

**BOQUET VALLEY CENTRAL  
SCHOOL DISTRICT**

**Financial Statements  
Year Ended June 30, 2025**

## TABLE OF CONTENTS

<b>Independent Auditor’s Report</b> .....	1-3
<b>Management’s Discussion and Analysis</b> .....	4-9
<b>Basic Financial Statements:</b>	
Statement of Net Position.....	10
Statement of Activities.....	11
Balance Sheet – Governmental Funds.....	12
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	14
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	15
Statement of Fiduciary Net Position – Fiduciary Funds.....	16
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	16
Notes to the Financial Statements.....	17-47
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Other Sources, Expenditures, Other Uses – Budget and Actual – General Fund.....	48
Schedule of Funding Progress for the Retiree Health Plan.....	49
Schedule of the District’s Proportionate Share of the Net Pension Asset/Liability.....	50
Schedule of the District’s Pension Contributions.....	51
<b>Supplementary Information:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds.....	52
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds.....	53
General Fund – Schedule of Change from Adopted Budget to Final Budget.....	54
Section 1318 of the Real Property Tax Law Limit Calculation.....	54
Net Investment in Capital Assets.....	55
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	56-57
<b>Schedule of Findings</b> .....	58
<b>Response to Findings</b> .....	59
<b>Independent Auditor’s Report</b> .....	60-61

<b>Extraclassroom Activity Fund Statement of Assets, Liabilities and Fund Balance – Cash Basis.....</b>	<b>62</b>
<b>Extraclassroom Activity Fund Statement of Receipts, Disbursements and Ending Balances – Cash Basis.....</b>	<b>63</b>
<b>Extraclassroom Activity Fund Notes to the Financial Statement.....</b>	<b>64</b>

## Independent Auditor's Report

To the Board of Education  
Boquet Valley Central School District  
Westport, 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 Boquet Valley Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Boquet Valley Central School District's basic financial statements as listed in the table of contents.

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

#### Basis for Opinions

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

#### 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 Boquet Valley Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of progress for the retiree health plan, schedule of proportionate share of net pension asset/liability, and schedule of contributions on pages 4-9 and 48-51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boquet Valley Central School District's basic financial statements. The accompanying combining nonmajor fund financial statements, schedule of change from original budget to revised budget, section 1318 real property tax law calculation, and net investment in capital assets are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, schedule of change from original budget to revised budget, section 1318 real property tax law calculation, and net investment in capital assets are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025, on our consideration of the Boquet Valley Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Boquet Valley Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boquet Valley Central School District's internal control over financial reporting and compliance.

Telling & Hillman, P.C.

Telling & Hillman, P.C.  
License # 092.0131564  
Middlebury, Vermont  
October 15, 2025

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**BOQUET VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2025**

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As management of Boquet Valley Central School District, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. Other forward-looking indicators will also assist the reader to assess the overall financial health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements consist of the following activities:

- Governmental activities – Most of the District's basic services are reported here, including general support, instruction, and pupil transportation. Real property taxes and state and federal grants finance most of these activities.

#### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

#### Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the Governmental Fund balance sheet and the Governmental Fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains five Governmental Funds. Information is presented separately in the Governmental Fund balance sheet and in the Governmental Fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Special Aid Fund, and Capital Projects Fund, all of which are considered major funds. The Debt Service Fund and School Food Service Fund are aggregated and reported as Nonmajor Governmental Funds. Individual fund data for each of these Governmental Funds is provided in the form of combining schedules elsewhere in this report.

The General Fund is the only fund which the District legally adopts a budget. The Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

#### Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the District. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. Fiduciary Funds use the accrual basis of accounting and are reported using the economic resources measurement focus.

#### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide explanations of the accounting principles followed and include tables with more detailed analyses of accounts requiring further clarification. The notes to the financial statements can be found immediately following the basic financial statements.

#### **Required supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. The required supplementary information can be found immediately after the notes to the financial statements.

#### **Supplementary information**

Supplementary information includes schedules that are not a required part of the basic financial statements but are presented for purposes of additional analysis. The supplementary information is presented following the required supplementary information.

### **FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$31,765,903 (i.e., net position), a change of \$(2,222,522) in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total revenue of \$17,560,250, a change of \$(461,833) in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total expenses of \$19,782,772 a change of \$(16,071) in comparison to the prior year.

- As of the close of the current fiscal year, Governmental Funds reported a combined ending fund balance of \$11,167,874, a change of \$464,342 in comparison to the prior year.
- As of the close of the current fiscal year, the Governmental Funds reported total revenue of \$17,560,250 a change of \$(461,833) in comparison to the prior year.
- As of the close of the current fiscal year, the Governmental Funds reported total expenses of \$17,095,908, a change of \$1,137,620 in comparison to the prior year.
- As of the close of the current fiscal year, unassigned fund balance for the General Fund was \$2,566,472, a change of \$847,098 in comparison to the prior year.
- As of the close of the current fiscal year, the District reported total outstanding long-term indebtedness of \$706,928, a change of \$(136,618) in comparison to the prior year.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>Net Position</u>		
	June 30, 2025	June 30, 2024	Percentage Change
<b>Assets</b>			
Current assets	\$ 12,171,474	\$ 11,617,738	4.8%
Noncurrent assets	10,490,693	9,138,633	14.8
Total assets	<u>22,662,167</u>	<u>20,756,371</u>	<u>9.2</u>
<b>Deferred outflows of resources</b>	<u>8,496,665</u>	<u>12,623,157</u>	<u>-32.7</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 31,158,832</u>	<u>\$ 33,379,528</u>	<u>-6.7%</u>
<b>Liabilities</b>			
Other liabilities	\$ 977,440	\$ 914,206	6.9%
Long-term debt outstanding	54,690,748	55,488,733	-1.4
Total liabilities	<u>55,668,188</u>	<u>56,402,939</u>	<u>-1.3</u>
<b>Deferred inflows of resources</b>	<u>7,256,547</u>	<u>6,519,970</u>	<u>11.3</u>
<b>Net position</b>			
Net investment in capital assets	9,429,185	8,755,087	7.7
Restricted	7,572,419	7,969,724	-5.0
Unrestricted	<u>(48,767,507)</u>	<u>(46,268,192)</u>	<u>5.4</u>
Total net position	<u>(31,765,903)</u>	<u>(29,543,381)</u>	<u>7.5</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 31,158,832</u>	<u>\$ 33,379,528</u>	<u>-6.7%</u>

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. At the close of the most recent fiscal year, total net position was \$(31,765,903), a change of \$(2,222,522) from the prior year.

The largest portion of net position, \$9,429,185, reflects our investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$7,572,419, represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position in the amount of \$(48,767,507) is a deficit, primarily resulting from the District’s unfunded net pension liability and Other Post-Employment Benefit (OPEB) liability.

	<u>Change in Net Position</u>		
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Percentage Change</u>
<b>Revenues</b>			
Program Revenues			
Charges for services	\$ 68,285	\$ 20,463	233.7%
Operating grants	1,061,510	1,878,621	-43.5
General revenues			
Property taxes and tax items	8,325,629	8,129,082	2.4
State sources	7,072,284	7,223,713	-2.1
Use of money and property	465,659	516,112	-9.8
Miscellaneous	566,883	254,092	123.1
<b>Total revenues</b>	<u>17,560,250</u>	<u>18,022,083</u>	<u>-2.6</u>
<b>Expenses</b>			
General support	2,798,276	2,224,781	25.8
Instruction	7,758,533	8,110,773	-4.3
Transportation	711,670	663,154	7.3
Employee benefits	8,153,200	8,440,344	-3.4
Interest	22,421	24,555	-8.7
School lunch program	338,672	335,236	1.0
<b>Total expenses</b>	<u>19,782,772</u>	<u>19,798,843</u>	<u>-0.1</u>
Change in net position	(2,222,522)	(1,776,760)	25.1
<b>Net position – beginning of year</b>	<u>(29,543,381)</u>	<u>(27,766,621)</u>	<u>6.4</u>
<b>Net position – end of year</b>	<u>\$ (31,765,903)</u>	<u>\$ (29,543,381)</u>	<u>7.5%</u>

### **Governmental activities**

The District's total revenues for the 2025 fiscal year were \$17,560,250 versus expenses of \$19,782,772. For the year, the District's net position decreased by \$(2,222,522) to bring the total net position of the primary government to \$(31,765,903). The drivers of revenues for the year were state sources, property taxes, and operating grants. State sources comprised 40% of total revenues while property taxes and tax items were 47% of total revenue. Revenues were down from the prior year by \$461,833.

For expenses, general support, instruction, and employee benefits made up a majority of the costs of the governmental activities. Total expenses for general support were \$2,798,276, which consisted primarily of central administration, central services, and finance expenses. Instruction total expenses for the year were \$7,758,533. Costs associated with instruction included \$ 3,196,124 of teaching – regular school and \$1,853,566 for programs for handicapped children.

### **Governmental funds**

General Fund – the General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance was \$2,566,472 and the total fund equity was \$10,857,990. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. For the current year, unassigned fund balance represents 16% of total expenditures (including transfers out), while total fund balance was 71% of the same amount. The total fund balance of the District's General Fund increased by \$1,076,713 during the current fiscal year.

Special Aid Fund – the Special Aid Fund is used to account for operating projects or programs supported in whole, or in part, with federal funds or state or local grants. The fund balance at the end of the year was \$27,516. The fund balance of the District's Special Aid Fund increased by \$10,717 during the current fiscal year.

Capital Fund – the Capital Fund is used to account for the financial resources used for the acquisition, construction, or major repair of capital facilities. The fund balance at the end of the year was \$153,167. The fund balance of the District's Capital Fund decreased by \$591,560 during the current fiscal year.

Debt Service Fund – this fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of the governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital assets are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding. The fund balance at the end of the year was \$40,910. The fund balance of the District's Debt Service Fund increased by \$142 during the current fiscal year.

School Food Service Fund – the School Food Service Fund is used to account for transactions of the lunch and breakfast programs. The fund balance at the end of the year was \$88,291. The fund balance of the School Food Service Fund decreased by \$31,670 during the current fiscal year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year, the District reallocates funds within the General Fund budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the District's original and final General Fund budget amounts compared with actual results is shown on the Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund.

The original budget for the General Fund for Boquet Valley Central School was \$15,651,006. The total was revised during year to \$16,062,226. The difference arises from the prior year encumbrances and appropriated reserves.

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

The fiscal year 2025 actual revenues and other financing sources were \$16,460,532, which was \$527,157 over budget amounts. This was primarily due to actual use of money and property revenue and miscellaneous revenue being over budget by \$351,917 and \$217,869, respectively. The fiscal year 2025 actual expenditures and other financing uses were \$15,383,819, which was \$426,398 under budget amounts.

The District's [General Fund] fund balance increased by \$1,076,713.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital assets

Total investment in capital assets for governmental activities at year end amounted to \$9,715,116 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, and machinery and equipment. Major capital asset events during the current fiscal year included the following:

Lake View Roof	1,346,833
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Additional information on capital assets can be found in the Notes to the Financial Statements.

#### Long-term debt

At the end of the current fiscal year, total debt outstanding was \$706,928, all of which was backed by the full faith and credit of the government. Additional information on long-term debt can be found in the Notes to the Financial Statements.

### FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could affect its future financial health.

The District relies heavily on school taxes to support the budget. In 2011, New York State established the property tax cap law limiting school districts ability to raise taxes by 2% or the rate of inflation, whichever is less. This makes it difficult for districts trying to increase school taxes to supplement any state aid reduction. With revenue sources limited, primarily to state aid and property taxes, it is difficult to keep up with rising costs to provide a quality education to our students.

The uncertainty of the state's financial position, as it relates to its funding of education makes it difficult to project revenues as a part of the District's long-term planning.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Main Office  
Boquet Valley Central School District  
7530 Court Street  
Elizabethtown, NY 12932  
Phone: (518) 873-6371

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Statement of Net Position**  
**Year Ended June 30, 2025**

<b>Assets</b>	
Cash - unrestricted	\$ 3,503,941
Cash - restricted	7,572,419
Accounts receivable	58,456
State and federal aid receivable	1,013,427
Inventories	10,726
Prepaid expenses	12,505
Right to use lease asset, net	30,997
Capital assets, net	9,715,116
Net pension assets - proportionate share	744,580
Total assets	<u>22,662,167</u>
<b>Deferred outflows of resources</b>	
OPEB	6,385,842
Pensions	2,110,823
Total deferred outflows of resources	<u>8,496,665</u>
<b>Total assets and deferred outflows of resources</b>	<b>\$ <u>31,158,832</u></b>
<b>Liabilities</b>	
Payables:	
Accounts payable	\$ 376,960
Accrued liabilities	19,121
Long-term liabilities:	
Due and payable within one year:	
Bonds payable	130,000
Lease liability	11,465
Due to Teachers' Retirement System	521,629
Due to Employees' Retirement System	59,730
Due and payable after one year:	
Bonds payable	560,000
Lease liability	5,463
Net pension liability - proportionate share	518,106
Compensated absences payable	709,238
Other postemployment benefits payable	52,756,476
Total liabilities	<u>55,668,188</u>
<b>Deferred inflows of resources</b>	
Unearned revenue	26,160
OPEB	6,173,653
Pensions	1,056,734
Total deferred inflows of resources	<u>7,256,547</u>
<b>Net position</b>	
Net investment in capital assets	9,429,185
Restricted	
Unemployment insurance	70,019
Employee benefits	702,871
Retirement contributions	440,126
Tax Certiorari	239,914
Insurance	30,212
Capital improvements	5,189,605
Transportation and maintenance equipment	858,762
Debt service	40,910
Unrestricted	<u>(48,767,507)</u>
Total net position	<u>(31,765,903)</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ <u>31,158,832</u></b>

The accompanying notes are an integral part of the financial statements.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Statement of Activities**  
**Year Ended June 30, 2025**

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Operating</u>	<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Grants</u>	<u>Revenue and</u>
		<u>Services</u>		<u>Changes in</u>
				<u>Net Position</u>
<b>Functions/Programs</b>				
General support	\$ 2,798,276	\$ 56,264	\$ -	\$ (2,742,012)
Instruction	7,758,533	-	766,749	(6,991,784)
Pupil transportation	711,670	-	-	(711,670)
Employee benefits	8,153,200	-	-	(8,153,200)
Interest expense	22,421	-	-	(22,421)
School lunch program	<u>338,672</u>	<u>12,021</u>	<u>294,761</u>	<u>(31,890)</u>
<b>Total functions and programs</b>	<b>\$ <u>19,782,772</u></b>	<b>\$ <u>68,285</u></b>	<b>\$ <u>1,061,510</u></b>	<b><u>(18,652,977)</u></b>
<b>General revenues</b>				
Real property taxes				7,892,773
Other tax items				432,856
Use of money and property				465,659
Miscellaneous				566,883
State sources				<u>7,072,284</u>
<b>Total general revenues</b>				<u>16,430,455</u>
<b>Change in net position</b>				<u>(2,222,522)</u>
<b>Net position - beginning of year, as previously stated</b>				(29,473,828)
<b>Prior period adjustment</b>				<u>(69,553)</u>
<b>Net position - beginning of year, restated</b>				<u>(29,543,381)</u>
<b>Total net position - end of year</b>				<b>\$ <u>(31,765,903)</u></b>

The accompanying notes are an integral part of the financial statements.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
**Year Ended June 30, 2025**

	<u>General</u>	<u>Special Aid</u>	<u>Capital</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash - unrestricted	\$ 2,531,382	\$ 654,457	\$ 227,334	\$ 90,768	\$ 3,503,941
Cash - restricted	7,531,509	-	-	40,910	7,572,419
Accounts receivable	55,582	2,874	-	-	58,456
Due from other funds	1,021,789	-	-	-	1,021,789
State and federal aid receivable	446,299	275,952	264,765	26,411	1,013,427
Inventories	-	-	-	10,726	10,726
Prepaid Expenses	-	12,505	-	-	12,505
<b>Total assets</b>	<u>\$ 11,586,561</u>	<u>\$ 945,788</u>	<u>\$ 492,099</u>	<u>\$ 168,815</u>	<u>\$ 13,193,263</u>
<b>Liabilities</b>					
Payables:					
Accounts payable	\$ 276,721	\$ 25,653	\$ 74,167	\$ 419	\$ 376,960
Accrued liabilities	18,130	991	-	-	19,121
Due to other funds	-	736,471	264,765	20,553	1,021,789
Due to Teachers' Retirement System	403,096	118,533	-	-	521,629
Due to Employees' Retirement System	30,624	10,464	-	18,642	59,730
Total liabilities	<u>728,571</u>	<u>892,112</u>	<u>338,932</u>	<u>39,614</u>	<u>1,999,229</u>
<b>Deferred inflows of resources</b>					
Unearned revenue	-	26,160	-	-	26,160
<b>Fund balance</b>					
Nonspendable					
Inventory	-	-	-	10,726	10,726
Prepaid expense	-	12,505	-	-	12,505
Restricted					
Unemployment Insurance	70,019	-	-	-	70,019
Employee benefits	702,871	-	-	-	702,871
Retirement contributions	440,126	-	-	-	440,126
Tax Certiorari	239,914	-	-	-	239,914
Insurance	30,212	-	-	-	30,212
Capital improvements	5,189,605	-	-	-	5,189,605
Transportation and maintenance equipment	858,762	-	-	-	858,762
Debt service	-	-	-	40,910	40,910
Assigned					
Encumbrances	252,009	-	-	-	252,009
Appropriated	508,000	-	-	-	508,000
Unappropriated	-	15,011	153,167	77,565	245,743
Unassigned	<u>2,566,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,566,472</u>
Total fund balance	<u>10,857,990</u>	<u>27,516</u>	<u>153,167</u>	<u>129,201</u>	<u>11,167,874</u>
<b>Total liabilities and fund balance</b>	<u>\$ 11,586,561</u>	<u>\$ 945,788</u>	<u>\$ 492,099</u>	<u>\$ 168,815</u>	<u>\$ 13,193,263</u>

The accompanying notes are an integral part of the financial statements.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Reconciliation of Governmental Fund Balance Sheet**  
**to the Statement of Net Position**  
**Year Ended June 30, 2025**

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position Totals</u>
<b>Assets</b>				
Cash - unrestricted	\$ 3,503,941	\$ -	\$ -	\$ 3,503,941
Cash - restricted	7,572,419	-	-	7,572,419
Accounts receivable	58,456	-	-	58,456
Due from other funds	1,021,789	-	(1,021,789)	-
State and federal aid receivable	1,013,427	-	-	1,013,427
Inventories	10,726	-	-	10,726
Prepaid Expenses	12,505	-	-	12,505
Right to use lease asset, net	-	30,997	-	30,997
Land, building, and equipment, net	-	9,715,116	-	9,715,116
Net pension assets - proportionate share	-	744,580	-	744,580
Total assets	<u>13,193,263</u>	<u>10,490,693</u>	<u>(1,021,789)</u>	<u>22,662,167</u>
<b>Deferred outflows of resources</b>				
OPEB	-	6,385,842	-	6,385,842
Pensions	-	2,110,823	-	2,110,823
Total deferred outflows of resources	<u>-</u>	<u>8,496,665</u>	<u>-</u>	<u>8,496,665</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 13,193,263</u>	<u>\$ 18,987,358</u>	<u>\$ (1,021,789)</u>	<u>\$ 31,158,832</u>
<b>Liabilities</b>				
Payables:				
Accounts payable	\$ 376,960	\$ -	\$ -	\$ 376,960
Accrued liabilities	19,121	-	-	19,121
Due to other funds	1,021,789	-	(1,021,789)	-
Due to Teachers' Retirement System	521,629	-	-	521,629
Due to Employees' Retirement System	59,730	-	-	59,730
Bonds payable	-	690,000	-	690,000
Lease liability	-	16,928	-	16,928
Net pension liability - proportionate share	-	518,106	-	518,106
Compensated absences	-	709,238	-	709,238
Postemployment benefits	-	52,756,476	-	52,756,476
Total liabilities	<u>1,999,229</u>	<u>54,690,748</u>	<u>(1,021,789)</u>	<u>55,668,188</u>
<b>Deferred inflows of resources</b>				
Unearned revenue	26,160	-	-	26,160
OPEB	-	6,173,653	-	6,173,653
Pensions	-	1,056,734	-	1,056,734
Total deferred inflows of resources	<u>26,160</u>	<u>7,230,387</u>	<u>-</u>	<u>7,256,547</u>
<b>Fund balance/net position</b>				
Total fund balance/net position	<u>11,167,874</u>	<u>(42,933,777)</u>	<u>-</u>	<u>(31,765,903)</u>
<b>Total liabilities, deferred inflows of resources, and fund balance/net position</b>	<u>\$ 13,193,263</u>	<u>\$ 18,987,358</u>	<u>\$ (1,021,789)</u>	<u>\$ 31,158,832</u>

The accompanying notes are an integral part of the financial statements.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Governmental Funds**  
**Year Ended June 30, 2025**

	<u>General</u>	<u>Special Aid</u>	<u>Capital</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Real property taxes	\$ 7,892,773	\$ -	\$ -	\$ -	\$ 7,892,773
Other tax items	432,856	-	-	-	432,856
Charges for services	56,264	-	-	-	56,264
Use of money and property	465,517	-	-	142	465,659
State sources	7,072,284	435,474	-	95,031	7,602,789
Federal sources	-	331,275	-	199,730	531,005
Sales - school lunch	-	-	-	12,021	12,021
Miscellaneous	540,838	25,825	-	220	566,883
<b>Total revenues</b>	<u>16,460,532</u>	<u>792,574</u>	<u>-</u>	<u>307,144</u>	<u>17,560,250</u>
<b>Expenditures</b>					
General support	2,673,547	-	1,356,310	-	4,029,857
Instruction	6,501,062	781,857	-	-	7,282,919
Pupil transportation	563,183	-	-	-	563,183
Employee benefits	4,722,238	-	-	-	4,722,238
Debt service:					
Principal	136,618	-	-	-	136,618
Interest	22,421	-	-	-	22,421
School lunch program	-	-	-	338,672	338,672
<b>Total expenditures</b>	<u>14,619,069</u>	<u>781,857</u>	<u>1,356,310</u>	<u>338,672</u>	<u>17,095,908</u>
Excess (deficiency) of revenues over expenditures	<u>1,841,463</u>	<u>10,717</u>	<u>(1,356,310)</u>	<u>(31,528)</u>	<u>464,342</u>
<b>Other financing sources (uses)</b>					
Operating transfers in	-	-	764,750	-	764,750
Operating transfers (out)	(764,750)	-	-	-	(764,750)
<b>Total other sources (uses)</b>	<u>(764,750)</u>	<u>-</u>	<u>764,750</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	<u>1,076,713</u>	<u>10,717</u>	<u>(591,560)</u>	<u>(31,528)</u>	<u>464,342</u>
<b>Fund balance - beginning of year, as previously stated</b>	9,850,830	16,799	744,727	160,729	10,773,085
Prior period adjustment	(69,553)	-	-	-	(69,553)
<b>Fund balance - beginning of year, restated</b>	<u>9,781,277</u>	<u>16,799</u>	<u>744,727</u>	<u>160,729</u>	<u>10,703,532</u>
<b>Fund balance - end of year</b>	<u>\$ 10,857,990</u>	<u>\$ 27,516</u>	<u>\$ 153,167</u>	<u>\$ 129,201</u>	<u>\$ 11,167,874</u>

The accompanying notes are an integral part of the financial statements.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in**  
**Fund Balance to the Statement of Activities**  
**Year Ended June 30, 2025**

	<u>Total</u> <u>Governmental</u> <u>Funds</u>	<u>Long-term</u> <u>Revenues,</u> <u>Expenses</u>	<u>Capital</u> <u>Related</u> <u>Funds</u>	<u>Long-term</u> <u>Debt</u> <u>Transactions</u>	<u>Reclassification</u> <u>and</u> <u>Eliminations</u>	<u>Statement of</u> <u>Activities</u> <u>Totals</u>
<b>Revenues</b>						
Real property taxes	\$ 7,892,773	\$ -	\$ -	\$ -	\$ -	\$ 7,892,773
Other tax items	432,856	-	-	-	-	432,856
Charges for services	56,264	-	-	-	-	56,264
Use of money and property	465,659	-	-	-	-	465,659
State sources	7,602,789	-	-	-	-	7,602,789
Federal sources	531,005	-	-	-	-	531,005
Sales - school lunch	12,021	-	-	-	-	12,021
Miscellaneous	566,883	-	-	-	-	566,883
<b>Total revenues</b>	<u>17,560,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,560,250</u>
<b>Expenditures/Expenses</b>						
General support	4,029,857	115,252	(1,346,833)	-	-	2,798,276
Instruction	7,282,919	475,614	-	-	-	7,758,533
Pupil transportation	563,183	148,487	-	-	-	711,670
Employee benefits	4,722,238	3,430,962	-	-	-	8,153,200
Debt services:						
Principal	136,618	-	-	(136,618)	-	-
Interest	22,421	-	-	-	-	22,421
School lunch program	338,672	-	-	-	-	338,672
<b>Total expenditures/expenses</b>	<u>17,095,908</u>	<u>4,170,315</u>	<u>(1,346,833)</u>	<u>(136,618)</u>	<u>-</u>	<u>19,782,772</u>
Excess (deficiency) of revenues over expenditures	<u>464,342</u>	<u>(4,170,315)</u>	<u>1,346,833</u>	<u>136,618</u>	<u>-</u>	<u>(2,222,522)</u>
<b>Other sources (uses)</b>						
Operating transfers in	764,750	-	-	-	(764,750)	-
Operating transfers (out)	(764,750)	-	-	-	764,750	-
<b>Total other sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change for the year</b>	<u>\$ 464,342</u>	<u>\$ (4,170,315)</u>	<u>\$ 1,346,833</u>	<u>\$ 136,618</u>	<u>\$ -</u>	<u>\$ (2,222,522)</u>

The accompanying notes are an integral part of the financial statements.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Statements of Fiduciary Net Position - Fiduciary Funds**  
**Year Ended June 30, 2025**

	<u>Private Purpose Funds</u>	<u>Custodial Funds</u>
<b>Assets</b>		
Cash	\$ 80,609	\$ 43,131
<b>Total assets</b>	<u>\$ 80,609</u>	<u>\$ 43,131</u>
<b>Liabilities</b>		
Due to other governments	\$ -	\$ 345
<b>Net position</b>		
Reserve for extraclassroom activities	<u>80,609</u>	<u>42,786</u>
Total net position	<u>80,609</u>	<u>42,786</u>
<b>Total liabilities and net position</b>	<u>\$ 80,609</u>	<u>\$ 43,131</u>

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position - Fiduciary Funds**  
**Year Ended June 30, 2025**

	<u>Private Purpose Funds</u>	<u>Custodial Funds</u>
<b>Additions</b>		
Receipts	\$ 50	\$ 30,764
Library taxes collected	-	40,000
Interest	<u>18,906</u>	<u>-</u>
<b>Total additions</b>	<u>18,956</u>	<u>70,764</u>
<b>Deductions</b>		
General support	7,900	39,912
Library disbursements	<u>-</u>	<u>40,000</u>
<b>Total deductions</b>	<u>7,900</u>	<u>79,912</u>
Excess of revenues over expenditures	<u>11,056</u>	<u>(9,148)</u>
<b>Net position - beginning of year, as     previously stated</b>	-	51,934
Prior period adjustment	<u>69,553</u>	<u>-</u>
<b>Net position, beginning of year, restated</b>	<u>69,553</u>	<u>51,934</u>
<b>Net position - end of year</b>	<u>\$ 80,609</u>	<u>\$ 42,786</u>

The accompanying notes are an integral part of the financial statements.

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies

Boquet Valley Central School District (“the District”) provides K-12 public education to students living within its geographic borders.

The financial statements of 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 used by the District are described below:

#### a) Reporting Entity

The District is governed by the laws of the State of New York. The District is an independent entity governed by an elected Board of Education consisting of 8 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 Unit*. The financial reporting entity consist of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include 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.

#### Extraclassroom Activity Funds

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

#### Public Libraries

The Elizabethtown Library, the Westport Library, and the Wadham’s Free Library, jointly share the services of the District Treasurer. The District collects taxes and has title to real property used by the libraries. The libraries are an independent body whose Trustees are elected separately from the School District. Further review of GASB’s requirements for component units indicate that the operations of the Libraries should not be reflected in the District’s financial statements.

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### b) Joint Venture

The District is a component district in Clinton-Essex-Warren-Washington BOCES. A Board of Cooperative Educational Services (BOCES) is a voluntary, cooperative association of school districts in a geographical 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.

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 \$233,337 for BOCES administrative and capital costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$0 of bond anticipation notes on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$390,000.

The District's share of BOCES aid amounted to \$570,789.

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

#### c) Basis of Presentation

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both government-wide and fund financial statements categorize primary activities as governmental. The District's General Fund, Special Aid Fund, Capital Projects, School Food Service Fund, and Debt Service Fund activities are classified as governmental.

#### District-wide statements

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

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### c) Basis of Presentation (continued)

##### Fund Statements

The District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The fund statements provide information about the District's Governmental and Fiduciary Funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor 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.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditure for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The special revenue funds classified as major are:

Special Aid Fund: Used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.

Capital Fund: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or nonmajor fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be nonmajor are reported in the supplemental schedules either separately or in the aggregate.

The District reports the following Fiduciary Funds:

Fiduciary Fund: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements because their resources do not belong to the District and are not available to be used. There are two classes of Fiduciary Funds:

Private Purpose Trust Funds: These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. A scholarship is an example of a private-purpose trust fund. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as an agent for various student groups or extraclassroom activity funds. The District also collects property taxes on behalf of the Elizabethtown Library, the Westport Library, and the Wadham's Free Library.

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

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

The 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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

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

#### e) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 12, 2024. Taxes are collected during the period September 1, 2024 to November 1, 2024. Uncollectable real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District not later than the following April 1.

#### 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.

#### g) Interfund Transactions

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

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### g) Interfund Transactions (continued)

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 6 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, other post-employment benefits, pension benefits, useful lives of long-lived assets, lease liability.

#### i) Cash (and Cash Equivalents)/Investments

The District's cash and cash equivalents consists 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.

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

#### j) Accounts Receivable

Receivables are shown as gross. No allowance for uncollectible accounts has been provided since the District expects to collect the full amount.

#### k) Inventories and prepaid items

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

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 1. Summary of Significant Accounting Policies (continued)**

**k) Inventories and prepaid items (continued)**

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

A portion of the fund balance in the amount of these non-liquid assets has been identified as not available for other subsequent expenditures.

**l) Capital Assets**

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Land and construction in progress 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 general fixed assets reported in the district-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 1,000	Straight line	40 years
Furniture and equipment	\$ 1,000	Straight line	5-20 years
Transportation equipment	\$ 1,000	Straight line	8 years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are incurred.

**m) Right to Use Assets**

Right to use 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 or, if not readily determinable, the District's estimated incremental borrowing rate. The right to use assets are amortized over the shorter of the lease term or the useful life of the underlying asset. Capitalization thresholds and useful lives of right to use assets reported in the government-wide financial statements follow the same thresholds as noted for capital assets.

**n) Deferred Outflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in 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. Also included in this item is the District's contribution to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The second item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effects of the net change in the actual and expected experience.

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### o) Deferred Inflows of Resources

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 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 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 liability (TRS and ERS Systems) and differences during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in the pension expense.

The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of net changes of assumption or other inputs.

The third item is related to unearned revenue. 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. The District reports unearned on its governmental funds balance sheet and Statement of Net Position as a deferral related to a future period.

#### p) Compensated Absences

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

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 and/or credit towards their health insurance obligation.

Vacation eligibility and accumulation is specified in collective bargaining agreements for individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payments upon retirement, termination, or death.

Certain collective bargained agreements require these payments to be paid in the form on non-elective contributions into the employee's 403(b) plan.

In the government-wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick, when employees have earned the right to the leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The liability is measured as the employee's rate of pay at the reporting date, including salary-related payments such as Social Security and Medicare taxes.

In the fund statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from services with the District by June 30<sup>th</sup>.

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### q) Other Benefits

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

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 provisions 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 District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

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

#### r) Short-term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) 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 (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. 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 BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

#### s) Accrued Liabilities and Long-term Obligations

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

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

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### t) Equity Classifications

##### District-wide statements:

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

**Net investment in capital assets** – Consists of net capital assets (cost less accumulated depreciation) and right to use assets (present value of future payments remaining on the term less accumulated amortization), reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of, and the right to use those assets, net of any unexpended proceeds those assets.

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

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

##### Fund statements:

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

**Non-spendable** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes inventory in the School Food Service Fund of \$10,726 and prepaid expenses in the Special Aid Fund of \$12,505.

**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. The School District has established the following restricted fund balances:

##### Unemployment Insurance

According to General Municipal Law §6-m, all expenditures made from the unemployment insurance payment reserve fund must be used to pay the cost of reimbursement to 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.

##### Employee Benefit Accrued Liability

According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund must be used for the payment of accrued employee benefit due to an employee upon termination of the employee's service.

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### t) Equity Classifications (continued)

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. This reserve is accounted for in the General Fund.

##### Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve 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 appropriations 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. The reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, 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 provision of General Municipal Law §6-r.

##### Tax Certiorari

According to Education Law §3651.1-a, funds 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 judgements and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

##### Insurance

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

##### Capital

According to Education Law §3651, expenditures made from the Capital Reserve Fund 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.

BOQUET VALLEY CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

t) Equity Classifications (continued)

Expenditures 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 is to be placed on the ballot are set forth in §3561 of the Education Law. This reserve is accounted for in the General Fund.

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 of 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 School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

Restricted fund balance includes the following:

General Fund:	
Unemployment insurance	\$ 70,019
Employee benefit accrued liability	702,871
Retirement contributions	440,126
Tax certiorari	239,914
Insurance	30,212
Capital – capital improvements	5,189,605
Capital – transportation and maintenance equipment	858,762
Debt Service Fund	40,910
	<u>\$ 7,572,419</u>

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

**Assigned** – Includes amounts that are constrained by the District’s intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund 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. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances reported in the General Fund amounted to \$252,009. Appropriated fund balance in the General Fund amounted to \$508,000. As of June 30, 2025 the District’s General Fund encumbrances were classified as follows:

General support	\$ 238,908
Instruction	3,701
Transportation	8,771
Employee benefits	629
Total	<u>\$ 252,009</u>

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### t) Equity Classifications (continued)

Any remaining fund balance in other funds is considered assigned. The Special Aid Fund reported assigned fund balance of \$15,011. The Capital Fund reported assigned fund balances of \$153,167. The School Food Service Fund reported assigned fund balance of \$77,565.

**Unassigned** – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In the 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 any reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance in the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances, and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

#### **Net Position/Fund Balance**

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

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

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

#### u) Implementation of New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GSAB) that are applicable. At June 30, 2025, the District implemented the following new standards issued by GASB. GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ended June 30, 2025. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 1. Summary of Significant Accounting Policies (continued)**

**u) Implementation of New Accounting Standards (continued)**

This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for the year ended June 30, 2025. This Statement's objective is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

**Note 2. Explanation of Certain Differences Between 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 Statement of Activities, compared with the current financial resources focus of the governmental funds.

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting on capital assets and long-term liabilities, including pensions and other post-employment benefits.

Explanation of differences between Governmental Fund Balance and District-wide Net Position

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 11,167,874
Assets:	
Right to use leased assets, net of related amortization	30,997
Capital assets, net of related depreciation	9,715,116
Net pension assets – proportionate share	744,580
Deferred outflows of resources:	
OPEB	6,385,842
Pensions	2,110,823
Liabilities:	
Bonds payable	(690,000)
Lease liability	(16,928)
Net pension liability – proportionate share	(518,106)
Compensated absences	(709,238)
Other post-employment benefits	(52,756,476)
Deferred inflows of resources:	
OPEB	(6,173,653)
Pensions	(1,056,734)
Ending net position reported in Statement of Position for governmental activities	\$ <u>(31,765,903)</u>

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### Note 2. Explanation of Certain Differences Between Fund Statements and District-wide Statements (continued)

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five categories. The amounts shown below represent:

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 modified accrual basis, whereas 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 purchase of capital items in the fund statements and depreciation 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 financial statements and depreciation or amortization expense on those items are recorded in the Statement of Activities.

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 resource 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) Other post-employment benefits:

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

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 2. Explanation of Certain Differences Between Fund Statements and District-wide Statements (continued)**

Explanation of Differences Between Governmental Funds Operating Statements and the District Wide Statement of Activities

Total revenues and other funding sources of governmental funds	\$ <u>17,560,251</u>
Total revenues of governmental activities in the Statement of Activities	\$ <u>17,560,251</u>
Total expenditures reported in governmental funds	\$ 17,095,908

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences earned were less than the amount used during the year. 168,858

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay	(1,346,833)
Current year depreciation	731,143

When the purchase of right to use leased assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those right to use leased assets is allocated over term of the lease and reported as amortization expense.

Current year amortization	8,210
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Repayment of bonds payable, notes payable and lease liability principal is an expenditure in the governmental funds but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Principal	(136,618)
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The payment of other post-employment benefits (OPEB) is recorded in the governmental funds as expenditures when incurred. However, in the Statement of Activities, the current cost plus the actuarial cost of future benefits are combined and recognized as an expense. This is the amount by which the annual OPEB cost exceeded the premiums paid. 3,301,220

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. (39,116)

Total expenses of governmental activities in the Statement of Activities	\$ <u>19,782,772</u>
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# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### 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) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved 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. No supplemental appropriations occurred during the year determined at the time the budget was adopted.

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

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

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 completion of the projects.

#### Encumbrances

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

#### Fund balance/net position deficits

The District has a net position deficit of \$31,765,903 at June 30, 2025. This is a result of the other post-employment benefits being fully unfunded.

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### Note 4. Cash (and Cash Equivalents) – Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risk

#### Cash

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

Uncollateralized	\$	-
Collateralized securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$	1,900,810

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 \$7,572,419 within the governmental funds and \$123,740 in the fiduciary funds.

#### Deposits

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

#### Investments and Deposit Policy

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

#### Interest Rate Risk

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

#### Credit Risk

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

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

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 4. Cash (and Cash Equivalents) – Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risk (continued)**

Custodial Credit Risk

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

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

**Note 5. Receivables**

Receivables at year-end for individual funds are as follows:

Description	General	Special Aid	Capital	School Food Service	Total
Accounts receivable	\$ 55,582	\$ 2,874	\$ -	\$ -	\$ 58,456
State and Federal aid	446,299	275,952	264,765	26,411	1,013,427
Total	<u>\$ 501,881</u>	<u>\$ 278,826</u>	<u>\$ 264,765</u>	<u>\$ 26,411</u>	<u>\$ 1,071,883</u>

District management has deemed the amounts to be fully collectible.

**Note 6. Interfund Balances and Activity**

Interfund balances and activity at June 30, 2025 and for the fiscal year then ended, were as follows:

Fund	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,021,789	\$ -	\$ -	\$ 764,750
School Food Service Fund	-	20,553	-	-
Special Aid Fund	-	736,471	-	-
Capital Projects Fund	-	264,765	764,750	-
Debit Service Fund	-	-	-	-
Total Governmental Funds	<u>\$ 1,021,789</u>	<u>\$ 1,021,789</u>	<u>\$ 764,750</u>	<u>\$ 764,750</u>

Transfer from	Transfer to	Amount	Purpose
General Fund	Capital Fund	\$ 764,750	Fund Capital Projects Fund expenditures

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 7. Capital Assets**

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

	<u>6/30/24 Balance</u>	<u>Additions</u>	<u>Retirements Reclassify</u>	<u>6/30/25 Balance</u>
Capital assets not being depreciated:				
Land	\$ 21,000	\$ -	\$ -	\$ 21,000
Total	<u>21,000</u>	<u>-</u>	<u>-</u>	<u>21,000</u>
Capital assets being depreciated:				
Land improvements	511,516	-	-	511,516
Buildings and improvements	17,545,715	1,346,833	-	18,892,548
Machinery and equipment	1,994,214	-	120,788	1,873,426
Vehicles	1,448,757	-	-	1,448,757
Total	<u>21,500,202</u>	<u>1,346,833</u>	<u>120,788</u>	<u>22,726,247</u>
Less accumulated depreciation:				
Land improvements	392,937	12,676	-	405,613
Buildings and improvements	9,855,759	462,938	-	10,318,697
Machinery and equipment	1,353,896	107,042	120,788	1,340,150
Vehicles	819,184	148,487	-	967,671
Total	<u>12,421,776</u>	<u>731,143</u>	<u>120,788</u>	<u>13,032,131</u>
 Total capital assets – net	 <u>\$ 9,099,426</u>	 <u>\$ 615,690</u>	 <u>\$ -</u>	 <u>\$ 9,715,116</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 107,042
Instruction	475,614
Pupil transportation	148,487
	<u>\$ 731,143</u>

**Note 8. Right to Use Assets**

Right to use lease asset balances and activity for the year ended June 30, 2025 were as follows:

	<u>6/30/24 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/25 Balance</u>
Right to use assets:				
Leased equipment	\$ 57,140	\$ -	\$ -	\$ 57,140
Total	<u>57,140</u>	<u>-</u>	<u>-</u>	<u>57,140</u>
Less accumulated amortization:				
Leased equipment	17,933	8,210	-	26,143
Total	<u>17,933</u>	<u>8,210</u>	<u>-</u>	<u>26,143</u>
 Total right to use assets - net	 <u>\$ 39,207</u>	 <u>\$ (8,210)</u>	 <u>\$ -</u>	 <u>\$ 30,997</u>

Amortization expense of \$8,210 was charged to general support functions.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 9. Indebtedness**

Long-term debt

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Further, unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Serial bonds

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

Compensated absences are paid from the applicable fund where the employee is charged.

The net pension liability is the difference between the total pension liability (the present value of projected benefits payment to employees based on their past services) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the District's share of the net pension liability is recorded in the government-wide financial statements.

Long-term liability balances and activity for the year ended June 30, 2025 are summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Serial bond	\$ 815,000	\$ -	\$ 125,000	\$ 690,000
Other liabilities:				
Lease liability	28,546	-	11,618	16,928
Compensated absences	540,380	168,858	-	709,238
Post-employment benefits	53,217,272	-	460,796	52,756,476
Net pension liability	887,535	-	369,429	518,106
	<u>\$ 55,488,733</u>	<u>\$ 168,858</u>	<u>\$ 966,843</u>	<u>\$ 54,690,748</u>

Long-term debt is comprised of the following:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance</u>
Serial bond	6/18/14	2029	2.375-3.875%	\$ 296,804	\$ 100,000
Serial bond	6/17/15	2031	3.180%	537,210	200,000
Serial bond	5/26/20	2030	2.081%	740,000	390,000
					690,000
Less current portion					(130,000)
Long-term portion					<u>\$ 560,000</u>

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 9. Indebtedness (continued)**

The following is a summary of maturing debt service requirements:

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 130,000	\$ 18,279	\$ 148,279
2027	145,000	14,891	159,891
2028	145,000	11,012	156,012
2029	145,000	7,072	152,072
2030	120,000	1,431	121,431
2031-2032	5,000	1,859	6,859
	<u>\$ 690,000</u>	<u>\$ 54,544</u>	<u>\$ 744,544</u>

Interest paid on long-term debt for the year ended June 30, 2025 was \$21,473.

**Note 10. Leases**

The School District has entered into various operating lease agreements for the purpose of the right to use tangible assets, which consists of copiers and other office equipment. The initial terms for these leases vary dependent on the terms and conditions of the lease. For accounting purposes, the right to use lease liability is reported at the present value of future minimum lease payments.

Principal and interest expense paid on the District's lease liability amounted to \$11,618 and \$948, respectively, for the year ended June 30, 2025.

Lease liabilities are comprised of the following:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance</u>
Lease liability	1/20/21	2025	3.07%	\$ 10,996	\$ 1,755
Lease liability	7/23/21	2027	3.39%	28,138	7,473
Lease liability	7/1/22	2027	4.44%	18,006	7,700
					<u>16,928</u>
Less current portion					<u>(11,465)</u>
Long-term portion					<u>\$ 5,463</u>

The following is a summary of maturing lease liabilities:

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 11,465	\$ 509	\$ 11,974
2027	5,463	134	5,597
	<u>\$ 16,928</u>	<u>\$ 643</u>	<u>\$ 17,571</u>

**Note 11. Pension Plans**

The District participates in the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS) (the Systems). These are cost-sharing multiple employers, defined benefit, public employee retirement systems. The Systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salaries.

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### Note 11. Pension Plans (continued)

#### Plan Description and Benefits Provided

##### Teachers' Retirement System (TRS)

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

##### Employees' Retirement System (ERS)

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS 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 ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State Statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Plan members who joined the system before July 27, 1976, are not required to make contributions. Those joining 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 actuarial 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 30<sup>th</sup>, and employe 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 actuarial determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. The District paid 100% of the required contributions as billed by TRS and ERS for the current year.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 11. Pension Plans (continued)**

The District's contribution rate was 9.76% of covered payroll for TRS' fiscal year ended June 30, 2024. The District's average contribution was 14.83% of covered payroll for the ERS' fiscal year ended March 31, 2025.

June 30		ERS		TRS
2023-2024	\$	157,651	\$	464,950
2022-2023		121,144		469,727
2021-2022		158,054		439,338

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2025 was \$465,056 for TRS at the contribution rate of 10.11% and \$165,561 for the ERS at an average contribution rate of 14.83%.

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

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

At June 30, 2025, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2025 for ERS and June 30, 2024 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined.

This information was provided by the ERS and TRS System in reports provided to the District.

		ERS		TRS
		March 31, 2025		June 30, 2024
Measurement date				
Net pension asset/(liability)	\$	(518,106)	\$	744,580
District's portion of the Plan's total net pension asset/(liability)		0.0030218%		0.024956%
Change in proportion since prior measurement date	\$	68,816	\$	1,045,193

For the year ended June 30, 2025 the District's recognized pension expense of \$162,735 for ERS and \$430,063 for TRS. At June 30, 2025, the District's reported deferred outflows of and deferred inflows of resources related to pensions from the following sources:

**Deferred outflows of resources:**

		ERS		TRS		Total
Differences between expected and actual experiences	\$	128,597	\$	801,776	\$	930,373
Changes of assumptions		21,728		445,410		467,138
Net difference between projected and actual earnings		40,649		-		40,649
Change in proportion		47,305		112,544		159,849
Contributions subsequent to the measurement date		59,731		453,083		512,814
Total	\$	<u>298,010</u>	\$	<u>1,812,813</u>	\$	<u>2,110,823</u>

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 11. Pension Plans (continued)**

**Deferred inflows of resources:**

	ERS	TRS	Total
Differences between expected and actual experiences	\$ 6,066	\$ -	\$ 6,066
Changes of assumptions	-	74,922	74,922
Net difference between projected and actual earnings	-	827,291	827,291
Change in proportion	130,858	17,597	148,455
Total	\$ <u>136,924</u>	\$ <u>919,810</u>	\$ <u>1,056,734</u>

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

Year ended:	ERS	TRS
2025	\$ -	\$ (356,137)
2026	76,370	934,737
2027	107,658	(137,502)
2028	(69,278)	(153,106)
2029	(13,393)	108,747
Thereafter	-	43,180

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, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Inflation rate	2.90%	2.40%
Salary scale	4.30%	5.18%
Investment rate of return (net of Investment expenses, including inflation)	5.90%	6.95%
Cost of living adjustment	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 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 MP2021 for June 30, 2024, applied on a generational basis.

For ERS, the actuarial assumption used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the demographic actuarial assumptions and salary scale are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 11. Pension Plans (continued)**

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

For ERS, 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 weighing 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 for each major asset class included in the target asset allocation are summarized as follows:

ERS	Target allocation	Long-term expected real rate of return
Asset type		
Domestic equity	25.0%	3.54%
International equity	14.0	6.57
Private equity	15.0	7.25
Real estate	12.0	4.95
Opportunistic return strategies	3.0	5.25
Credit	4.0	5.4
Real assets	4.0	5.55
Fixed income	22.0	2.00
Cash	1.0	0.25
	100.0%	

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

TRS	Target allocation	Long-term expected real rate of return
Asset type		
Domestic equity	33.0%	6.6%
International equity	15.0	7.4
Global Equity	4.0	6.9
Real estate equity	11.0	6.3
Private equity	9.0	10.0
Domestic fixed income securities	16.0	2.6
Global bonds	2.0	2.5
Private Debt	2.0	5.9
Real Estate Debt	6.0	3.9
High yield bonds	1.0	4.8
Cash	1.0	0.5
	100.0%	

Real rates of return are net of the long-term inflation assumption of 2.40%.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 11. Pension Plans (continued)**

Discount Rate

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

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

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

	1% Decrease (4.90%)	Current discount rate (5.90%)	1% Increase (6.90%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (1,499,465)	\$ (518,106)	\$ 301,329
	1% Decrease (5.95%)	Current discount rate (6.95%)	1% Increase (7.95%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (3,439,257)	\$ 744,580	\$ 4,263,297

Change 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
Employers' total pension liability	\$ 247,600,239	\$ 142,837,826
Fiduciary net position	230,454,512	145,821,434
Employers' net pension liability (asset)	\$ (17,145,727)	\$ (2,983,608)
Ratio of fiduciary net position to the Employers' total pension liability	93.08%	102.10%

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 11. Pension Plans (continued)**

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2025 represent the projected employer contributions for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$59,730 of employer contributions. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October, and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer’s contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2025 amounted to \$521,629.

**Note 12. Post-Employment 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 single-employer defined benefit OPEB plan (the Plan) administered by the District. Article 11 of the State Compiled Statutes, which grants the authority to establish and amend the benefit terms and financing requirements to the District 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 und the Plan. No assets are accumulated in a trust that meets the criteria set forth by GASB.

*Funding Policy* - The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 3 to 15 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

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

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

Inactive employees or beneficiaries currently receiving benefit payments	88
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	<u>107</u>
	<u>195</u>

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 12. Post-Employment Benefits (continued)**

Net OPEB Liability

The District's total OPEB liability of \$52,756,476 was measured as July 1, 2024 and was determined by an actuarial valuation as of July 1, 2023.

Actuarial assumptions and other inputs

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

Inflation	2.7%
Salary Increases	3.5%
Discount Rate	3.93%
Healthcare Cost Trend Rates	6.80% for 2025, decrease to an ultimate rate of 4.14% by 2094
Retirees' Share of Benefit-Related Cost	All current and future retirees contribute 50% of the medical plan premium for individual or family coverage, with the District assuming the remaining balance. Surviving Spouses may continue coverage at 50% of the individual premium cost.

Mortality rates for active employees were based on the PUB-2010 Mortality Table for employees, sex distinct, job category specific, headcount weighted and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

Mortality rates for retirees were based on the PUB-2010 Mortality Table for health retirees, sex distinct, job category specific, headcount weighted and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

Retirement participation rate assumed that 100% of eligible employees will elect medical coverage at retirement age, and 80% of active members' spouses will elect medical coverage. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teacher's Retirement System and the New York State Local Retirement System for female employees. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

The discount rate was based on Bond Buyer Weekly 20 - Bond Go Index.

Changes in the Total OPEB Liability

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

Balance at July 1, 2023	\$ 53,217,272
<u>Changes for the Year-</u>	
Service cost	1,612,123
Interest cost	1,967,887
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(2,211,479)
Benefits payments	<u>(1,829,327)</u>
Net changes	<u>(460,796)</u>
Balance at July 1, 2024	\$ <u>52,756,476</u>

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 12. Post-Employment Benefits (continued)**

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024.

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 or 1 percentage point higher than the current discount rate:

	1% Decrease (2.93%)	Current discount rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ <u>61,322,280</u>	\$ <u>52,756,476</u>	\$ <u>45,856,891</u>

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

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ <u>44,707,487</u>	\$ <u>52,756,476</u>	\$ <u>63,097,786</u>

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$5,246,339. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 181,437	\$ 1,955,785
Changes of assumptions or other inputs	4,259,286	4,217,868
Employer contribution subsequent to the measurement date (Expected employer contribution including implicit subsidy)	1,945,119	-
Total	\$ <u>6,385,842</u>	\$ <u>6,173,653</u>

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

<u>Fiscal year ending June 30</u>	<u>Amount</u>
2026	\$ 412,153
2027	(1,325,409)
2028	(439,866)
2029	(55,087)
2030	(232,868)
2031 and thereafter	(91,853)

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Notes to the Financial Statements**

**Note 13. Unrestricted Net Position**

Unrestricted net position in the governmental activities consists of the following at June 30, 2025:

Designated for subsequent year's expenditures	\$ 508,000
Reserve for encumbrances	252,009
Unreserved	<u>(49,527,516)</u>
Total unrestricted net position	\$ <u><u>(48,767,507)</u></u>

**Note 14. Prior Period Adjustments**

Correction of an Error in Previously Issued Financial Statements

During fiscal year 2025, the District determined that scholarship activities were incorrectly reported in the General Fund in the prior year. Therefore, the General [Fund] fund balance and net position in the governmental activities was overstated by \$69,553 for the fiscal year ended June 30, 2024. This also means the net position of the Private Purpose Trust Fund in the Fiduciary Fund financial statement was understated by \$69,553 for the fiscal year ended June 30, 2024.

The effect of correcting that error is shown in the table below.

	<u>Reporting Units Affected by Adjustments to and Restatements of Beginning Balances</u>		
	<u>Funds</u>		<u>Government- Wide</u>
	General Fund	Private Purpose Trust Fund	Government al Activities
6/30/24, as previously stated	\$ 9,850,830	\$ -	\$ (29,473,828)
Error correction	<u>(69,553)</u>	<u>69,553</u>	<u>(69,553)</u>
6/30/24, as restated	\$ <u><u>9,781,277</u></u>	\$ <u><u>69,553</u></u>	\$ <u><u>(29,543,381)</u></u>

**Note 15. Risk Management**

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. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

**Note 16. Commitments and Contingencies**

The District incurs costs related to an employee health insurance plan (Plan) sponsored by Clinton-Essex-Warren-Washington BOCES and its component Districts. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

# BOQUET VALLEY CENTRAL SCHOOL DISTRICT

## Notes to the Financial Statements

### **Note 16. Commitments and Contingencies (continued)**

However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made.

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

### **Note 17. Subsequent Events**

The District has evaluated events and transactions that occurred between June 30, 2025 and October 15, 2025, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual - General Fund**  
**Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
<b>Revenues:</b>					
Local sources:					
Real property taxes	\$ 8,293,549	\$ 8,293,549	\$ 7,892,773	\$ -	\$ (400,776)
Other tax items	21,500	21,500	432,856	-	411,356
Charges for services	10,000	10,000	56,264	-	46,264
Use of money and property	113,600	113,600	465,517	-	351,917
Miscellaneous	35,500	322,969	540,838	-	217,869
<b>Total local sources</b>	<u>8,474,149</u>	<u>8,761,618</u>	<u>9,388,248</u>	<u>-</u>	<u>626,630</u>
State sources	7,171,757	7,171,757	7,072,284	-	(99,473)
<b>Other financing sources:</b>					
Transfer from other funds	5,100	5,100	-	-	-
<b>Total revenues and other financing sources</b>	<u>15,651,006</u>	<u>15,938,475</u>	<u>16,460,532</u>	<u>-</u>	<u>527,157</u>
<b>Expenditures:</b>					
General support:					
Board of education	43,173	19,275	16,276	-	2,999
Central administration	358,837	377,684	396,783	-	(19,099)
Finance	536,427	566,897	537,198	-	29,699
Staff	61,745	71,976	72,109	-	(133)
Central services	1,808,500	2,097,208	1,651,181	238,908	207,119
<b>Total general support</b>	<u>2,808,682</u>	<u>3,133,040</u>	<u>2,673,547</u>	<u>238,908</u>	<u>220,585</u>
Instruction:					
Instruction, administration and improvement	213,913	266,718	260,104	-	6,614
Teaching - regular school	3,173,885	3,199,636	3,196,124	160	3,352
Programs for children with handicapping conditions	2,412,764	2,094,092	1,853,566	-	240,526
Instructional media	124,720	151,720	543,231	-	(391,511)
Pupil services	1,034,365	1,120,767	648,037	3,541	469,189
<b>Total instruction</b>	<u>6,959,647</u>	<u>6,832,933</u>	<u>6,501,062</u>	<u>3,701</u>	<u>328,170</u>
Pupil Transportation	552,637	646,612	563,183	8,771	74,658
Employee Benefits	5,081,030	5,175,250	4,722,238	629	452,383
Debt Service:					
Principal	136,619	157,200	136,618	-	20,582
Interest	22,391	27,191	22,421	-	4,770
<b>Other financing uses:</b>					
Transfers to other funds	90,000	90,000	764,750	-	(674,750)
<b>Total expenditures and other financing uses</b>	<u>15,651,006</u>	<u>16,062,226</u>	<u>15,383,819</u>	<u>252,009</u>	<u>426,398</u>
<b>Excess of revenues and other sources over expenditures and other uses</b>	<u>\$ -</u>	<u>\$ (123,751)</u>	<u>\$ 1,076,713</u>	<u>\$ (252,009)</u>	<u>\$ 953,555</u>

**Notes to schedule:**

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

See Independent Auditor's Report.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of Funding Progress for the Retiree Health Plan**  
**Year Ended June 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	7/1/2024	7/1/2023	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017
<b>Total OPEB liability</b>								
Service cost	\$ 1,612,123	\$ 1,547,760	\$ 2,037,631	\$ 2,135,843	\$ 1,911,505	\$ 1,012,186	\$ 1,307,057	\$ 1,130,728
Interest	1,967,887	1,749,678	1,110,822	1,229,293	1,576,902	1,354,826	1,287,067	1,178,722
Changes in benefit terms	-	-	-	382,202	(1,976,207)	-	(174,336)	(19,279)
Difference between expected and actual experience in the measurement of the total OPEB liability	-	(960,143)	-	(4,015,716)	-	7,957,269	-	(1,368,678)
Changes of assumption or other inputs	(2,211,479)	3,859,098	(3,463,030)	(1,682,547)	10,395,818	120,821	(1,720,167)	(5,554,278)
Benefit payments	<u>(1,829,327)</u>	<u>(1,714,586)</u>	<u>(1,639,819)</u>	<u>(1,694,995)</u>	<u>(1,430,085)</u>	<u>(1,166,978)</u>	<u>(1,129,418)</u>	<u>(1,171,264)</u>
Net change in total OPEB liability	(460,796)	4,481,807	(1,954,396)	(3,645,920)	10,477,933	9,278,124	(429,797)	(5,804,049)
Total OPEB liability - beginning	<u>53,217,272</u>	<u>48,735,465</u>	<u>50,689,861</u>	<u>54,335,781</u>	<u>43,857,848</u>	<u>34,579,724</u>	<u>35,009,521</u>	<u>40,813,570</u>
Total OPEB liability - ending	<u><u>52,756,476</u></u>	<u><u>53,217,272</u></u>	<u><u>48,735,465</u></u>	<u><u>50,689,861</u></u>	<u><u>54,335,781</u></u>	<u><u>43,857,848</u></u>	<u><u>34,579,724</u></u>	<u><u>35,009,521</u></u>
Covered payroll	\$ 6,340,110	\$ 6,756,688	\$ 6,164,638	\$ 6,125,699	\$ 5,567,712	\$ 6,187,271	\$ 6,169,189	\$ 5,679,946
Total OPEB liability as a percentage of covered payroll	832%	788%	791%	827%	976%	709%	561%	616%

Notes to schedule:

The District does not have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* to pay OPEB benefits. The District currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis.

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

See Independent Auditor's Report.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Asset/Liability**  
**Year Ended June 30, 2025**

Teachers' Retirement System	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension asset or liability	0.024956%	0.026287%	0.027056%	0.027161%	0.02602%	0.027550%	0.028129%	0.027229%	0.014148%	0.026557%
District's proportionate share of the net pension asset (liability)	\$ 744,580	\$ (300,613)	\$ (519,184)	\$ 4,706,697	\$ (719,122)	\$ 715,749	\$ 508,654	\$ 206,974	\$ (291,347)	\$ 2,758,418
District's covered-employee payroll	\$ 5,156,378	\$ 5,048,793	\$ 5,055,119	\$ 4,987,378	\$ 4,669,690	\$ 4,484,586	\$ 4,728,634	\$ 4,581,963	\$ 4,314,644	\$ 4,197,572
District's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	14.4%	6.0%	10.3%	94.4%	15.4%	16.0%	10.8%	4.5%	-6.8%	65.7%
Plan fiduciary net position as a percent of the total pension asset (liability)	102.1%	99.2%	98.7%	113.3%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%
<b>Employees' Retirement System</b>										
Measurement date	3/31/2024	3/31/2023	3/31/2022	3/31/2021	3/31/2020	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016
District's proportion of the net pension asset or liability	0.0030218%	0.0039861%	0.0044154%	0.0038743%	0.0030237%	0.0035762%	0.0035626%	0.0033869%	0.0033165%	0.0033883%
District's proportionate share of the net pension asset (liability)	\$ (518,106)	\$ (586,922)	\$ (946,847)	\$ 316,710	\$ (3,011)	\$ (947,010)	\$ (252,423)	\$ (109,310)	\$ (311,623)	\$ (543,840)
District's covered-employee payroll	\$ 1,252,935	\$ 1,673,299	\$ 1,355,575	\$ 1,177,260	\$ 1,178,240	\$ 1,083,126	\$ 1,116,547	\$ 1,058,049	\$ 982,535	\$ 975,837
District's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	41.4%	35.1%	69.8%	26.9%	0.3%	87.4%	22.6%	10.3%	31.7%	55.7%
Plan fiduciary net position as a percent of the total pension asset (liability)	93.1%	93.2%	90.8%	103.5%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%

See Independent Auditor's Report.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of the District's Pension Contributions**  
**Year Ended June 30, 2025**

<u>Teachers' Retirement System</u>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 465,056	\$ 464,950	\$ 469,727	\$ 439,338	\$ 391,360	\$ 488,364	\$ 483,911	\$ 477,677	\$ 556,598	\$ 699,309
Contributions in relation to the contractually required contribution	\$ 465,056	\$ 464,950	\$ 469,727	\$ 439,338	\$ 391,360	\$ 488,364	\$ 483,911	\$ 477,677	\$ 556,598	\$ 699,309
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 5,156,378	\$ 5,048,793	\$ 5,055,119	\$ 4,987,378	\$ 4,669,690	\$ 4,484,586	\$ 4,728,634	\$ 4,581,963	\$ 4,314,644	\$ 4,197,572
Contributions as a percentage of covered-employee payroll	9.0%	9.2%	9.3%	8.8%	8.4%	10.9%	10.2%	10.4%	12.9%	16.7%
<u>Employees' Retirement System</u>										
Contractually required contributions	\$ 166,561	\$ 151,718	\$ 121,144	\$ 158,054	\$ 130,194	\$ 149,451	\$ 141,939	\$ 136,315	\$ 138,977	\$ 152,980
Contributions in relation to the contractually required contribution	\$ 166,561	\$ 151,718	\$ 121,144	\$ 158,054	\$ 130,194	\$ 149,451	\$ 141,939	\$ 136,315	\$ 138,977	\$ 152,980
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,252,935	\$ 1,673,299	\$ 1,355,575	\$ 1,177,260	\$ 1,178,240	\$ 1,083,126	\$ 1,116,547	\$ 1,058,049	\$ 982,535	\$ 975,837
Contributions as a percentage of covered-employee payroll	13.3%	9.1%	8.9%	13.4%	11.0%	13.8%	12.7%	12.9%	14.1%	15.7%

See Independent Auditor's Report.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2025**

	<u>Debt Service</u>	<u>School Food Service</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash - unrestricted	\$ -	\$ 90,768	\$ 90,768
Cash - restricted	40,910	-	40,910
State and federal aid receivable	-	26,411	26,411
Inventories	-	10,726	10,726
<b>Total assets</b>	<u>\$ 40,910</u>	<u>\$ 127,905</u>	<u>\$ 168,815</u>
<b>Liabilities</b>			
Payables:			
Accounts payable	\$ -	\$ 419	\$ 419
Due to other funds	-	20,553	20,553
Due to Employees' Retirement System	-	18,642	18,642
Total liabilities	<u>-</u>	<u>39,614</u>	<u>39,614</u>
<b>Fund balance</b>			
Nonspendable	-	10,726	10,726
Restricted	40,910	-	40,910
Assigned	-	77,565	77,565
Total fund balance	<u>40,910</u>	<u>88,291</u>	<u>129,201</u>
<b>Total liabilities and fund balance</b>	<u>\$ 40,910</u>	<u>\$ 127,905</u>	<u>\$ 168,815</u>

See Independent Auditor's Report.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Supplementary Information**  
**Combining Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Nonmajor Governmental Funds**  
**Year Ended June 30, 2025**

	<u>Debt Service</u>	<u>School Food Service</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Use of money and property	\$ 142	\$ -	\$ 142
State sources	-	95,031	95,031
Federal sources	-	199,730	199,730
Sales - school lunch	-	12,021	12,021
Miscellaneous	-	220	220
	<u>142</u>	<u>307,002</u>	<u>307,144</u>
<b>Expenditures</b>			
School lunch program	-	338,672	338,672
	<u>-</u>	<u>338,672</u>	<u>338,672</u>
<b>Total expenditures</b>			
	<u>-</u>	<u>338,672</u>	<u>338,672</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	<u>142</u>	<u>(31,670)</u>	<u>(31,528)</u>
<b>Other financing sources (uses)</b>			
Operating transfers (out)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	142	(31,670)	(31,528)
<b>Fund balance - beginning of year</b>	<u>40,768</u>	<u>119,961</u>	<u>160,729</u>
<b>Fund balance - end of year</b>	<u>\$ 40,910</u>	<u>\$ 88,291</u>	<u>\$ 129,201</u>

See Independent Auditor's Report.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Supplementary Information**  
**Schedule of Change from Adopted Budget to Final**  
**and the Real Property Tax Limit**  
**Year Ended June 30, 2025**

**Change from adopted budget to final budget**

Original budget	\$	15,651,006
Additions:		
Prior year's encumbrances	\$	132,947
Budget revisions		<u>278,273</u>
<b>Total additions</b>		<u>411,220</u>
Revised budget	\$	<u><u>16,062,226</u></u>

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

2025-2026 expenditure budget	\$	<u><u>16,713,959</u></u>
Maximum allowed (4% of 2025-2026 budget)	\$	<u><u>668,558</u></u>
Unrestricted fund balance:		
Committed fund balance	\$	-
Assigned fund balance		760,009
Unassigned fund balance		<u>2,566,472</u>
Total unrestricted fund balance		<u><u>3,326,481</u></u>
Less:		
Appropriated fund balance		508,000
Encumbrances included in committed and assigned fund balance		<u>252,009</u>
Total adjustments		<u><u>760,009</u></u>
General Fund - fund balance subject to section 1318 of real property tax law	\$	<u><u>2,566,472</u></u>
Actual percentage		15.4%

\* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", updated April 2011 (originally issued November 2010) the portion of [General Fund] fund balance that is subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balances.

See Independent Auditor's Report.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Supplementary Information**  
**Net investment in Capital Assets**  
**Year Ended June 30, 2025**

Capital assets and right to use, net	\$ 9,746,113
Deduct:	
Short-term portion of bonds payable	71,465
Long-term portion of bonds payable	<u>245,463</u>
Net investment in capital assets	<u>\$ 9,429,185</u>

See Independent Auditor's Report.

## **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Education  
Boquet Valley Central School District  
Westport, 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 Boquet Valley Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Boquet Valley Central School District’s basic financial statements, and have issued our report thereon dated October 15, 2025.

### **Report on Internal Control over Financial Reporting**

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Boquet Valley Central School District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2025-001.

**Boquet Valley Central School District’s Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on Boquet Valley Central School District’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Boquet Valley Central School District’s response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

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

Telling & Hillman, P.C.

Telling & Hillman, P.C.  
License # 092.0131564  
Middlebury, Vermont  
October 15, 2025

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**

**Schedule of Findings**

**Year Ended June 30, 2025**

**FINANCIAL STATEMENT FINDINGS**

**Type of Finding - Compliance and Other Matters**

**2025-001 Excess Unassigned Fund Balance**

**Criteria:** New York State Real Property Tax Law requires school districts to maintain their unrestricted fund balance at or below 4% of the ensuing year’s appropriations.

**Condition:** The portion of the District’s fund balance subject to New York State Real Property Tax Law limit was 15.4% of next year’s general fund budget.

**Context:** This is a repeat finding for the past several years. According to New York State Real Property Tax Law Section 1318, a district’s unassigned fund balance may not exceed an amount equal to 4% of next year’s budget.

**Potential effect:** Funds were not used in a manner that benefited taxpayers such as increasing legally adopted reserves, paying off debt, and reducing property taxes.

**Cause:** The District adopted budgets with appropriations which exceeded the actual amounts needed.

**Recommendation:** We recommend the District keep in mind this property tax law when preparing future budget.

**Management’s response:** See attached.

**PRIOR YEAR FINDINGS**

<u>Finding Number</u>	<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Current Year Status</u>
2024-001	None	Excess Unassigned Fund Balance	Repeated in 2025-001

Please find Boquet Valley Central School District's response to the Financial Statement Findings from our independent audit for fiscal year ending June 30, 2025.

**Type of Finding** – Compliance and Other Matters

2025-001 Excess Unassigned Fund Balance

**Criteria:** New York State Real Property Tax Law requires school districts to maintain their unrestricted fund balance at or below 4% of the ensuing year's appropriations.

**Condition:** The portion of the district's fund balance subject to New York State Real Property Tax Law limit was 15.4% of next year's general fund budget.

**Context:** This is a repeat finding for the past several years. According to New York State Real Property Tax Law Section 1318, a district's unassigned fund balance may not exceed an amount equal to 4% of new year's budget.

**Potential Effect:** Funds were not used in a manner that benefited taxpayers such as increasing legally adopted reserves, paying off debt, and reducing property taxes.

**Cause:** The district adopted budgets with appropriations which exceeded the actual amounts needed.

**Recommendation:** We recommend the district keep in mind this property tax law when preparing future budget.

**Management's Response:** The district acknowledges being above the 4% threshold. Given the current state of foundation aid in the state and unknowns with future IDEA and ESSA funding from the Federal Government, the district has taken a conservative approach to spending and moving money into assigned reserves. In the 2025-2026 fiscal year, the district plans to update and adopt a reserve plan to move excess funds into NYSED approved reserves. The district is taking immediate steps to decrease unassigned fund balance.

**Responsible Party:** Business Official and Superintendent

**Date of Expected BOE Adoption:** February 2026

**Expected Completion Date:** June 30, 2026

## Independent Auditor's Report

To the Board of Education  
Extraclassroom Activity Funds of  
Boquet Valley Central School District  
Westport, New York

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying statement of assets, liabilities, and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of Boquet Valley Central School District as of and for the year ended June 30, 2025.

In our opinion, the financial statements referred to above present fairly, in all material respects the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of Boquet Valley Central School District, as of June 30, 2025, and its receipts, disbursements, and ending balances – cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

#### Basis for 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 Auditor's Responsibilities for the Audit of Financial Statements section of this report. We are required to be independent of Boquet Valley Central School District, and to meet our 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 opinion.

#### Emphasis of Matter – 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 that matter.

#### Responsibilities of Management for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

In performing an audit in accordance with generally accepted auditing standards, 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 Extraclassroom Activity Funds of Boquet Valley Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Extraclassroom Activity Funds of the Boquet Valley Central School District's ability to continue as a going concern for a reasonable period of time.

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

Telling & Hillman, P.C.

Telling & Hillman, P.C.  
License # 092.0131564  
Middlebury, Vermont  
October 15, 2025

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Extraclassroom Activity Fund**  
**Statement of Assets, Liabilities, and Fund Balance - Cash Basis**  
**Year Ended June 30, 2025**

<b>Assets</b>	
Cash	\$ <u>42,786</u>
<b>Total assets</b>	\$ <u><u>42,786</u></u>
<b>Liabilities</b>	
Due to other government	\$ <u>-</u>
<b>Net position</b>	
Reserve for extraclassroom activities	<u>42,786</u>
<b>Total liabilities and net position</b>	\$ <u><u>42,786</u></u>

The accompanying notes are an integral part of the financial statements.

**BOQUET VALLEY CENTRAL SCHOOL DISTRICT**  
**Extraclassroom Activity Fund**  
**Statement of Receipts, Disbursements, and Ending Balances - Cash Basis**  
**Year Ended June 30, 2025**

	July 1 2024	Total Receipts	Total Payments	June 30 2025
Class of 2022	\$ -	\$ -	\$ -	\$ -
Class of 2023	2,303	-	2,303	-
Class of 2024	3,399	-	2,283	1,116
Class of 2025	18,184	8,762	26,647	299
Class of 2026	10,017	11,319	5,512	15,824
Class of 2027	1,289	2,987	-	4,276
Class of 2028	-	2,138	87	2,051
Art Club	2,179	-	143	2,036
Drama Club	6,654	-	-	6,654
Music Association	139	-	-	139
FBLA	81	-	-	81
Student Advisory	7,282	1,633	686	8,229
National Honor Society	-	1,119	1,119	-
Middle School Yearbook	252	-	-	252
Quiz Bowl Team	6	-	-	6
Yearbook	149	2,806	1,132	1,823
<b>Totals</b>	<b>\$ 51,934</b>	<b>\$ 30,764</b>	<b>\$ 39,912</b>	<b>\$ 42,786</b>

The accompanying notes are an integral part of the financial statements.

## BOQUET VALLEY CENTRAL SCHOOL DISTRICT

### Extraclassroom Activity Fund Notes to the Financial Statements

#### **Note 1. Summary of Significant Accounting Policies**

As Boquet Valley Central School District, through its Board of Education, has oversight responsibility over the Extraclassroom Activity Funds, such funds are considered a component unit of the District. Accordingly, such transactions are blended with the other trust funds of the District in its basic financial statements under the Custodial Fund.

The books and records of Boquet Valley Central 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. Subsequent Events**

The District has evaluated events and transactions that occurred between June 30, 2025 and October 15, 2025, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.