.0079615%	0.0083463%	0.0092817%
District's proportionate share of the net pension liability (asset)	$ 454,455	$ 1,286,484	$ 1,076,724	$ 1,496,219	$ (495,158)	$ 6,709	$ 1,933,212	$ 564,099	$ 269,373	$ 872,132
District's covered-employee payroll	3,051,752	2,873,820	2,285,724	2,107,359	1,868,489	2,081,382	2,321,451	2,554,101	2,656,066	2,524,787
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.9%	44.8%	47.1%	71.0%	26.5%	0.3%	83.3%	22.1%	10.1%	34.5%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.2%	94.7%

NYS Teachers' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	0.064119%	0.066562%	0.062627%	0.060821%	0.058056%	0.056381%	0.063476%	0.066171%	0.064136%	0.066097%
District's proportionate share of the net pension liability (asset)	$ (3,796,498)	$ (1,985,940)	$ 716,196	$ 1,167,080	$ (10,060,624)	$ 1,557,957	$ (1,649,098)	$ (1,196,549)	$ (487,497)	$ 707,926
District's covered-employee payroll	13,094,056	12,591,701	12,708,975	11,566,715	10,774,520	9,846,957	9,569,628	10,595,094	10,694,561	10,163,439
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-29.0%	-15.8%	5.6%	10.1%	-93.4%	15.8%	-17.2%	-11.3%	-4.6%	7.0%
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.00%	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.70%	99.00%

DRAFT

See paragraph on supplementary schedules included in independent auditors' report.

GREATER JOHNSTOWN SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2026, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018 AND 2017

NYS Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 457,910	$ 366,610	$ 285,823	$ 203,756	$ 302,393	$ 289,945	$ 334,453	$ 364,321	$ 386,052	$ 380,417
Contributions in relation to the contractually required contribution	457,910	366,610	285,823	203,756	302,393	289,945	334,453	364,321	386,052	380,417
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 3,051,752	$ 2,873,820	$ 2,285,724	$ 2,107,359	$ 1,868,489	$ 2,081,382	$ 2,321,451	$ 2,554,101	$ 2,656,066	$ 2,524,787
Contribution as a percentage of covered-employee payroll	15.00%	12.76%	12.50%	9.67%	16.18%	13.93%	14.41%	14.26%	14.53%	15.07%

NYS Teachers' Retirement System

	2025	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 1,255,720	$ 1,273,021	$ 1,240,396	$ 1,190,215	$ 1,055,903	$ 938,415	$ 847,869	$ 1,125,199	$ 1,048,067	$ 1,191,155
Contributions in relation to the contractually required contribution	1,255,720	1,273,021	1,240,396	1,190,215	1,055,903	938,415	847,869	1,125,199	1,048,067	1,191,155
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 13,094,056	$ 12,591,701	$ 12,708,975	$ 11,566,715	$ 10,774,520	$ 9,846,957	$ 9,569,628	$ 10,595,094	$ 10,694,561	$ 10,163,439
Contribution as a percentage of covered-employee payroll	9.59%	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%

DRAFT

See paragraph on supplementary schedules included in independent auditors' report.

GREATER JOHNSTOWN SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2026

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET	
ADOPTED BUDGET	$45,156,817
ADDITIONS:	
Prior year's encumbrances	219,080
Donations	2,950
FINAL BUDGET	$45,378,847

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2026

2026-2027 voter-approved expenditure budget	$47,291,679
Maximum allowed (4% of 2025-2026 budget)	1,891,667
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	3,253,108
Unassigned fund balance	3,331,856
Total unrestricted fund balance	6,584,964
Less:	
Appropriated fund balance and encumbrances	3,253,108
Total utilized	3,253,108
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	$ 3,331,856
Actual percentage	7.0%

DRAFT

See paragraph on supplementary schedules included in independent auditors' report.

GREATER JOHNSTOWN SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2026

			Expenditures				Methods of Financing			
Project Title	**Original Appropriation**	**Revised Appropriation**	**Prior Year**	**Current Year**	**Total**	**Unexpended Balance**	**Local Sources**	**State Aid**	**Proceeds of Obligations**	**Fund Balances**
District Wide Capital Project	$ 39,600,000	$ 39,600,000	$ 37,687,707	$ 0	$ 37,687,707	$ 1,912,293	$ 3,267,010	$ 48,346	$ 37,539,520	$ 3,167,169
$15,000,000 District Wide Project	15,000,000	15,000,000	4,862,196	8,205,224	13,067,420	1,932,580	2,468,409	0	11,275,000	675,989
2022-23 Capital Outlay Project	100,000	100,000	43,268	0	43,268	56,732	100,000	0	0	56,732
2023-24 Capital Outlay Project	100,000	100,000	85,110	0	85,110	14,890	100,000	0	0	14,890
2024-25 Capital Outlay Project	100,000	100,000	100,000	(108)	99,892	108	100,000	0	0	108
2025-26 Capital Outlay Project	100,000	100,000	0	0	0	100,000	100,000	0	0	100,000
Small Project (24-25)	5,000,000	5,000,000	502,669	1,332,494	1,835,163	3,164,837	5,000,000	0	0	3,164,837
Knox Turf	2,000,000	2,000,000	2,000,000	0	2,000,000	0	0	0	0	(2,000,000)
Energy Performance Contract	2,339,959	2,339,959	2,200,174	320,391	2,520,565	(180,606)	0	0	0	(2,520,565)
Solar Energy Project	11,000,000	11,000,000	0	8,623	8,623	10,991,377	0	0	0	(8,623)
Smart Schools Bond Act	1,755,889	1,755,889	1,755,170	0	1,755,170	719	0	1,696,067	0	(59,103)
TOTALS	$ 77,095,848	$ 77,095,848	$ 49,236,294	$ 9,866,624	$ 59,102,918	$ 17,992,930	$ 11,135,419	$ 1,744,413	$ 48,814,520	$ 2,591,434

DRAFT

See paragraph on supplementary schedules included in independent auditors' report.

GREATER JOHNSTOWN SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

JUNE 30, 2026

CAPITAL ASSETS, NET		$ 67,130,450
DEDUCT:		
Bond anticipation notes payable	$ 3,908,750	
Less: Unspent bond anticipation note proceeds	(4,343,812)	
Short-term portion of bonds payable	4,535,000	
Long-term portion of bonds payable	27,210,000	
		31,309,938
NET INVESTMENT IN CAPITAL ASSETS		$ 35,820,512

DRAFT

See paragraph on supplementary schedules included in independent auditors' report.

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

To the President and the Other Members
of the Board of Education of the
Greater Johnstown School District
Johnstown, New York

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 Greater Johnstown School District as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 7, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

DRAFT

Report on Compliance and Other Matters

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

Purpose of this Report

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

Gloversville, New York
October 7, 2026

DRAFT

GREATER JOHNSTOWN SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2026

DRAFT

INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Greater Johnstown School District
Johnstown, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Greater Johnstown School District (the District) as of June 30, 2026, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the District as of June 30, 2026, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Responsibilities of Management for the Financial Statements

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

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

DRAFT

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Gloversville, New York
October 7, 2026

DRAFT

GREATER JOHNSTOWN SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2026

ASSETS	
Cash	$ 192,611
TOTAL ASSETS	$ 192,611
LIABILITIES AND CLUB BALANCES	
Club balances	$ 192,611
TOTAL LIABILITIES AND CLUB BALANCES	$ 192,611

DRAFT

See notes to financial statements.

GREATER JOHNSTOWN SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2026

	Balance July 1, 2025	Receipts	Disbursements	Balance June 30, 2026
Johnstown High School				
Art Club	$ 101	$ 0	$ 0	$ 101
Baronet Yearbook	11,784	690	1,576	10,898
Bugle Newspaper	165	0	0	165
Cheerleading	275	8,232	6,284	2,223
Class of 2025	6,262	0	6,262	0
Class of 2026	18,728	93,675	109,708	2,695
Class of 2027	7,610	19,572	16,664	10,518
Class of 2028	6,424	7,843	1,931	12,336
Class of 2029	0	6,511	2,008	4,503
Drama Club	23,313	18,238	14,664	26,887
Future Business Leaders	0	2,130	173	1,957
Gaming Club	114	30	0	144
Interest on Account	34	25	55	4
International Club	588	8,945	8,605	928
Johnstown Equality Alliance	164	252	251	165
Key Club	183	1,287	1,287	183
Marching Band	4,407	0	0	4,407
Masterminds	2	0	0	2
National History Club	434	0	0	434
National Honor Society	1,988	0	828	1,160
Odyssey of the Mind	11,969	705	902	11,772
SADD - Post Prom	2,897	3,175	3,280	2,792
Science Club	4,099	0	172	3,927
Student Council	4,775	4,441	4,399	4,817
Winterguard	2,547	3,350	4,173	1,724
Tax Account	79	4,384	4,264	199
Total Johnstown High School	108,942	183,485	187,486	104,941
Knox Junior High School				
Art Club	47	0	0	47
Battle of the Books	6	745	296	455
Cooking Club	580	27	277	330
Foreign Language Club	701	0	25	676
Just Run	18	0	0	18
Kids with Heart	0	1,058	1,058	0
Music Club	89	0	0	89
Show choir	664	0	0	664
Student Council	3,705	655	49	4,311
Tax Account	0	104	77	27
Yearbook Club	2,071	0	0	2,071
Total Knox Junior High School	7,881	2,589	1,782	8,688

See notes to financial statements.

DRAFT

GREATER JOHNSTOWN SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID – (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2026

	Balance July 1, 2025	Receipts	Disbursements	Balance June 30, 2026
Total Johnstown High School and Knox Junior High School (from previous page)	$ 116,823	$ 186,074	$ 189,268	$ 113,629
Athletic Clubs				
Boys Soccer	1,420	7,545	6,137	2,828
Girls Soccer	1,728	3,283	1,409	3,602
Volleyball	899	500	595	804
Weight lifting club	2,212	663	11	2,864
Football	14,466	5,927	18,431	1,962
Cross Country	2,213	3,236	2,416	3,033
Field Hockey	260	3,544	3,524	280
Golf	315	0	161	154
Nordic Ski	485	125	500	110
Alpine Ski	1,916	3,462	3,598	1,780
Wrestling	8,256	11,465	10,336	9,385
Girls Basketball	3,233	7,476	7,357	3,352
Boys Basketball	15,438	22,830	19,503	18,765
Bowling	2,248	120	1,105	1,263
Swim	1,182	1,590	299	2,473
Baseball	4,288	22,922	25,936	1,274
Softball	1,458	4,767	3,503	2,722
Boys Lacrosse	9,485	7,654	6,807	10,332
Girls Lacrosse	1,825	3,290	1,217	3,898
Track	10,738	8,994	11,631	8,101
Total Athletic Clubs	84,065	119,393	124,476	78,982
TOTALS	$ 200,888	$ 305,467	$ 313,744	$ 192,611

DRAFT

See notes to financial statements.

GREATER JOHNSTOWN SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Funds of the Greater Johnstown School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. However, since the Board of Education does exercise general oversight, these funds are reflected in the Custodial Fund of the basic financial statements of the District.

The books and records of the Greater Johnstown School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

NOTE 2 – MANAGEMENT LETTER

Management letter items associated with the Extraclassroom Activity Funds are included in the management letter associated with the District's basic financial statements.

DRAFT

October 7, 2026

To the President and the Other Members
of the Board of Education of the
Greater Johnstown School District
Johnstown, New York

Re: Management Letter
June 30, 2026

In planning and performing our audit of the basic financial statements of the Greater Johnstown School District for the year ended June 30, 2026, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control as a basis for designing our audit procedures for the purpose of expressing an opinion 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.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and improving operating efficiency. The memorandum that follows summarizes our comments and recommendations regarding those matters. We previously reported on the District's internal control in our report dated October 7, 2026. This report does not affect our report dated October 7, 2026, on the financial statements of the Greater Johnstown School District.

Prior-Year Comments

1) Extraclassroom Activity Funds

Prior Condition: We noted the following items in regard to the District's Extraclassroom Activity Funds for the year ended June 30, 2025:

a) There were 7 fiscally inactive clubs in 2024-25 which should either become active to utilize the funds or the funds should be redistributed at the discretion of the Board of Education.

b) We noted 7 instances where sales tax was not collected of the 67 tested receipts and 12 instances where sales tax was not paid of the 46 tested disbursements.

c) We noted 29 fundraiser receipts which did not prepare profit and loss statements.

d) In 2024-2025, there were two of 67 tested receipts missing signatures.

DRAFT

Status: These conditions remain unchanged as of June 30, 2026.

a) For the 2025-2026 year there were 10 fiscally inactive clubs.

b) We noted four instances where sales tax was not collected of the 54 tested receipts and 14 instances where sales tax was not paid of the 53 tested disbursements.

c) We noted 11 fundraiser receipts which did not have profit and loss statements.

d) In 2025-26, there was one out of 54 tested receipts missing a signature and one out of 53 tested disbursements missing two signatures.

Recommendation: We recommend that the District and all the clubs review the NYS Pamphlet #2 and ensure all Extraclassroom Activity Funds are in compliance with these regulations.

2) Confirming Purchase Orders

Prior Condition: Through testing of a sample of 40 disbursements for our 2025 audit, we noted five instances of confirming purchase orders.

Status: Our 2026 testing of a sample of 40 purchase orders noted two confirming purchase orders.

Recommendation: We recommend that the District ensure all purchases are made from proper purchase orders approved in advance of the purchase occurring, rather than confirming purchase orders created after an invoice is received.

3) Disbursement Testing

Prior Condition: Our 2025 testing of a sample of 40 District disbursements noted one instance of sales tax being paid, one disbursement lacking the claims auditor's signoff and one disbursement lacking an invoice from the vendor.

Status: Our 2026 testing of a sample of 40 District disbursements noted one instance of sales tax being paid.

Recommendation: We recommend that the District ensure that all purchasing and disbursement procedures and approvals are being followed.

4) Reserve Balances

Prior Condition: The District has two reserves with high balances which could be questioned by the New York State Comptroller if they were to review the District's finances. In particular, the workers' compensation reserve and unemployment reserve balances are higher than ideal.

Status: As of June 30, 2026, the workers' compensation and unemployment reserve balances remain higher than ideal.

Recommendation: We recommend that the District review their reserves to ensure that the balances are reasonable and necessary.

DRAFT

5) ACH Payments

Prior Condition: The District's Internal Claims Auditor did not review and approve the ACH payments to HFM BOCES during the year.

Status: This condition has been corrected.

6) Internal Claims Audit

Prior Condition: The Board of Education approved a resolution authorizing the District Treasurer and/or Deputy Treasurer to pay invoices in the absence of the District's Internal Claims Auditor under conditions calling for immediate payment. The invoices to then be submitted to the Internal Claims Auditor for audit.

Status: This condition remains outstanding.

Recommendation: To maintain the independence of the claims auditing function, the Internal Claims Auditor should be independent of the purchasing and check signing functions. We recommend that the District appoint an individual who has no role in purchasing or treasury functions to the role of Deputy Internal Claims Auditor to handle any payments when the Internal Claims Auditor is unavailable.

* * * * * * * * * * * * * * * * * *

We appreciate the assistance and courtesies extended to us by your staff during our fieldwork.

Please let us know if you would like to discuss our comments and recommendations.

Very truly yours,

WEST & Company CPAs PC

DRAFT