

SALMON RIVER CENTRAL SCHOOL DISTRICT

Financial Statements and
Supplementary Information

June 30, 2025

SALMON RIVER CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Salmon River Central School District:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Report on the Audit of the Financial Statements, Continued***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

Report on the Audit of the Financial Statements, Continued***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5 - 20); Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund (pages 62); Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 63); Schedule of District's Proportionate Share of the Net Pension Liability (Asset) - Pension Plans (page 64); and Schedule of District's Contributions - Pension Plans (page 65) 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Revenues and Expenditures for the Mohawk School - General Fund; Combining Balance Sheet - Non-Major Governmental Funds; Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds; and Net Investment in Capital Assets (pages 66 - 71) are presented for purposes of additional analysis and are not a required part of 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Education
Page 4 of 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Syracuse, New York
November 14, 2025



FustCharles LLP

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2025

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

SCHOOL DISTRICT OVERVIEW AND HIGHLIGHTS

The School District is located in northern New York State (State) on the Canadian Border. Centralized in 1955, the School District provides a public education to approximately 1,400 students from the towns of Bangor, Bombay, Fort Covington and Westville in Franklin County, the town of Brasher in St. Lawrence County and the Saint Regis Mohawk Indian Reservation (Reservation). It encompasses an area of approximately 128 square miles with an estimated population of 6,800.

The School District is a mixture of residential and agricultural areas, with many of its residents commuting to Malone, Massena and Potsdam for employment. The School District operates two (2) facilities: the Campus School (pre-k - 12th grade) located in the town of Fort Covington and the St. Regis Mohawk School (pre-k - 5th grade) located in the town of Bombay. Approximately 59% of the School District population is comprised of students from families living on the Reservation and 66% of the student body is of Native American heritage. The School District is also unique in that education is provided to both Canadian and New York children from the Reservation via contracts with the State to provide transportation and education for these students.

The St. Regis Mohawk School (SRMS) is owned by the State, but operated by the School District. As per the SRMS contract with the State, all expenses generated by SRMS are funded through State formula aid with the balance due billed to and paid for with special State purpose monies. This contract expires on June 30, 2030. The School District currently obtains revenue anticipation notes (RAN) to cover the expenditures for SRMS until the State sends reimbursement. The amount currently due to the School District is \$2,801,874.

Native Americans have a choice of school districts they can attend when the reservation borders more than one district. The State pays tuition under an approved formula for these students to attend the School District since they reside on tax exempt land of the School District. The tuition contract expires on June 30, 2030. The amount currently due to the School District is \$3,394,138.

The State also pays 100% of the transportation costs for Native American students that choose to attend the Campus School. These costs are reimbursed based on the ratio of bus runs used for the Reservation area compared to the total number of bus runs. The ratio is approximately 65.85% for the 2024-2025 year. The transportation contract is an annual contract that renews automatically. The amount currently due to the School District is \$5,902,131.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

SCHOOL DISTRICT OVERVIEW AND HIGHLIGHTS, Continued

The funds generated from these contracts, in conjunction with State Aid, the State's School Tax Relief (STAR) program and our local school tax contributions provide the basis for the School District's financial structure. Access to State and Federal grants, along with Native American Aid, has assisted the School District in maintaining a very reasonable five (5) year average tax rate per thousand dollars of \$6.09 on full property value.

The State has calculated our combined wealth measure to be 0.172. To put this number into perspective, 1.0 equals the average wealth for a district. This number continues to place us as the *absolute poorest school district in the State* as measured by our income and property wealth. Based on the 2024-25 State Aid Factors data, the State average property value and income behind each pupil was \$917,300 and \$375,900 respectfully. Our corresponding figures were \$177,578 and \$62,395. As these figures clearly express, we are a district burdened with substantial poverty and a lack of wealth.

The School District employs approximately 439 full and part time professional and support staff. These employees are organized into three (3) collective bargaining units (teaching staff, support staff and administration). The teaching staffs' contract agreement will expire on June 30, 2028. The administrators' contract agreement will expire on June 30, 2026. The support staff contract agreement will expire June 30, 2029.

Student enrollment increased this school year to 1,390. Enrollment projections based on data from a FEH BOCES study confirm continued steady enrollment for several years to come.

In May 2025, the voters approved the \$47M Foundations for the Future Capital Project. This project is currently in the design phase and will be submitted to NYS for approval in December 2025. The project is anticipated to start in Spring 2026. The project includes significant renovations to the high school and middle school cafeteria as well as the main entrance to the high school. Work will also be performed at the sewage treatment plant including upgrades to HVAC, roofing, electrical and plumbing throughout the building. The project is scheduled for completion in Fall 2027.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds listed in total in one column.
- The governmental funds statements tell how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.


The financial statements also include notes that explain some of the information in the statements and provide data that is more detailed. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget and actual for the year.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

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

Major Features of the District-Wide and Fund Financial Statements			
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance.	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities' monies
Required Financial Statements	1. Statement of Net Position 2. Statement of Activities	3. Balance Sheet 4. Statement of Revenues, Expenditures, and Changes in Fund Balances	5. Statement of Fiduciary Net Position 6. Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset / Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow / Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	Additions and deductions during the year, regardless of when cash is received or paid

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

District-Wide Statements

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

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

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the School District's activities are shown as Governmental activities. Most of the School District's basic services are included here, such as general and special education, transportation, and administration. Property taxes and State and federal aid finance most of these activities.

Fund Financial Statements

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

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Fund Financial Statements, Continued

The District has two kinds of funds.

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship and/or differences between them. Included are the general fund, special aid fund, capital projects funds, school food service fund and debt service fund.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others (custodial in nature), such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources at the close of the most recent fiscal year. The net position reflects mainly reserved and unreserved fund balance. The School District's net position also reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The debt is paid through a combination of State building aid, Native American aid, EXCEL aid and local property taxes. The remaining balance of unrestricted net position may be used to meet the School District's ongoing activities.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

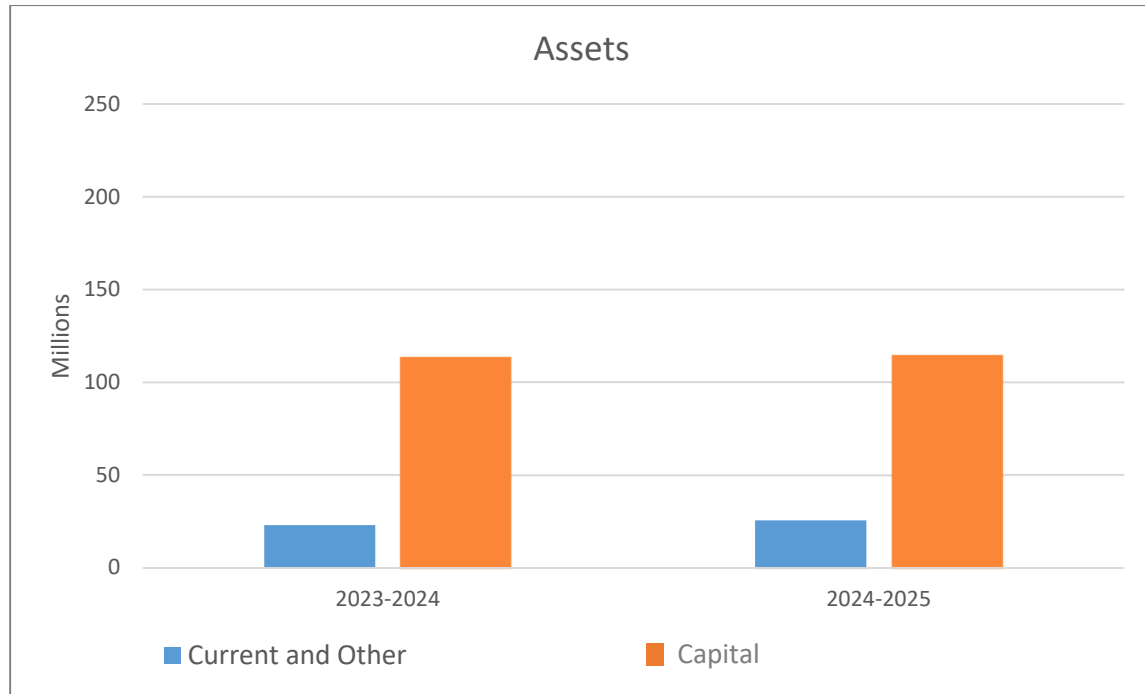
The following schedule summarizes the School District's net position. The complete Statement of Net Position can be found in the School District's basic financial statements.

	June 30,		
	<u>2024</u>	<u>2025</u>	<u>Change</u>
Assets:			
Current and other assets	\$ 22,944,543	25,529,066	2,584,523
Capital assets, net	<u>112,655,294</u>	<u>113,981,526</u>	<u>1,326,232</u>
Total assets	<u>\$ 135,599,837</u>	<u>139,510,592</u>	<u>3,910,755</u>
Deferred outflows of resources	<u>30,616,537</u>	<u>23,047,998</u>	<u>(7,568,539)</u>
Liabilities:			
Current liabilities	19,813,397	6,087,782	(13,725,615)
Long-term liabilities	<u>214,566,709</u>	<u>201,343,478</u>	<u>(13,223,231)</u>
Total liabilities	<u>\$ 234,380,106</u>	<u>207,431,260</u>	<u>(26,948,846)</u>
Deferred inflows of resources	<u>22,793,636</u>	<u>46,149,864</u>	<u>23,356,228</u>
Net position:			
Invested in capital assets, net of related debt	92,945,759	81,190,462	(11,755,297)
Restricted	9,696,688	13,998,815	4,302,127
Unrestricted	<u>(193,599,815)</u>	<u>(186,211,811)</u>	<u>7,388,004</u>
Total net position	<u>\$ (90,957,368)</u>	<u>(91,022,534)</u>	<u>(65,166)</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

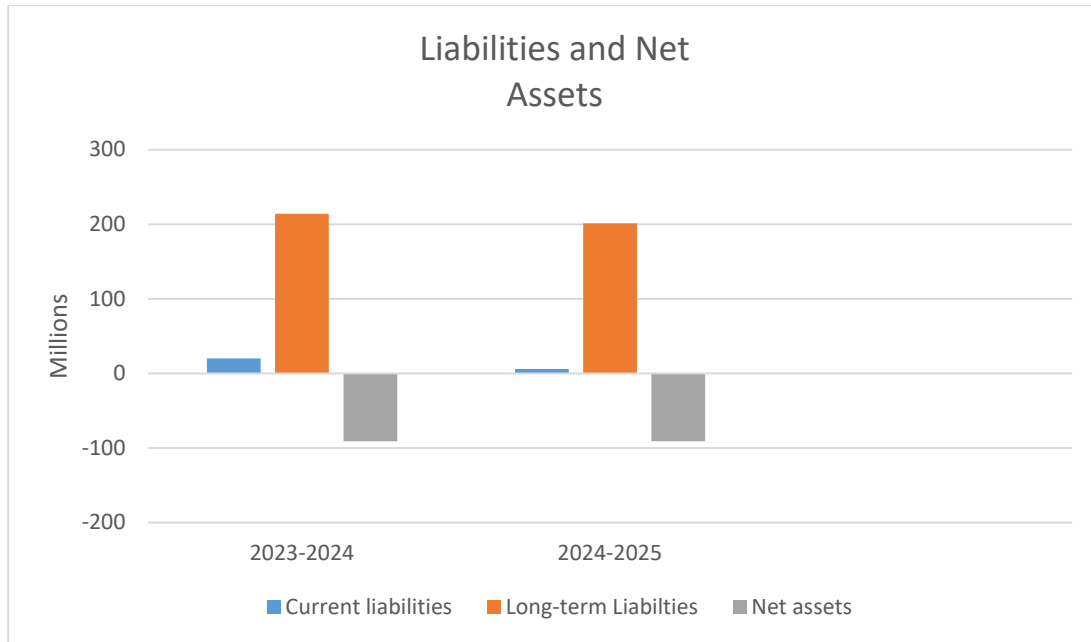


In general, current assets are those assets that are available to satisfy current obligations. Current assets consist primarily of cash and cash equivalents of \$6.6 million, and state and federal aid receivables of \$16.7 million. Refer to page 19 for discussion of capital assets.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued



Current liabilities are those liabilities that will be paid within one year. Current liabilities consist primarily of bonds payable of \$3.0 million and due to retirement systems of \$2.0 million.

Long-term liabilities consist primarily of bonds payable of \$29.8 million and other postemployment benefits of \$167 million.

The net position is negative largely due to the effects of GASB 75 which requires districts to show long-term postemployment benefits as a liability, and there are not enough assets available to cover the \$167 million in other postemployment benefits liabilities. This is not uncommon given that the liability is not required to be fully funded.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

The Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues, including tax revenue, investment earnings, and unrestricted state and federal aid, must support the net cost of the School District's programs.

The following schedule summarizes the School District's activities. The complete Statement of Activities can be found in the School District's basic financial statements.

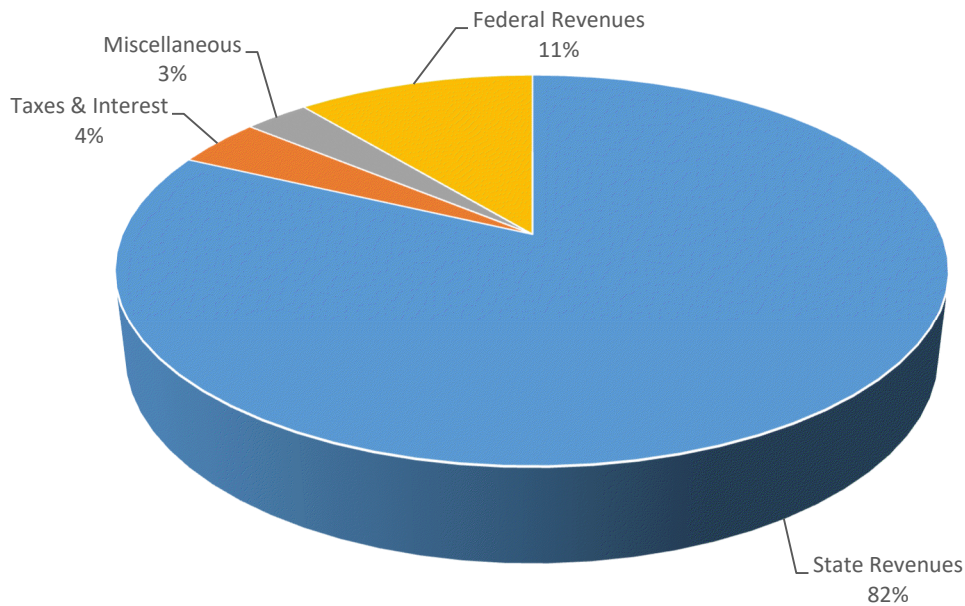
	June 30,		
	<u>2024</u>	<u>2025</u>	<u>Change</u>
Revenues:			
Property and other tax items	\$ 1,989,322	2,030,765	41,443
Use of money and property	459,844	530,616	70,772
State sources	35,604,198	37,738,979	2,134,781
Federal sources	6,921,838	4,920,896	(2,000,942)
Miscellaneous	1,289,650	818,361	(471,289)
Total revenues	<u>46,264,852</u>	<u>46,039,617</u>	<u>(225,235)</u>
Expenses:			
General support	11,277,709	11,602,092	324,383
Instruction	29,039,289	27,161,444	(1,877,845)
Pupil transportation	5,875,064	4,890,347	(984,717)
Community service	13,759	15,143	1,384
Debt service - interest	1,354,117	1,632,914	278,797
Other expenditures	23,330	23,606	276
School food service	710,812	779,237	68,425
Total expenses	<u>48,294,080</u>	<u>46,104,783</u>	<u>(2,189,297)</u>
Change in net position	(2,029,228)	(65,166)	1,964,062
Total net position, beginning of year	<u>(88,928,140)</u>	<u>(90,957,368)</u>	<u>(2,029,228)</u>
Total net position, end of year	<u>\$ (90,957,368)</u>	<u>(91,022,534)</u>	<u>(65,166)</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

Sources of Revenues for Fiscal Year 2025



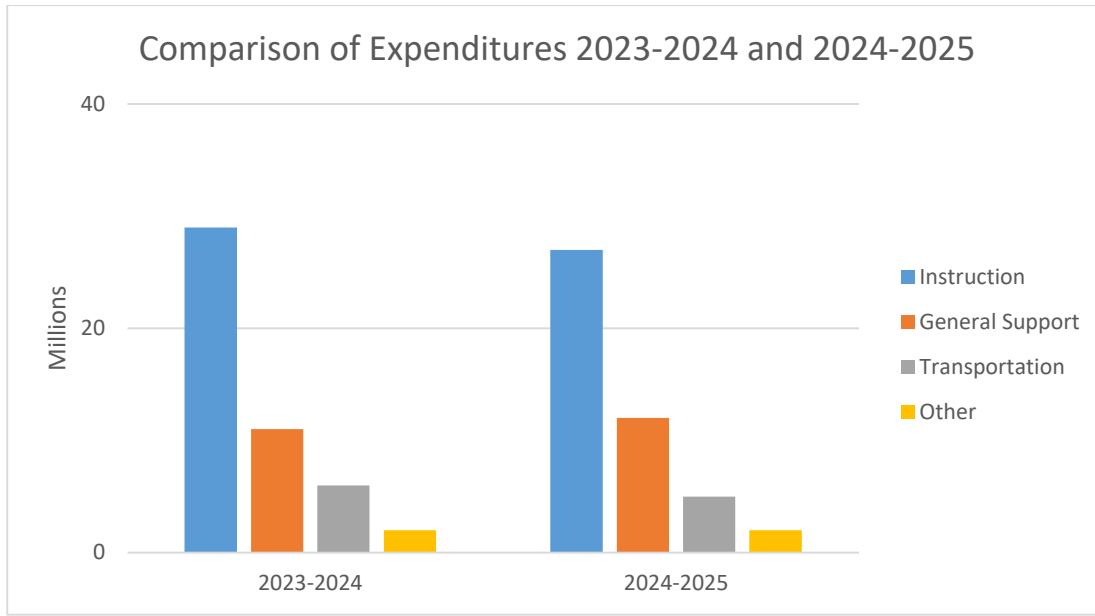
The School District is heavily dependent on State, Federal and Native American aid for its funding. Together they account for 93% of our total revenue.

It should be noted that the School District's tax levy contributes only 4% of our total revenues or \$2,030,765 with the STAR program. Our District has always made a strong effort to keep taxes at a reasonable level. In the 2024-25 year, the tax levy increased 2% which was within the State's tax cap formula of 4.86%.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued



Our School District's expenses are predominantly related to instruction, which represents 59% of our total costs. Also, like most districts, our rising employee benefits fees, increasing energy costs and under-funded school lunch program continue to be financial challenges to our budget. The School District currently pays \$33,768 for a family health insurance plan and this is expected to continue to rise 15% per year. Within 5 years, the plan will cost over \$50,000 per family plan if there is no change in riders or employee contributions. Currently all employees are contributing to their health insurance plans. This will help reduce the overall cost of employee health insurance but more is needed to help with the burden health insurance is placing on an already tight budget.

To manage our future energy costs, the School District included a geo thermal heating/cooling system in our building project. This system has allowed the School District to add 100,000 square feet to the building without increasing the gallons of fuel used.

Our transportation department has switched to a 5 year bus replacement plan to ensure that the School District has a safe fleet of buses and utilizes the 90% transportation aid that is received. Each year 4 buses will be replaced. Bonds are issued for the replacement of the buses and aid flows on a similar schedule to the debt payments.

The School District has a locked-in bid price for fuel oil and purchases electricity through cooperative purchasing, but prices for these commodities fluctuate every year. The price of fuel is expected to remain steady next year.

The financial statements also include the activity of the Special Aid Fund, which is comprised of a number of State and Federal grant programs and the School Food Service Fund, also known as the Cafeteria Fund.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

GENERAL FUND BUDGET OVERVIEW

It should be explained that the School District's general fund is comprised of two (2) individual budgets. The first is approved by the voters in May and totals \$38,673,194. It covers the operation of the main campus school in pre-K – 12th grade. The second budget is for the operation of SRMS. This is a pre-K – 5th grade building educating only Native American children living on the Reservation. This budget is negotiated annually with the State and totaled \$11,405,000. The revenues to support this building/program are totally funded with state aid. Unfortunately, the formula aid that is attributable to the attendance of students at the SRMS is very difficult to compute in a timely manner, causing local cash flow problems and making it difficult to accurately report fund balance. Each year, the District utilizes Revenue Anticipation Notes to cover spending in anticipation of the Native American aid for SRMS.

This administration is challenged in its ability to accurately predict state aid. This is directly associated with estimating state tuition payments on eligible Native American students educated at the campus school. The School District and State representatives are scheduled to review the tuition formula and pertinent data in an attempt to better identify a just and realistic amount for this service. As our percentage of Native American students increases, so will our difficulty to predict revenues from this source. We must also remain vigilant in our effort to make sure educational funding is both adequate and equitable for our unique School District.

As the School District completed the year, its governmental funds reported a General Fund balance of \$19,657,820. This amount is above the 4% limit specified by Real Property Tax Law. However, as our salary and operating expenses increase along with the unpredictability of State and Federal Aid, the School District feels it is necessary to continue to maintain strong reserves. The School District has a long-range plan to use limited amounts from our reserves in the coming years to offset the loss of the Foundation Aid increases promised by the State.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

ANALYSIS OF THE SCHOOL DISTRICT'S OTHER FUNDS

Capital Projects Fund

In 2024-2025, the remaining \$5.2 million of the \$26.5 million project that was approved by the voters in May 2019 was completed and closed out.

In May 2025, the voters approved the \$47 million Foundations for the Future Capital Project. This project is currently in the design phase and will be submitted to the State for approval in December 2025. The project is anticipated to start in Spring 2026. The project includes significant renovations to the high school and middle school cafeteria as well as the main entrance to the high school. Work will also be performed at the sewage treatment plant and include upgrades to HVAC, roofing, electrical and plumbing throughout the building. The project is scheduled for completion in Fall 2027.

School Food Service (Cafeteria) Fund

The school lunch program continues to be supported by funds from the General Fund. Revenues are primarily generated from the National School Lunch Program. The School District's lunch program is stable with healthy student participation but does not meet expenses. It should be noted that labor, employees' retirement and health insurance costs continue to increase each year. The lack of financial resources in the community and our School District's commitment to preparing quality food has limited this program's ability to be self-sustaining, but we are making several changes to bring the program close to self-sufficiency.

The cafeteria's deficiency of revenues over expenses increased from \$647,788 in the previous year to \$707,462 this school year.

For the 2024-2025 school year, the District participated in the Community Eligibility Program (CEP) program to provide free meals to all students. The School District has remained in the Universal Free Breakfast Program to help promote more children to eat breakfast in the morning when it is offered free of charge.

Special Aid Fund

The Special Aid Fund provides the School District with a variety of instructional programs supported by State and Federal grants. Title I and Title VI provide significant revenue for the School District. These grants allow us to create programs that complement the School District's educational objectives while allowing sensitivity to our culturally diverse student population.

The revenues for our Native American transportation contract are included in this fund as well. This contract with the State provides revenue to the School District to cover the cost of transporting Native American students to and from the Reservation. The amount of funds provided is meant to cover all expenses related to this service.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

ANALYSIS OF THE SCHOOL DISTRICT'S OTHER FUNDS, Continued

Special Aid Fund, Continued

During the 2024-2025 school year, the School District finished the American Rescue Plan (ARP) Act fund allocations that the School District received in excess of \$9 million. In the 2024-2025 budget, these funds have been budgeted into the General Fund, other federal grants and some positions were eliminated through attrition. In future years it is projected that the Special Aid Fund will begin to decline again for Title services as well as IDEA. When this happens, the General Fund must pick up the differences because these programs cannot be cut. With the No Child Left Behind initiative, remediation programs are more important than ever. Federal and State Aid budgets are personnel driven like all of our budgets. With the record increases in employee benefits, decreases will compound the General Fund impact. Any decrease in grants equates to a much larger loss when contractual increases are figured in. Please note that the grant fiscal year generally runs from September to August, while the School District's fiscal year runs from July to June.

Capital Assets

By the end of June 2025, the School District invested \$113,981,526 in a broad range of capital assets including school buildings, the bus garage, school buses, computers, audio-visual and classroom equipment. The School District purchased 4 diesel buses in the 2024-2025 school year. For this coming year, we will be purchasing another 8 new buses as based on voter approval in May 2025. We have a 5 year bus replacement plan to bring the School District fleet more up-to-date.

Long-Term Debt

The District's outstanding bond debt as of June 30, 2025 was \$30,220,000. This represents a series of borrowings for the \$36.5 million project that started in 2015 as well as the \$26.5 million project that started in 2021.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the School District was aware of the following circumstances that could significantly affect its financial health in the future:

- As mentioned above, this School District is very heavily dependent on State Aid. During State budget preparations for next year, Foundation Aid was capped at 3%. With the State continually decreasing aid and the property tax cap in place the School District will have an extremely difficult time to maintain staffing and programming at the levels needed to educate our children properly. The School District is currently supporting our programs by committing approximately 4% of our fund balance to support our current level of staffing. In previous years, we have reduced our staff by not replacing retired staff and cutting teaching positions. Providing quality education with a shrinking staff and growing student population is posing challenges to our ability to provide a sound basic education to our students living in poverty.
- There is currently significant uncertainty surrounding federal funding, particularly Title funds allocated to states and school districts. Our School District receives approximately \$2.7 million annually in federal grants, which support critical programs and services for our students, including academic intervention, special education, professional development, and student support services.

If these funds are delayed or eliminated, the School District would face serious cash flow challenges that could disrupt day-to-day operations. In the longer term, the loss of this funding would have significant budgetary implications. Without these resources, we would be forced to re-evaluate staffing levels, potentially resulting in reductions in force, increased class sizes, and the scaling back or elimination of programs that directly support student learning and well-being.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Natascha L. Jock, School Business Executive
Salmon River Central School
Fort Covington, New York 12937
(518) 358-6608
njock@srk12.org

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2025

Assets

Cash and cash equivalents:	
Unrestricted	\$ 942,123
Restricted	5,659,859
Receivables:	
Other	3,323,664
State and federal aid	13,390,686
Inventories	40,732
Capital assets, net	113,981,526
Net pension asset - proportionate share	2,172,002
	<hr/>
Total assets	\$ 139,510,592

Deferred Outflows of Resources

Other postemployment benefits	15,635,220
Pensions	7,412,778
	<hr/>
Total deferred outflows of resources	\$ 23,047,998

Liabilities

Payables:	
Accounts payable	469,466
Accrued expenses	90,948
Due to other governments	7,351
Accrued interest	120,893
Due to Teachers' Retirement System	1,705,676
Due to Employees' Retirement System	292,832
Payroll liabilities	44,243
Long-term liabilities:	
Due and payable within one year:	
Bonds payable	3,008,353
Compensated absences payable	348,020
Due and payable after one year:	
Bonds payable	29,782,711
Compensated absences payable	932,224
Other postemployment benefits payable	166,616,993
Net pension liability - proportionate share	4,011,550
	<hr/>
Total liabilities	\$ 207,431,260

Deferred Inflows of Resources

Other postemployment benefits	43,075,342
Pensions	3,074,522
	<hr/>
Total deferred inflows of resources	\$ 46,149,864

Net Position

Net investment in capital assets	81,190,462
Restricted	13,998,815
Unrestricted (deficit)	(186,211,811)
	<hr/>
Total net position	\$ (91,022,534)

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net expense (revenue) and changes in net position</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	
General support	\$ 11,681,365	79,273	-	11,602,092
Instruction	40,094,765	12,933,321	-	27,161,444
Pupil transportation	4,935,985	45,638	-	4,890,347
Community service	15,143	-	-	15,143
Debt service - interest	1,632,914	-	-	1,632,914
Other expenditures	23,606	-	-	23,606
School lunch program	957,521	98,692	79,592	779,237
Total functions and programs	<u>\$ 59,341,299</u>	<u>13,156,924</u>	<u>79,592</u>	<u>46,104,783</u>
General revenues:				
Real property taxes				1,744,565
Other tax items				286,200
Use of money and property				530,616
Miscellaneous				763,727
State sources				37,738,979
Federal sources				4,920,896
Medicaid reimbursement				54,634
Total general revenues				<u>46,039,617</u>
Change in net position				<u>(65,166)</u>
Net position, beginning of year				<u>(90,957,368)</u>
Net position, end of year				<u>\$ (91,022,534)</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2025

<u>Assets</u>	<u>Major Governmental Funds</u>				<u>Total non-major governmental funds</u>	<u>Total governmental funds</u>
	<u>General</u>	<u>Special aid</u>	<u>Capital project main campus reconstruction 0001022</u>	<u>Capital project main campus reconstruction 0001027</u>		
Cash:						
Unrestricted	\$ 910,961	6,296	-	-	24,866	942,123
Restricted	4,651,399	-	-	-	1,008,460	5,659,859
Receivables:						
Other	3,322,236	-	-	-	1,428	3,323,664
Due from other funds	6,425,081	-	-	-	24,866	6,449,947
State and federal aid	6,943,387	6,331,917	-	-	115,382	13,390,686
Inventories	-	-	-	-	40,732	40,732
 Total assets	 \$ 22,253,064	 6,338,213	 -	 -	 1,215,734	 29,807,011
 <u>Liabilities and Fund Balances</u>						
Liabilities:						
Payables:						
Accounts payable	467,481	-	-	-	1,985	469,466
Accrued liabilities	85,012	2,742	-	-	3,194	90,948
Due to other funds	-	6,329,175	-	-	120,772	6,449,947
Due to other governments	-	6,296	-	-	1,055	7,351
Due to Teacher's Retirement System	1,705,676	-	-	-	-	1,705,676
Due to Employees' Retirement System	292,832	-	-	-	-	292,832
Payroll liabilities	44,243	-	-	-	-	44,243
 Total liabilities	 2,595,244	 6,338,213	 -	 -	 127,006	 9,060,463
Fund balances:						
Non-spendable	-	-	-	-	40,732	40,732
Restricted:						
Workers' compensation reserve	1,347,286	-	-	-	-	1,347,286
Unemployment insurance reserve	560,347	-	-	-	-	560,347
Reserve for retirement contributions - ERS	4,497,535	-	-	-	-	4,497,535
Reserve for retirement contributions - TRS	1,389,968	-	-	-	-	1,389,968
Insurance reserve	4,064,489	-	-	-	-	4,064,489
Reserve for employee benefits and accrued liabilities	1,105,864	-	-	-	-	1,105,864
Reserve for debt	-	-	-	-	1,033,326	1,033,326
Assigned:						
Assigned appropriate fund balances	1,662,535	-	-	-	-	1,662,535
Assigned unappropriated fund balance:						
School lunch	-	-	-	-	14,670	14,670
General support	157,638	-	-	-	-	157,638
Instruction	7,477	-	-	-	-	7,477
Unassigned fund balance	4,864,681	-	-	-	-	4,864,681
 Total fund balances	 19,657,820	 -	 -	 -	 1,088,728	 20,746,548
 Total liabilities and fund balances	 \$ 22,253,064	 6,338,213	 -	 -	 1,215,734	 29,807,011

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the year ended June 30, 2025

	Major governmental funds				Total non-major governmental funds	Total governmental funds
	<u>General</u>	<u>Special aid</u>	<u>Capital project main campus reconstruction 0001022</u>	<u>Capital project main campus reconstruction 0001027</u>		
Revenues:						
Real property taxes	\$ 1,744,565	-	-	-	-	1,744,565
Other tax items	286,200	-	-	-	-	286,200
Charges for services	7,297,086	-	-	-	-	7,297,086
Use of money and property	591,131	-	-	-	22,430	613,561
Sale of property and compensation for loss	39,437	-	-	-	-	39,437
Miscellaneous	681,435	50,782	-	-	19,000	751,217
State sources	39,742,013	3,600,725	-	-	47,515	43,390,253
Medicaid reimbursement	54,634	-	-	-	-	54,634
Federal sources	-	3,578,153	-	-	1,342,743	4,920,896
Surplus food	-	-	-	-	79,592	79,592
Sales - school food service	-	-	-	-	98,692	98,692
Total revenues	<u>50,436,501</u>	<u>7,229,660</u>	<u>-</u>	<u>-</u>	<u>1,609,972</u>	<u>59,276,133</u>
Expenditures:						
General support	6,489,299	-	-	-	826,139	7,315,438
Instruction	22,779,672	4,290,355	-	-	-	27,070,027
Pupil transportation	890,550	2,900,914	-	-	-	3,791,464
Community service	9,000	-	-	-	-	9,000
Employee benefits	13,027,941	-	-	-	512,162	13,540,103
Debt service:						
Principal	2,614,275	-	-	-	-	2,614,275
Interest	1,786,461	-	-	-	-	1,786,461
Cost of sales	-	-	-	-	957,521	957,521
Other expenditures	-	23,606	-	-	-	23,606
Capital outlay	-	-	-	2,601,958	1,365,543	3,967,501
Total expenditures	<u>47,597,198</u>	<u>7,214,875</u>	<u>-</u>	<u>2,601,958</u>	<u>3,661,365</u>	<u>61,075,396</u>
Excess (deficiency) of revenues over expenditures	<u>2,839,303</u>	<u>14,785</u>	<u>-</u>	<u>(2,601,958)</u>	<u>(2,051,393)</u>	<u>(1,799,263)</u>
Other financing sources (uses):						
Operating transfers in	14,785	-	-	-	932,327	947,112
Operating transfers (out)	(707,461)	(14,785)	-	-	(224,866)	(947,112)
Proceeds from debt	-	-	10,741,080	5,203,195	925,000	16,869,275
Total other financing sources (uses)	<u>(692,676)</u>	<u>(14,785)</u>	<u>10,741,080</u>	<u>5,203,195</u>	<u>1,632,461</u>	<u>16,869,275</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>2,146,627</u>	<u>-</u>	<u>10,741,080</u>	<u>2,601,237</u>	<u>(418,932)</u>	<u>15,070,012</u>
Fund balances, beginning of year	<u>17,511,193</u>	<u>-</u>	<u>(10,741,080)</u>	<u>(2,601,237)</u>	<u>1,507,660</u>	<u>5,676,536</u>
Fund balances, end of year	<u>\$ 19,657,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,088,728</u>	<u>20,746,548</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2025

	Private purpose <u>trusts</u>	<u>Custodial</u>
Assets:		
Cash	\$ <u>120,267</u>	<u>135,711</u>
Net position:		
Restricted for other purposes	68,382	135,711
Non-restricted for other purposes	<u>51,885</u>	<u>-</u>
Total net position	<u>120,267</u>	<u>135,711</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the year ended June 30, 2025

	Private purpose trusts	<u>Custodial</u>
Additions:		
Investment earnings	\$ 3,044	475
Extracurricular receipts	-	227,054
Gifts and contributions	<u>2,750</u>	<u>-</u>
Total additions	<u>\$ 5,794</u>	<u>227,529</u>
Deductions:		
Extracurricular disbursements	-	199,195
Scholarships and awards	<u>2,575</u>	<u>-</u>
Total deductions	<u>2,575</u>	<u>199,195</u>
Change in net position	3,219	28,334
Net position, beginning of year	<u>117,048</u>	<u>107,377</u>
Net position, end of year	<u>\$ 120,267</u>	<u>135,711</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2025

<u>Assets</u>	Total governmental funds	Long-term assets, liabilities	Reclassifications and eliminations	Statement of net position totals
Cash	\$ 6,601,982	-	-	6,601,982
Other receivables	3,323,664	-	-	3,323,664
Due from other funds	6,449,947	-	(6,449,947)	-
State and federal aid	13,390,686	-	-	13,390,686
Inventories	40,732	-	-	40,732
Capital assets, net	-	113,981,526	-	113,981,526
Net pension asset - proportionate share	-	2,172,002	-	2,172,002
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	29,807,011	116,153,528	(6,449,947)	139,510,592
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Deferred Outflows of Resources</u>				
Other postemployment benefits	-	15,635,220	-	15,635,220
Pensions	-	7,412,778	-	7,412,778
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	-	23,047,998	-	23,047,998
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets and deferred outflows of resources	\$ 29,807,011	139,201,526	(6,449,947)	162,558,590
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Liabilities</u>				
Accounts payable	469,466	-	-	469,466
Accrued liabilities	90,948	-	-	90,948
Due to other funds	6,449,947	-	(6,449,947)	-
Due to other governments	7,351	-	-	7,351
Accrued interest	-	120,893	-	120,893
Due to Teachers' Retirement System	1,705,676	-	-	1,705,676
Due to Employees' Retirement System	292,832	-	-	292,832
Payroll liabilities	44,243	-	-	44,243
Bonds payable	-	32,791,064	-	32,791,064
Compensated absences payable	-	1,280,244	-	1,280,244
Other postemployment benefits	-	166,616,993	-	166,616,993
Net pension liability - proportionate share	-	4,011,550	-	4,011,550
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	9,060,463	204,820,744	(6,449,947)	207,431,260
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Deferred Inflows of Resources</u>				
Other post employment benefits	-	43,075,342	-	43,075,342
Pensions	-	3,074,522	-	3,074,522
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	-	46,149,864	-	46,149,864
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance/net position	20,746,548	(111,769,082)	-	(91,022,534)
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balance/net position	\$ 29,807,011	139,201,526	(6,449,947)	162,558,590
	<hr/>	<hr/>	<hr/>	<hr/>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position, Continued

Total fund balances - governmental funds		\$ 20,746,548
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$ 153,381,257	
Less: accumulated depreciation	<u>(39,399,731)</u>	113,981,526
Interest payable used in governmental activities is not payable from current resources and therefore not reported in the governmental funds		(120,893)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds		
Bonds payable	\$ (32,791,064)	
Compensated absences	<u>(1,280,244)</u>	(34,071,308)
Other post-employment benefits are not due and payable in the current period and therefore are not reported in the funds		(166,616,993)
Proportionate share of net pension asset (liability) are not current financial resources or obligations and are not reported in the governmental funds		
Net pension asset	2,172,002	
Net pension liability	<u>(4,011,550)</u>	(1,839,548)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds		
Deferred outflows related to pensions	\$ 7,412,778	
Deferred inflows related to pensions	<u>(3,074,522)</u>	4,338,256
Deferred outflows and inflows of resources related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds		
Deferred outflows related to other postemployment benefits	\$ 15,635,220	
Deferred inflows related to other postemployment benefits	<u>(43,075,342)</u>	<u>(27,440,122)</u>
Net position of governmental activities		<u>\$ (91,022,534)</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities

For the year ended June 30, 2025

<u>Revenues</u>	Total governmental funds	Long-term assets, liabilities	Reclassifications and eliminations	Statement of activities totals
Real property taxes	\$ 1,744,565	-	-	1,744,565
Other tax items	286,200	-	-	286,200
Charges for services	7,297,086	-	-	7,297,086
Use of money and property	613,561	-	-	613,561
Sale of property and compensation for loss	39,437	-	-	39,437
Miscellaneous	751,217	-	-	751,217
State sources	43,390,253	-	-	43,390,253
Medicaid reimbursement	54,634	-	-	54,634
Federal sources	4,920,896	-	-	4,920,896
Surplus food	79,592	-	-	79,592
Sales - school food service	98,692	-	-	98,692
Total revenues	59,276,133	-	-	59,276,133
<u>Expenditures</u>				
General support	7,315,438	2,228,146	2,137,781	11,681,365
Instruction	27,070,027	(12,030)	13,036,768	40,094,765
Pupil transportation	3,791,464	656,161	488,360	4,935,985
Community service	9,000	-	6,143	15,143
Employee benefits	13,540,103	5,128,662	(18,668,765)	-
Debt service	4,400,736	(2,767,822)	-	1,632,914
Cost of sales	957,521	-	-	957,521
Other expenditures	23,606	-	-	23,606
Capital outlay	3,967,501	(3,967,501)	-	-
Total expenditures	61,075,396	1,265,616	(2,999,713)	59,341,299
Excess (deficiency) of revenues over expenditures	(1,799,263)	(1,265,616)	2,999,713	(65,166)
<u>Other Financing Sources and Uses</u>				
Operating transfers in	947,112	-	(947,112)	-
Operating transfers (out)	(947,112)	-	947,112	-
Proceeds from debt	16,869,275	(15,300,000)	(1,569,275)	-
Total other financing sources (uses)	16,869,275	(15,300,000)	(1,569,275)	-
Net change in fund balances	\$ 15,070,012	(16,565,616)	1,430,438	(65,166)

SALMON RIVER CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities, Continued

Net change in fund balances - total governmental funds \$ 15,070,012

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is depreciated over their estimate useful lives:

Expenditures for capital assets	\$ 5,097,242	
Less: current year depreciation	<u>(3,771,010)</u>	1,326,232

Bond proceeds provide current financial resources to
governmental funds, but issuing debt increases long-term
liabilities in the statement of net position. Repayment of
bond principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities
in the statement of net position. Other costs related to
debt issuance and retirement are expenditures in the
governmental funds, but are deferred and amortized
on the statement of net position

Bond premium amortization	\$ 183,020	
Bond proceeds	(16,280,000)	
Repayment of bonds	2,025,000	
Bond adjustment	<u>(323,965)</u>	(14,395,945)

Interest expense reported in the statement of activities does
not require the use of current financial resources and is
therefore not reported as an expenditure in governmental
funds (29,473)

Compensated absences in the statement of activities does
not require the use of current financial resources and is
therefore not reported as an expenditure in governmental
funds (231,007)

Other postemployment benefits in the statement of activities
does not require the use of current resources and are
therefore not reported as expenditures in the governmental
funds (2,258,260)

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

Pension contribution expense	\$ 2,554,340	
Cost of benefits earned, net of employee contributions	<u>(2,101,065)</u>	<u>453,275</u>

Change in net position of governmental funds \$ (65,166)

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

(1) Summary of Significant Accounting Policies

The financial statements of Salmon River Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are described below:

(a) Reporting Entity

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

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

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

i) Extraclassroom Activity Funds:

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(b) Joint Venture

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

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 are also 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.

BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital costs 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 ended June 30, 2025, the District was billed \$6,623,324 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$4,249,248.

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

(c) Basis of Presentation

i) District-Wide Statements:

The statement of net position and the statement of activities present financial information about the overall District's governmental activities, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal transactions. Governmental activities are generally 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

i) District-Wide Statements, Continued:

The statement of net position presents the financial position of the District at year-end. The statement of activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expenditures for those areas. Program revenues include charges paid by the recipients of goods and 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.

ii) Fund Statements:

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major and non-major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions except those required to be accounted for in another fund. This fund is reported as a major 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 expenditures for specified purposes, child nutrition and school store operations or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The District reported the special aid fund as a major fund and the school food service fund as a non-major fund.

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

ii) Fund Financial Statements, Continued:

Capital Projects Funds: 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 non-major 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 non-major are reported in the supplemental schedules either separately or in the aggregate.

The District reports the following fiduciary funds:

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

Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income benefits annual third-party awards and scholarships for students. 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 agent for various student groups or extraclassroom activity funds.

(d) Measurement Focus and Basis of Accounting

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

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus and Basis of Accounting, Continued

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, 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 of 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 became a lien on August 14, 2024. Taxes are collected during the period September 1, 2024 to November 5, 2024.

Uncollected 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 no 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 borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the District-wide statements, 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(g) Interfund Transactions, Continued

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

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

(h) Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, pensions costs, OPEB, potential contingent liabilities, and useful lives of capital assets.

(i) Cash, Cash Equivalents and Investments

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

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

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(j) Accounts Receivable

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

(k) Inventories

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, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

A reserve for inventories has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures.

(l) Capital Assets

Capital assets are reported at historical cost if actual historical cost is available, or estimated historical cost if actual historical cost is not available. 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 assets lives 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 capital assets reported in the District-wide statements are as follows:

	Capitalization <u>threshold</u>	Depreciation <u>method</u>	Estimated <u>useful life</u>
Buildings	\$ 15,000	Straight-line	50 years
Building improvements	15,000	Straight-line	20 years
Furniture and equipment	5,000	Straight-line	15 years
Vehicles	5,000	Straight-line	5 years

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(m) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government 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 the difference between expected and actual experience, changes in assumptions, difference between projected and actual earnings on pension plan investments, changes in proportion and differences between the District's contributions and proportionate share of contributions, and the District contributions to the New York State Teachers' and Employees' pension systems subsequent to the measurement date. The second item relates to OPEB reporting in the District-wide statement of net position. This represents the effect of the net change in the difference between expected and actual experience, changes in assumptions, and benefit payments made by the District subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. First is related to pensions reported in the District-wide statement of net position. This represents the effect of the net change in the difference between expected and actual experience, changes in assumptions, difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between the District's contributions and proportionate share of contributions. The second item is related to OPEB reported in the District-wide statement of net position. This represents the effect of the net change in the difference between expected and actual experience, and changes in assumptions.

(n) Unearned Revenue

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(o) Vested Employee Benefits

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.

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

In the District-wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick leave, 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 at the employee's rate of pay at the reporting date, including salary-related payments such as social security and Medicare taxes.

In the fund statements, only the amount of matured liabilities is accrued within the general fund based upon expendable and available future resources. These amounts are expensed on a pay-as-you-go basis.

(p) Other Benefits

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

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postretirement benefits is either covered by the District or shared between the District and the retired employee pursuant to collective bargaining agreements and individual employment contracts. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(q) 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 is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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

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

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

(r) 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) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets, net of any unexpended proceeds.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

District-wide statements, Continued:

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

Unrestricted net position - reports 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 governmental fund basis statements, there are five classifications of fund balance:

Non-spendable - includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. Non-spendable fund balance includes inventory recorded in the school food service fund of \$40,732.

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 District has established the following restricted fund balances:

Workers' Compensation Reserve

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

Fund statements, Continued:

Unemployment Insurance Reserve

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

Retirement Contributions Reserve

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

Insurance Reserve

Insurance Reserve (GML §6-n) is 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

Fund statements, Continued:

Employee Benefit Accrued Liability Reserve

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

Reserve for Debt Service

Mandatory Reserve for Debt Service (GML §6-1) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the debt service fund.

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

Assigned - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government delegates authority. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to \$165,115.

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. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds 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 of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

Fund statements, Continued:

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 are determined. Any remaining fund balance amounts for funds other than the general fund are classified as assigned fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

(s) Implementation of New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2025, the District implemented the following new standards issued by GASB. These standards had no significant impact on the District.

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

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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(2) Stewardship, Compliance and Accountability

Budgets

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

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. 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 can be funded 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) and appropriations of fund balances. 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.

Budgets are adopted annually on a basis consistent with GAAP.

The general fund is the only fund with a legally approved budget for 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 the 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 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. Encumbrances are classified as restricted or assigned fund balance based on the source and strength of constraints placed on them.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(2) Stewardship, Compliance and Accountability, Continued

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year.

(3) Cash and Cash Equivalents

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

The District's aggregate bank balances included balances not covered by depository insurance at year end. All balances were collateralized with securities held by the pledging financial institution, but not in the District's name. Bank balances totalled \$5,227,609.

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 \$5,659,859 within the governmental funds and \$255,978 in the fiduciary funds.

Investments Pool - NYCLASS

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

The amounts held represent the cost of the investment pool shares and are considered to approximate net asset value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative can be obtained from the New York Cooperative Liquid Assets Securities System (NYCLASS). The District's total NYCLASS balance at June 30, 2025 was \$2,258,316.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(4) Capital Assets

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

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements/ reclassifications</u>	<u>Ending balance</u>
Capital assets that are not depreciated:				
Land	\$ 118,242	-	-	118,242
Construction in progress	<u>9,819,869</u>	<u>-</u>	<u>(9,819,869)</u>	<u>-</u>
Total nondepreciable assets	<u>9,938,111</u>	<u>-</u>	<u>(9,819,869)</u>	<u>118,242</u>
Capital assets that are depreciated:				
Buildings and improvements	127,974,620	12,603,195	-	140,577,815
Machinery and equipment	<u>10,550,876</u>	<u>2,313,916</u>	<u>(179,592)</u>	<u>12,685,200</u>
Total depreciable assets	<u>138,525,496</u>	<u>14,917,111</u>	<u>(179,592)</u>	<u>153,263,015</u>
Less accumulated depreciation:				
Buildings and improvements	29,458,085	2,484,627	-	31,942,712
Machinery and equipment	<u>6,350,228</u>	<u>1,286,383</u>	<u>(179,592)</u>	<u>7,457,019</u>
Total accumulated depreciation	<u>35,808,313</u>	<u>3,771,010</u>	<u>(179,592)</u>	<u>39,399,731</u>
Total depreciated assets, net	<u>102,717,183</u>	<u>11,146,101</u>	<u>-</u>	<u>113,863,284</u>
Total capital assets, net	<u>\$ 112,655,294</u>	<u>11,146,101</u>	<u>(9,819,869)</u>	<u>113,981,526</u>

Depreciation expense was charged to governmental activities as follows:

General support	\$ 2,528,422
Instruction	586,427
Pupil transportation	<u>656,161</u>
	<u>\$ 3,771,010</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(5) Short-Term Debt

Short-term debt balances and activity for the year are summarized below:

	<u>Beginning balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending balance</u>
BAN Maturing 6/27/25 at 4.00%	\$ 14,845,000	-	14,845,000	-
BAN Maturing 6/27/25 at 4.50%	-	1,000,000	1,000,000	-
RAN Maturing 6/27/25 at 4.00%	-	10,000,000	10,000,000	-

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

Interest paid	\$ 944,212
Less interest accrued in the prior year	<u>(4,929)</u>
Total expense	<u>\$ 939,283</u>

(6) Long-Term Obligations

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

General Obligation, Revenue and 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 the 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(6) Long-Term Obligations, Continued

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

<u>Government activities</u>	<u>Beginning balance</u>	<u>Issued</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amount due within one year</u>
General obligation bonds	\$ 390,000	-	195,000	195,000	195,000
Revenue bonds	14,155,000	14,500,000	1,195,000	27,460,000	1,860,000
Serial bonds	2,400,000	800,000	635,000	2,565,000	705,000
Premium on bonds	1,455,048	1,299,036	183,020	2,571,064	248,353
Total bonds payable	<u>18,400,048</u>	<u>16,599,036</u>	<u>2,208,020</u>	<u>32,791,064</u>	<u>3,008,353</u>
Other liabilities:					
Compensated absences	1,049,237	231,007	-	1,280,244	348,020
Other postemployment benefits payable	193,055,730	-	26,438,737	166,616,993	-
Net pension liability - proportionate share	<u>4,520,593</u>	<u>-</u>	<u>509,043</u>	<u>4,011,550</u>	<u>-</u>
Total other liabilities	<u>198,625,560</u>	<u>231,007</u>	<u>26,947,780</u>	<u>171,908,787</u>	<u>348,020</u>
Total long-term liabilities	<u>\$ 217,025,608</u>	<u>16,830,043</u>	<u>29,155,800</u>	<u>204,699,851</u>	<u>3,356,373</u>

The general fund has typically been used to liquidate long-term liabilities.

Existing serial and statutory bond obligations:

<u>Description of issue</u>	<u>Issue date</u>	<u>Final maturity</u>	<u>Interest rate(s)</u>	<u>Balance</u>
QSCBs	8/9/11	12/15/25	0.80%	\$ 195,000
DASNY revenue bonds	6/7/18	6/15/38	5.00%	10,185,000
DASNY revenue bonds	6/18/24	6/15/39	5.00%	2,775,000
DASNY revenue bonds	6/17/25	6/15/40	5.00%	14,500,000
Bus serial bonds	7/15/20	7/15/25	0.50-1.40%	100,000
Bus serial bonds	7/15/21	7/15/26	1.25%	195,000
Bus serial bonds	8/4/22	7/15/27	4.15-5.00%	310,000
Bus serial bonds	8/3/23	7/15/28	3.50-4.00%	1,160,000
Bus serial bonds	8/9/24	7/15/29	4.25-4.50%	800,000
				<u>\$ 30,220,000</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(6) Long-Term Obligations, Continued

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

	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>
Fiscal year ending June 30:			
2026	\$ 2,760,000	1,675,761	248,353
2027	2,810,000	1,341,182	248,353
2028	2,840,000	1,210,344	248,353
2029	2,865,000	1,075,588	248,353
2030	2,690,000	942,438	248,353
2031 - 2035	10,325,000	2,839,750	918,257
2036 - 2040	<u>5,930,000</u>	<u>753,000</u>	<u>411,042</u>
	<u>\$ 30,220,000</u>	<u>9,838,063</u>	<u>2,571,064</u>

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

Interest paid	\$ 842,249
Less amortization of bond premium	(183,020)
Less interest accrued in the prior year	(86,491)
Plus interest accrued in the current year	<u>120,893</u>
Total expense	<u>\$ 693,631</u>

(7) Interfund Transactions – Governmental Funds

Interfund transactions and balances as of or for the year ended June 30, 2025 are as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 6,425,081	-	14,785	707,461
Special aid	-	6,329,175	-	14,785
School food service	-	95,906	707,461	-
Debt service	24,866	-	224,866	-
Non-major capital projects	<u>-</u>	<u>24,866</u>	<u>-</u>	<u>224,866</u>
	<u>\$ 6,449,947</u>	<u>6,449,947</u>	<u>947,112</u>	<u>947,112</u>

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(8) Pension Plans

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

Plan Descriptions and Benefits Provided

Teachers' Retirement System

TRS provides retirement benefits, as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in 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. TRS is administered by the New York State Teachers' Retirement Board. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report, which can be found on the TRS' website at www.nystrs.org.

Employees' Retirement System

ERS provides retirement benefits, as well as death and disability benefits to plan members and beneficiaries as established under the provisions of NYSRSSL. The net position of ERS is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. 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 or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(8) Pension Plans, Continued

TRS and ERS are noncontributory except for employees who joined after July 27, 1976, who contribute 3.0% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during ERS' fiscal year ending March 31st.

The District's share of the required contributions, based on covered payroll paid for the current and two preceding years were:

	<u>TRS</u>	<u>ERS</u>
2025	\$ 1,565,780	1,038,248
2024	1,606,723	879,036
2023	1,440,956	657,005

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

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

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2024	March 31, 2025
District's proportionate share of the net pension liability (asset)	\$ (2,172,002)	4,011,550
District's portion (%) of the plan's total net pension liability (asset)	0.072798%	0.0233968%
Change in proportion (%) since the prior measurement date	(0.002436%)	(0.0014621%)

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(8) Pension Plans, Continued

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

For the year ended June 30, 2025, the District recognized pension expense of \$1,188,086 for TRS and \$918,258 for ERS. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 2,338,847	995,694	-	46,967
Changes of assumptions	1,299,297	168,236	218,554	-
Net difference between projected and actual earnings on pension plan investments	-	314,735	2,413,279	-
Changes in proportion and differences between the district's contributions and proportionate share of contributions	223,373	296,883	118,463	277,259
District's contributions subsequent to the measurement date	<u>1,482,881</u>	<u>292,832</u>	<u>-</u>	<u>-</u>
Total	\$ <u>5,344,398</u>	<u>2,068,380</u>	<u>2,750,296</u>	<u>324,226</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(8) Pension Plans, Continued

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

District contributions subsequent to the measurement date which will be recognized as a reduction (addition) of the net pension liability (asset) in the year ended June 30, 2026, if applicable. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the year ended as follows:

	<u>TRS</u>	<u>ERS</u>
2026	\$ (1,106,911)	719,523
2027	2,697,706	1,067,790
2028	(415,165)	(326,221)
2029	(471,878)	(9,770)
2030	287,760	-
Thereafter	119,709	-

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2024	March 31, 2025
Actuarial valuation date	June 30, 2023	April 1, 2024
Interest rate	6.95%	5.90%
Salary scale	1.95% - 5.18%	4.30%
Decrement tables	July 1, 2015 - June 30, 2020 TRS experience	April 1, 2015 - March 31, 2020 ERS experience
Inflation rate	2.40%	2.90%
Cost-of-living adjustments	1.30%	1.50%

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(8) Pension Plans, Continued

Actuarial Assumptions, Continued

For TRS, annuitant mortality rates are based on July 1, 2015 - June 30, 2020 TRS' experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP- 2021. For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 ERS' experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP- 2021.

For TRS, the actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020. For ERS, the actuarial assumptions 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.

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

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(8) Pension Plans, Continued

Discount Rate

The discount rates used to calculate the total pension liability were 6.95% for TRS and 5.90% for ERS. 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, fiduciary net position for TRS and ERS 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 (asset).

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

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

		Current assumption (6.95%)	1% increase (7.95%)
<u>TRS</u>	1% decrease (5.95%)		
District's proportionate share of the net pension liability (asset)	\$ 10,032,602	(2,172,002)	(12,436,401)
		Current assumption (5.90%)	1% increase (6.90%)
<u>ERS</u>	1% decrease (4.90%)		
District's proportionate share of the net pension liability (asset)	\$ 11,609,930	4,011,550	(2,333,103)

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(8) Pension Plans, Continued

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all employers as of the respective valuation dates, were as follows:

	(In thousands)		
	<u>TRS</u>	<u>ERS</u>	<u>Total</u>
Measurement Date	June 30, 2024	March 31, 2025	
Employers' total pension liability	\$ 142,837,827	247,600,239	390,438,066
Plan fiduciary net position	<u>145,821,435</u>	<u>230,454,512</u>	<u>376,275,947</u>
Employers' net pension liability (asset)	\$ <u>(2,983,608)</u>	<u>17,145,727</u>	<u>14,162,119</u>
Ratio of plan net position to the employers' total pension liability	102.10%	93.08%	96.37%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to TRS in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions as of June 30, 2025 amounted to \$1,705,676.

For ERS, employer contributions are paid annually based on ERS' fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$292,832. Employee contributions are remitted monthly.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(9) Postemployment (Health Insurance) Benefits

General information about the OPEB Plan

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

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

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

Retirees and survivors	285
Active employees	<u>383</u>
	<u>668</u>

Total OPEB Liability

The District's total OPEB liability of \$166,616,993 was measured as of July 1, 2024, and was determined by an actuarial valuation as of July 1, 2024.

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	2.60%
Salary scale	3.50%
Discount rate	3.93%
Healthcare cost trend rates	6.50% for 2026, decreasing to an ultimate rate of 4.04% for 2095+

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(9) Postemployment (Health Insurance) Benefits, Continued

Total OPEB Liability, Continued

The discount rate was based on Bond Buyer Weekly 20-Bond GO index.

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

Changes in the Total OPEB Liability

Balance at July 1, 2024	\$ <u>193,055,730</u>
Changes for the year:	
Service cost	5,403,793
Interest	7,151,724
Change in benefit terms	(270,101)
Difference between expected and actual experience	(26,643,044)
Changes in assumptions or other inputs	(7,037,377)
Benefit payments	<u>(5,043,732)</u>
Net changes	<u>(26,438,737)</u>
Balance at June 30, 2025	\$ <u><u>166,616,993</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.65% on July 1, 2023 to 3.93% on July 1, 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 (2.93%) or 1-percentage point higher (4.93%) than using the current discount rate:

	1% decrease <u>(2.93%)</u>	Discount Rate <u>(3.93%)</u>	1% increase <u>(4.93%)</u>
Total OPEB liability \$	196,307,729	166,616,993	142,985,548

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(9) Postemployment (Health Insurance) Benefits, Continued

Changes in the Total OPEB Liability, Continued

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

		Healthcare Cost Trend Rates	
	1% decrease (5.50% decreasing to <u>3.04%</u>)	(6.50% decreasing to <u>4.04%</u>)	1% increase (7.50% decreasing to <u>5.04%</u>)
Total OPEB liability	\$ 140,217,165	166,616,993	200,847,077

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 \$7,469,433. 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 <u>resources</u>	Deferred inflows of <u>resources</u>
Difference between expected and actual experience	\$ 1,226,263	22,593,205
Changes of assumptions or other inputs	9,197,784	20,482,137
Employer contributions subsequent to the measurement date	<u>5,211,173</u>	<u>-</u>
Total	\$ <u>15,635,220</u>	<u>43,075,342</u>

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

Year ended June 30:	
2026	\$ (3,986,464)
2027	(6,186,541)
2028	(9,045,278)
2029	(5,961,975)
2030	(5,267,648)
2031 and thereafter	<u>(2,203,389)</u>
	\$ <u>(32,651,295)</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(10) Risk Management

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

The District participates in the Franklin-Essex-Hamilton BOCES Health Insurance Consortium, non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 11 individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide unlimited coverage for its members per insured event. The pool obtains independent coverage for insured events, and the District has essentially transferred all related risk to the pool.

The District participates in the Franklin-Essex-Hamilton BOCES Workers' Compensation Insurance Consortium, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District has no liability as of June 30, 2025.

(11) Contingencies

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

(12) Subsequent Events

Management has evaluated subsequent events and transactions that have occurred between June 30, 2025 and November 14, 2025, which is the date the financial statements were available to be issued.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund

For the year ended June 30, 2025

	Original budget	Final budget	Actual (budgetary basis)		Final budget variance with actual
Revenues:					
Local sources:					
Real property taxes	\$ 1,721,719	1,721,719	1,744,565		22,846
Other tax items	290,000	290,000	286,200		(3,800)
Charges for services	5,348,420	5,348,420	7,297,086		1,948,666
Use of money and property	218,175	218,175	591,131		372,956
Sale of property and compensation for loss	10,190	10,190	39,437		29,247
Miscellaneous	342,000	342,000	681,435		339,435
Total local sources	7,930,504	7,930,504	10,639,854		2,709,350
State sources	41,546,275	41,546,275	39,742,013		(1,804,262)
Federal sources	25,000	25,000	54,634		29,634
Total revenues	49,501,779	49,501,779	50,436,501		934,722
Expenditures:				Year-end encumbrances	Final budget variance with budgetary actual
General support:					
Board of Education	18,982	25,086	22,475	-	2,611
Central administration	278,500	286,060	274,109	-	11,951
Finance	458,369	454,908	418,215	10,500	26,193
Staff	421,500	463,183	450,772	-	12,411
Central services	4,839,149	4,891,796	4,524,039	147,138	220,619
Special items	821,544	801,064	799,689	-	1,375
Total general support	6,838,044	6,922,097	6,489,299	157,638	275,160
Instruction:					
Instruction, administration and improvement	1,559,400	1,558,205	1,495,947	7,477	54,781
Teaching - regular school	9,673,541	9,981,784	9,789,886	-	191,898
Programs for children with handicapping conditions	4,066,804	4,332,541	4,082,295	-	250,246
Occupational education	1,310,000	1,501,140	1,437,836	-	63,304
Teaching - special school	260,032	285,255	216,109	-	69,146
Instructional media	2,920,340	3,636,654	3,568,236	-	68,418
Pupil services	2,302,551	2,339,627	2,189,363	-	150,264
Total instruction	22,092,668	23,635,206	22,779,672	7,477	848,057
Pupil transportation	3,176,500	1,327,004	890,550	-	436,454
Community services	9,000	9,000	9,000	-	-
Employee benefits	13,671,098	13,991,907	13,027,941	-	963,966
Debt service	4,239,415	4,450,737	4,400,736	-	50,001
Total expenditures	50,026,725	50,335,951	47,597,198	165,115	2,573,638
Other financing sources (uses):					
Operating transfers to other funds, net	700,000	707,461	692,676	-	14,785
Total expenditures and other financing uses	50,726,725	51,043,412	48,289,874	165,115	2,588,423
Net change in fund balances	\$ (1,224,946)	(1,541,633)	2,146,627		
Fund balances, beginning of year			17,511,193		
Fund balances, end of year			\$ 19,657,820		

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

For the 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>
Total OPEB liability:								
Service cost	\$ 5,403,793	5,749,494	8,078,382	8,066,089	5,455,308	5,762,669	5,721,190	7,513,744
Interest	7,151,724	6,827,204	4,458,607	4,358,342	5,490,099	5,791,171	5,922,825	5,208,337
Changes in benefit terms	(270,101)	-	-	(319,055)	(1,132,565)	-	(1,124,485)	-
Differences between expected and actual experience	(26,643,044)	-	2,464,915	-	(423,293)	-	(21,078,434)	-
Change in assumptions or other inputs	(7,037,377)	(4,316,294)	(23,407,860)	3,804,833	32,608,505	(219,706)	(750,345)	(25,825,204)
Benefit payments	<u>(5,043,732)</u>	<u>(4,628,123)</u>	<u>(4,876,730)</u>	<u>(4,696,031)</u>	<u>(3,821,494)</u>	<u>(3,797,495)</u>	<u>(3,427,435)</u>	<u>(3,232,739)</u>
Net change in total OPEB liability	(26,438,737)	3,632,281	(13,282,686)	11,214,178	38,176,560	7,536,639	(14,736,684)	(16,335,862)
Total OPEB liability - beginning	<u>193,055,730</u>	<u>189,423,449</u>	<u>202,706,135</u>	<u>191,491,957</u>	<u>153,315,397</u>	<u>145,778,758</u>	<u>160,515,442</u>	<u>176,851,304</u>
Total OPEB liability - ending	<u>\$ 166,616,993</u>	<u>193,055,730</u>	<u>189,423,449</u>	<u>202,706,135</u>	<u>191,491,957</u>	<u>153,315,397</u>	<u>145,778,758</u>	<u>160,515,442</u>
Covered payroll	\$ 23,642,289	22,620,348	29,068,387	19,136,152	18,429,421	18,455,124	17,384,311	16,871,862
Total OPEB liability as a percentage of covered payroll	705%	853%	652%	1059%	1039%	831%	839%	951%

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 accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of District's Proportionate Share of Net Pension Liability (Asset) - Pension Plans

For the 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>	<u>2017</u>	<u>2016</u>
Teachers' Retirement System (TRS)										
District's proportion of the net pension liability (asset)	0.072798%	0.075234%	0.073893%	0.076513%	0.074102%	0.076985%	0.074371%	0.072164%	0.076628%	0.072676%
District's proportion share of the net pension liability (asset)	\$ (2,172,002)	860,360	1,417,926	(13,258,916)	2,047,627	(2,000,079)	(1,344,821)	(548,518)	820,713	(7,549,718)
District's covered payroll	\$ 15,523,605	14,869,176	14,145,242	12,577,000	12,850,000	12,114,000	11,436,000	11,815,000	10,917,000	10,537,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	13.99%	5.79%	10.02%	105.42%	15.93%	16.51%	11.76%	4.64%	7.52%	71.65%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%
Employees' Retirement System (ERS)										
District's proportion of the net pension liability (asset)	0.0233968%	0.0248589%	0.0210054%	0.0175689%	0.0174938%	0.0167264%	0.0158453%	0.0154859%	0.0154091%	0.0149173%
District's proportion share of the net pension liability (asset)	\$ 4,011,550	3,660,233	4,504,415	(1,436,183)	17,419	4,429,247	1,122,690	499,800	1,447,871	2,394,270
District's covered payroll	\$ 8,118,685	7,751,000	6,883,000	5,220,000	5,040,000	4,682,000	4,384,000	4,241,000	4,019,000	3,759,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.41%	47.22%	65.44%	27.51%	0.35%	94.60%	25.61%	11.78%	36.03%	63.69%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICTSchedule of District's Contributions - Pension Plans
(in thousands)

For the year ended June 30, 2025

Teachers' Retirement System (TRS)	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,357	1,430	1,441	1,387	1,242	1,483	1,291	1,421	1,649	1,980
Contributions in relation to contractually required contribution	<u>1,357</u>	<u>1,430</u>	<u>1,441</u>	<u>1,387</u>	<u>1,242</u>	<u>1,483</u>	<u>1,291</u>	<u>1,421</u>	<u>1,649</u>	<u>1,980</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	15,524	14,869	14,145	12,987	13,369	12,850	12,114	11,436	11,815	10,917
Contribution as a percentage of covered payroll	8.7%	9.6%	10.2%	10.7%	9.3%	11.5%	10.7%	12.4%	14.0%	18.1%
Employees' Retirement System (ERS)										
Contractually required contribution	1,038	878	657	751	685	638	604	602	582	644
Contributions in relation to the contractually required contribution	<u>1,038</u>	<u>878</u>	<u>657</u>	<u>751</u>	<u>685</u>	<u>638</u>	<u>604</u>	<u>602</u>	<u>582</u>	<u>644</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	8,119	7,751	6,051	5,220	5,040	4,682	4,384	4,241	4,019	3,759
Contributions as a percentage of covered payroll	12.8%	11.3%	10.9%	14.4%	13.6%	13.6%	13.8%	14.2%	14.5%	17.1%

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT**Schedule of Change from Adopted Budget to Final Budget and the
Real Property Tax Limit - General Fund**

For the year ended June 30, 2025

Change from Adopted Budget to Final Budget

Adopted budget	\$ 38,673,194
Add: prior year's encumbrances	<u>316,687</u>
Original budget	38,989,881
Budget revision	<u>-</u>
Final budget	<u><u>\$ 38,989,881</u></u>

Section 1318 of Real Property Tax Law Calculation

2025-2026 voter approved expenditure budget	\$ 41,444,974
Maximum allowed 4% of 2025-2026 budget	1,657,799
General fund balance subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance:	
Assigned fund balance	\$ 1,827,650
Unassigned fund balance	<u>4,864,681</u>
Total unrestricted fund balance	<u>6,692,331</u>
Less:	
Appropriated fund balance	1,662,535
Encumbrances included in assigned fund balance	<u>165,115</u>
Total adjustments	<u>1,827,650</u>
General fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,864,681</u></u>
Annual percentage	<u><u>11.74%</u></u>

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Project Expenditures - Capital Project Funds

For the year ended June 30, 2025

<u>Project Title</u>	<u>Original appropriation</u>	<u>Revised appropriation</u>	<u>Prior year</u>	<u>Current year</u>	<u>Total</u>	<u>Unexpended balance</u>	<u>Proceeds of obligations</u>	<u>Federal & state aid</u>	<u>Local sources</u>	<u>Total</u>	<u>Transfers to debt service</u>	<u>Fund balance June 30, 2025</u>
Athletic Fields	\$ 7,400,000	7,400,000	7,218,632	181,368	7,400,000	-	2,645,996	3,254,004	1,500,000	7,400,000	-	-
Buses	1,209,041	1,209,041	-	1,184,175	1,184,175	24,866	800,000	409,041	-	1,209,041	24,866	-
Main Campus Renovations	5,203,195	5,203,195	2,601,237	2,601,958	5,203,195	-	5,203,195	-	-	5,203,195	-	-
Main Campus Renovations	26,500,000	20,941,805	20,941,805	-	20,941,805	-	10,796,080	10,145,725	-	20,941,805	-	-
Main Campus Renovations	-	355,000	355,000	-	355,000	-	355,000	-	-	355,000	-	-
Total	<u>\$ 40,312,236</u>	<u>35,109,041</u>	<u>31,116,674</u>	<u>3,967,501</u>	<u>35,084,175</u>	<u>24,866</u>	<u>19,800,271</u>	<u>13,808,770</u>	<u>1,500,000</u>	<u>35,109,041</u>	<u>24,866</u>	<u>-</u>

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Revenues and Expenditures for the Mohawk School - General Fund

For the year ended June 30, 2025

Revenues:	
Charges for services	\$ 3,340
Use of money and property	108,341
Sale of property and compensation for loss	-
Miscellaneous	69,677
State sources	11,325,927
Federal sources	-
	<hr/>
Total revenues	11,507,285
	<hr/>
Expenditures:	
General support	1,685,634
Instruction	5,962,545
Employee benefits	3,273,683
Debt service	331,111
	<hr/>
Total expenditures	11,252,973
	<hr/>
Excess of revenues over expenditures	254,312
	<hr/>
Other financing sources and uses:	
Operating transfers in	4,288
Operating transfers (out)	(258,600)
	<hr/>
Total other sources and uses	(254,312)
	<hr/>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -
	<hr/> <hr/>

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Combining Balance Sheet - Non-Major Governmental Funds

June 30, 2025

	School food <u>service</u>	Debt <u>service</u>	Non-major capital <u>projects</u>	Total non-major <u>funds</u>
Assets:				
Cash:				
Unrestricted	\$ -	-	24,866	24,866
Restricted	-	1,008,460	-	1,008,460
Receivables:				
Other	1,428	-	-	1,428
Due from other funds	-	24,866	-	24,866
State and federal aid	115,382	-	-	115,382
Inventories	40,732	-	-	40,732
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 157,542	1,033,326	24,866	1,215,734
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities:				
Payables:				
Accounts payable	1,985	-	-	1,985
Accrued liabilities	3,194	-	-	3,194
Due to other funds	95,906	-	24,866	120,772
Due to other governments	1,055	-	-	1,055
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	102,140	-	24,866	127,006
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Non-spendable	40,732	-	-	40,732
Restricted:				
Reserve for debt	-	1,033,326	-	1,033,326
Assigned:				
Assigned unappropriated fund balance	14,670	-	-	14,670
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	55,402	1,033,326	-	1,088,728
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 157,542	1,033,326	24,866	1,215,734
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICTCombining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Non-Major Governmental Funds

For the year ended June 30, 2025

	<u>School food service</u>	<u>Debt service</u>	<u>Non-major capital projects</u>	<u>Total non-major funds</u>
Revenues:				
Use of money and property	\$ 818	21,612	-	22,430
Miscellaneous	19,000	-	-	19,000
State sources	47,515	-	-	47,515
Federal sources	1,342,743	-	-	1,342,743
Surplus food	79,592	-	-	79,592
Sales - school food service	98,692	-	-	98,692
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,588,360	21,612	-	1,609,972
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
General support	826,139	-	-	826,139
Employee benefits	512,162	-	-	512,162
Cost of sales	957,521	-	-	957,521
Capital outlay	-	-	1,365,543	1,365,543
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,295,822	-	1,365,543	3,661,365
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(707,462)	21,612	(1,365,543)	(2,051,393)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources and uses:				
Operating transfers in	707,461	224,866	-	932,327
Operating transfers (out)	-	-	(224,866)	(224,866)
Proceeds from debt	-	(200,000)	1,125,000	925,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total other sources and uses	707,461	24,866	900,134	1,632,461
	<hr/>	<hr/>	<hr/>	<hr/>
Deficiency of revenues and other sources over expenditures and other uses	(1)	46,478	(465,409)	(418,932)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - beginning of year	55,403	986,848	465,409	1,507,660
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - end of year	\$ 55,402	1,033,326	-	1,088,728
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Net Investment in Capital Assets

For the year ended June 30, 2025

Capital assets, net		\$ 113,981,526
Deduct:		
Short-term portion of bonds payable	3,008,353	
Long-term portion of bonds payable	<u>29,782,711</u>	<u>32,791,064</u>
Net investment in capital assets		\$ <u><u>81,190,462</u></u>

See accompanying independent auditor's report.



INDEPENDENT AUDITOR'S REPORT ON EXTRACLASSROOM ACTIVITY FUNDS

Board of Education
Salmon River Central School District:

Opinion

We have audited the accompanying financial statements of the Extraclassroom Activity Funds of Salmon River Central School District, which comprise the statement of assets and net position as of June 30, 2025, and the related statement of cash receipts and disbursements for the year then ended, and the related note to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the assets and net position of the Extraclassroom Activity Funds of Salmon River Central School District as of June 30, 2025, and its receipts and disbursements for the year then ended, in accordance with the cash basis of accounting 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 the Financial Statements section of our report. We are required to be independent of the Salmon River 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 opinion.

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.

Emphasis of Matter

As discussed in note 1, the financial statements of the Extraclassroom Activity Funds of Salmon River Central School District are intended to present the assets, net position, receipts and disbursements that are attributable to the transactions of the Extraclassroom Activity Funds of Salmon River Central School District. It does not purport to, and does not, present fairly the financial position of Salmon River Central School District as of June 30, 2025, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts 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 Salmon River 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 statement.

Board of Education
Page 3 of 3

Auditor's Responsibilities for the Audit of the Financial Statements, Continued

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.

Syracuse, New York
November 14, 2025


FustCharles LLP

SALMON RIVER CENTRAL SCHOOL DISTRICT

Extraclassroom Activity Funds - Statement of Assets and Net Position

June 30, 2025

Assets:	\$ <u>135,711</u>
Cash	
Restricted net position:	
Extraclassroom activity balances	\$ <u>135,711</u>

See accompanying note to extraclassroom activity funds.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Extraclassroom Activity Funds - Statement of Cash Receipts and Disbursements

For the year ended June 30, 2025

<u>Activity</u>	<u>Beginning balance 7/1/2024</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending balance 6/30/2025</u>
Band club	\$ 1,175	3,732	3,743	1,164
CBWEP	7,489	541	6,511	1,519
Chorus	604	3,826	4,087	343
Drama Club	11,577	8,038	4,628	14,987
Class of 2025	3,371	34,094	37,465	-
Class of 2026	5,151	15,492	8,037	12,606
Class of 2027	12,696	4,780	3,375	14,101
Class of 2028	2,855	4,402	2,170	5,087
Class of 2029	3,137	50,686	43,467	10,356
Class of 2030	2,869	4,816	3,011	4,674
Class of 2031	-	6,163	3,944	2,219
FFA	6,205	13,247	16,286	3,166
French Club	1,163	361	1,007	517
Health Club	923	450	764	609
Mohawk Club	2,698	4,186	1,627	5,257
Jr. National Honor Society	260	692	540	412
National Honor Society	1,059	1,280	1,532	807
Spanish Club	4,658	2,563	3,262	3,959
Student Council	2,875	1,062	1,099	2,838
Student Council Mohawk School	2,738	17,151	9,585	10,304
Yearbook Club	(439)	9,837	9,052	346
Students Who Care	5,542	7,166	6,124	6,584
Varsity Club	28,771	32,764	27,679	33,856
Total	\$ 107,377	227,329	198,995	135,711

See accompanying note to extraclassroom activity funds.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Extraclassroom Activity Funds - Note to Financial Statements

June 30, 2025

(1) Significant Accounting Policies

The Extraclassroom Activity Funds of the Salmon River Central School District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management.

The accounts of the Extraclassroom Activity Funds of the Salmon River Central School District are maintained on a cash basis and the statement of assets and net position reflects only cash balances, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets and accrued income and expenses, which would be recognized under generally accepted accounting principles and, which may be material in amount, are not recognized in the accompanying financial statements.

These financial statements are intended to present the assets, net position, receipts and disbursements of only that portion of the financial reporting entity of the District attributable to the transactions of the Extraclassroom Activity Funds. It does not purport to present the financial position of the District or the changes in its financial position.



**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***

Board of Education
Salmon River Central School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Salmon River Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Salmon River Central School District’s basic financial statements, and have issued our report thereon dated November 14, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Salmon River 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 Salmon River Central School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Salmon River 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 or significant deficiencies may exist that were not identified.

Board of Education
Page 2 of 2

Report on Compliance and Other Matters

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

Salmon River Central School District's Response to Finding

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

Purpose of This Report

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

Syracuse, New York
November 14, 2025


FustCharles LLP

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the year ended June 30, 2025

2025-001 - Fund Balance

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

Condition: The portion of the District's fund balance subject to the New York State Real Property Tax Law limit exceeded the amount allowable.

Context: This is a repeat finding for the past several years. The unrestricted fund balance at June 30, 2025 is approximately \$3.2 million over the limit.

Effect: Funds were not used in a manner that benefitted 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 that the District keep in mind the 4% rule when preparing future budgets.

Management's response: See management response letter.



SALMON RIVER CENTRAL SCHOOL DISTRICT

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Dr. Stanley Harper
Superintendent

Angela A. Robert
Assistant Superintendent

Natascha L. Jock
School Business Executive

Allen Gravell
Director of Special Education

Ben Barkley
High School Principal

Erin Toomey
Middle School Principal

Danielle French
Salmon Elementary Principal

Alison Benedict
St. Regis Mohawk School Principal

October 15, 2025

Management Responses

Finding Number: 2025-001

The Administration will continue to work with the Board of Education to prudently bring the District's fund balance into compliance with the Real Property Law 1318.

In the 2014-15 school year, the District received a one-time aid adjustment for the Native American Tuition. The District brought a miscalculation to the attention of NYS and worked for several years to have the formula corrected. In June 2014, NYS agreed to pay the District for the previous year with an amended formula. This resulted in the District adding \$5,124,072 to the fund balance due to the timing of the payments.

The District did not know the State was going to approve the formula change during the budgeting for the 2015-16 school year, so it was not included in the budget. During the year, the District did work to start replacing equipment and utilize one-time purchases to start bringing the fund balance back down.

Going forward, the tuition formula has resulted in increased tuition revenue each year. However, the District has been hesitant in adding too many staffing positions at once, given the uncertain nature of the tuition formula changes. The District has added a handful of positions into the budget each year to offset the increases in tuition. Since the additional positions only help to offset the annual tuition increases, the District continues to add allowable amounts each year into several reserves to set aside fund balance. Reserves for future capital projects, employee retirement costs, unemployment insurance costs and workers' compensation costs were created by the Board of Education and have lowered the unreserved fund balance.

While the District has worked to add positions each year, it has become increasingly difficult to fill the positions each year. This leaves vacancies for extended periods of time which saves the District money while adding to the growing fund balance.

Even with the creation of the reserves and the use of fund balance in previous years, the fund balance remains in excess of the 4% allowed by law. However, it should be noted that the District faces multiple future economic challenges. Our District is very heavily dependent on State Aid with 95% of revenues coming from State, Federal and Native American Aid. Rising health insurance rates and increasing personnel costs will also undoubtedly lead to increased program costs. Every year increasing unfunded mandates from NYS add to the burden of the budget with an inability to raise taxes due to the low tax base in our community. A 2% tax levy increase equates to approximately just over \$38,000 in revenue. It is the District's opinion that it is necessary given these factors to maintain an unreserved fund balance higher than 4%.

Implementation Date:

This will be implemented immediately with the development of the 2025-2026 budget process and each budget going forward to incorporate the use of additional fund balance annually as well as purchasing more non-recurring items. The anticipated completion date is 6/30/29.

Person Responsible for Implementation

Dr. Stanley Harper, Superintendent of Schools and Natascha Jock, School Business Executive

Signed:



Dr. Stanley Harper
Superintendent of Schools



Date