

FINANCIAL REPORT
AUDITED

ANDES CENTRAL SCHOOL DISTRICT

Andes, New York

For the Year Ended June 30, 2025

Audited for:

Board of Education

ANDES CENTRAL SCHOOL DISTRICT



Audited By:

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ANDES CENTRAL SCHOOL DISTRICT

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Andes Central School District
85 Delaware Avenue
Andes, NY 13731

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net pension (asset)/liability and related ratios, schedule of employer contributions and schedule of revenues and expenditures compared to budget information on pages 4 through 11 and 46 through 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining non-major fund financial statements and the schedule of indebtedness are not a required part of the basic financial statements.

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 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 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.

RBT CPAs, LLP

Hudson, NY

October 31, 2025

**ANDES CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The accompanying discussion and analysis of the Andes Central School District (the "District") financial performance has been prepared to provide an overview of the District's financial activities for the year ended June 30, 2025. The discussion and analysis is only an introduction and should be read in conjunction with the District's financial statements.

Financial Highlights

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$570,683. This amount was not within the statutory limit.
- As of the close of the current fiscal year, the District's governmental fund financial statements report a combined ending fund balance of \$2,046,599, a decrease of \$524,594 during the current fiscal year. This decrease is due largely to the increase in salary expenses and capital purchases during the year.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources at the close of its most recent fiscal year by \$2,479,629. The District's total net position decreased by \$177,637 for the year ended June 30, 2025. This is mainly a result of an increase in salaries and increased pension costs.
- For the year ending June 30, 2025, the District recorded a liability of \$4,203,519 relating to OPEB. New York State has not authorized any legal mechanism to fund this liability.

Overview of the Financial Statements

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

Basic Financial Statements

The first two statements in the basic financial statements are the district-wide Financial Statements. They provide short and long-term information about the School's financial status.

The next statements are the Fund Financial Statements. These statements focus on the activities of the individual part of the District. These statements provide more detail than the district-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental and fiduciary statements and (2) the reconciliations to the district-wide financial statements.

The next section of the financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

**ANDES CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

District-wide Financial Statements

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

- The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The governmental activities of the District include instruction, pupil transportation, cafeteria program and general administrative support.

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

Fund Financial Statements

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- The District maintains five individual governmental funds. The General Fund, Capital Projects Fund, Cafeteria Fund, Debt Service Fund and Special Aid Fund are presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances and reported as either major or non-major funds.
- The District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund included in Required Supplementary Information to demonstrate compliance with the budget.
- The Fiduciary Funds (inclusive of student activity funds) are used to account for assets held by the District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the District's programs.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

**ANDES CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DISTRICT-WIDE FINANCIAL ANALYSIS

ANDES CENTRAL SCHOOL DISTRICT'S NET POSITION

	<u>2025</u>	Restated <u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 2,454,238	\$ 3,262,872	\$ (808,634)	-24.78%
Net Pension Asset	204,111	-	204,111	-
Capital Assets and Intangible Right-to-Use Assets, Net	5,034,465	5,191,224	(156,759)	-3.02%
Total Assets	<u>7,692,814</u>	<u>8,454,096</u>	<u>(761,282)</u>	<u>-9.00%</u>
Deferred Outflows of Resources				
Pensions	644,477	723,298	\$ (78,821)	-10.90%
Other Postemployment Benefits	155,970	626,195	(470,225)	-75.09%
Total Deferred Outflows of Resources	<u>800,447</u>	<u>1,349,493</u>	<u>(549,046)</u>	<u>-40.69%</u>
Current Liabilities	918,161	695,016	223,145	32.11%
Long-Term Liabilities	7,248,036	8,613,903	(1,365,867)	-15.86%
Total Liabilities	<u>8,166,197</u>	<u>9,308,919</u>	<u>(1,142,722)</u>	<u>-12.28%</u>
Deferred Inflows of Resources				
Pensions	265,911	122,944	142,967	116.29%
Other Postemployment Benefits	2,540,782	2,696,399	(155,617)	-5.77%
Total Deferred Inflows of Resources	<u>2,806,693</u>	<u>2,819,343</u>	<u>(12,650)</u>	<u>-0.45%</u>
Net Position:				
Net Investment in Capital Assets	1,889,709	2,043,035	(153,326)	-7.50%
Restricted	1,125,359	1,089,136	36,223	3.33%
Unrestricted	(5,494,697)	(5,456,844)	(37,853)	-0.69%
Total Net Position	<u>\$ (2,479,629)</u>	<u>\$ (2,324,673)</u>	<u>\$ (154,956)</u>	<u>-6.67%</u>

**ANDES CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The District's decrease in current assets of \$808,634 is due to the decrease in cash and cash equivalents, primarily related to debt payments, as well as a decrease in federal grants received during the year.

At June 30, 2025, \$1,889,709 reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the students and, consequently, these assets are not available for future spending. Although the 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. Those assets subject to external restrictions total \$1,125,359. The remaining balance is an unrestricted deficit of \$(5,536,069), primarily attributable to the accrual of other post-employment benefit obligations promulgated under the requirements of Governmental Accounting Standards Board Statement No. 75.

In addition, as a requirement of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions and* GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, certain items are included in the Statement of Net Position. As of June 30, 2025, the District reported a net pension asset/liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems. This (asset)/liability and the net deferrals are not in custody of, nor are they accessible by the District. Rather these represent the District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note VIII of the financial statements for more information on these pension items.

The negative net position balance of \$2,479,629 continues to be the result of recognizing the liability for Other Post - Employment Benefits ("OPEB"), without any legal mechanism to set-aside funds for this liability. For the 2024-2025 fiscal year, this liability decreased by a net amount of \$520,120 to a balance of \$4,203,519.

**ANDES CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

	2025	%	2024	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 23,064	9.29%	\$ 10,330	5.91%	\$ 12,734	123.27%
Operating Grants and Contributions	225,205	90.71%	164,313	94.09%	60,892	37.06%
Total Program Revenue	248,269	100.00%	174,643	100.00%	73,626	42.16%
General Revenues:						
Real Property Taxes	3,213,471	72.32%	3,114,123	72.15%	99,348	3.19%
Other Tax Items	4,897	0.11%	9,785	0.23%	(4,888)	-49.95%
Use of Money and Property	36,390	0.82%	12,412	0.29%	23,978	193.18%
Sales of Property and Compensation for Loss	20,000	0.45%	23,000	0.53%	(3,000)	-13.04%
Miscellaneous	3,366	0.08%	2,443	0.06%	923	37.78%
State Sources	1,165,043	26.22%	1,154,126	26.74%	10,917	0.95%
Total General Revenues	4,443,167	100.00%	4,315,889	100.00%	127,278	2.95%
Total Revenues	4,691,436		4,490,532		200,904	4.47%
Program Expenses:						
General Support	1,292,508	26.55%	1,483,059	28.97%	(190,551)	-12.85%
Instruction	2,979,087	61.18%	2,970,314	58.02%	8,773	0.30%
Pupil Transportation	360,857	7.41%	422,200	8.25%	(61,343)	-14.53%
Debt Service	75,211	1.54%	80,092	1.56%	(4,881)	-6.09%
Cafeteria Program	161,410	3.32%	163,709	3.20%	(2,299)	-1.40%
Total Expenses	4,869,073	100.00%	5,119,374	100.00%	\$ (250,301)	-4.89%
Change in Net Position	\$ (177,637)		\$ (628,842)			

The cumulative change in compensated absences and fixed assets are for multiple years. The District was unable to determine the impact to the years prior to 2024, and therefore has not included any effect in the 2024 amounts.

**ANDES CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Andes Central School Funds

Such information is useful in assessing the District's financing for spending at the end of the fiscal year.

The major changes from 2024-2025 are as follows:

Revenues:

- Operating Grants and Contributions revenue increased by \$60,892, due to an increase in CROP and REAP aid received during the year.
- Real Property Taxes revenue increased by \$99,348. This was due to the increase that was in the approved budget.
- Other Tax Items revenue decreased by \$4,888 due to a decrease in penalties collected.

Expenses:

- General Support decreased by \$190,551 mainly due to a decrease in salary cost and ERS and TRS pension systems costs and the allocation of employee benefits based on salaries.
- Instructional Program expenses increased by \$8,773. This increase is mainly due to an increase in capital expenditures, and the allocation of employee benefits based on salaries.
- Pupil Transportation expenses decreased by \$61,343. This decrease is mainly due to salary cost and ERS and TRS pension systems costs and the allocation of employee benefits based on salaries.
- Cafeteria Program expenses decreased by \$2,299 primarily due to the allocation of employee benefits based on salaries.

Fund Balance Reporting

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources.

The District classifies its fund balances into the following categories:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment.

Note: According to the Office of the State Comptroller, school districts in New York State will not have committed fund balance to report.

**ANDES CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying non-spendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as non-spendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as non-spendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

Total Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds, reported combined fund balances of \$2,046,599, a decrease of \$524,594 from the prior year. \$427,279 constitutes assigned fund balance, all of which is assigned for purchases on order, projects and assigned for fund purpose. Restricted fund balance is used to indicate that it is not available for new spending because it has already been committed. The restricted fund balance includes restrictions for General Fund employment benefits of \$283,747, for retirement contributions of \$405,516, for unemployment benefits of \$53,819, for repairs of \$2,918, for insurance of \$134,292, for property loss and liability claims of \$240,636, and for debt service of \$288,101.

The summary of the combined fund balances are as follows:

Nonspendable	\$	3,787
Restricted	\$	1,409,029
Assigned	\$	427,279
Unassigned	\$	206,504

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was \$1,987,322 of which \$570,683 or 8.63% of the ensuing year's budget was unassigned. As previously mentioned, New York State Law limits the amount of unreserved fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

The fund balance of the District's General Fund decreased by \$560,636 during the current fiscal year.

**ANDES CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

General Fund Budgetary Highlights

During the year, the District revised the General Fund budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Capital Asset and Debt Administration

Capital Assets: At June 30, 2025, the District had \$5,000,697 net of accumulated depreciation invested in a broad range of capital assets, including land, and buildings and improvements, furniture and equipment, and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

The decrease in capital assets during the current fiscal year is a result of depreciation.

Debt: As of June 30, 2025, the District had \$3,087,388 in general obligation and other long-term debt outstanding.

More detailed information about the District's capital assets and long-term debt is presented in the notes to the financial statements.

Pension

At June 30, 2025, the District reported a liability of \$159,660 for its proportionate share of the ERS net pension liability. This liability was measured at March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2024. The TRS net pension asset was measured as of June 30, 2024, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2023. At June 30, 2025 the District reported an asset of \$204,111 for its proportionate share of the net pension liability of TRS.

Requests for Information

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

Andes Central School District
Board of Education
85 Delaware Avenue
Andes, NY 13731

**ANDES CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,120,516
Restricted Cash	1,125,359
State and Federal Aid Receivable	128,815
Due from Other Governments	68,491
Due From Fiduciary Funds (Note V)	7,270
Inventories	3,787
Net Pension Asset-Proportionate Share (Note IX)	204,111
	<u>2,658,349</u>
Capital Assets, not being depreciated	25,000
Capital Assets, being depreciated - net	4,975,697
Intangible Right-to-Use Lease Asset	33,768
Total Capital and Intangible Assets, net (Note VI)	<u>5,034,465</u>
Total Assets	<u>7,692,814</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources - Pension (Note VIII)	644,477
Deferred Outflows of Resources - OPEB (Note IX)	155,970
Total Deferred Outflows of Resources	<u>800,447</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>8,493,261</u>
LIABILITIES	
Accounts Payable	183,774
Accrued Liabilities	51,405
Unearned Revenues	1,615
Due to Other Governments	241
Due to Pension System	170,604
Accrued Interest Payable (Note VII)	3,096
Non-Current Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Note VII)	367,388
Bond Premiums (Note VII)	5,737
Compensated Absences Payable (Note VII)	24,753
Other Postemployment Benefits (Note IX)	109,548
Due and Payable More Than One Year:	
Bonds Payable (Note VII)	2,720,000
Bond Premiums (Note VII)	51,631
Compensated Absences Payable (Note VII)	222,774
Net Pension Liability-Proportionate Share (Note VIII)	159,660
Other Postemployment Benefits (Note IX)	4,093,971
Total Liabilities	<u>8,166,197</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Pension (Note VIII)	265,911
Deferred Inflows of Resources - OPEB (Note IX)	2,540,782
Total Deferred Inflows of Resources	<u>2,806,693</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>10,972,890</u>
NET POSITION	
Net Investment in Capital Assets	1,889,709
Restricted	1,125,359
Unrestricted	(5,494,697)
Total Net Position	<u>\$ (2,479,629)</u>

See accompanying notes to basic financial statements.

**ANDES CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>FUNCTIONS/PROGRAMS</u>					
Primary Government:					
Governmental Activities:					
General Support	\$ (1,292,508)	\$ -	\$ -	\$ -	\$ (1,292,508)
Instruction	(2,979,087)	9,500	195,171	-	(2,774,416)
Pupil Transportation	(360,857)	-	-	-	(360,857)
Cafeteria Program	(161,410)	13,564	30,034	-	(117,812)
Interest on Debt	(75,211)	-	-	-	(75,211)
Total Primary Government	<u>\$ (4,869,073)</u>	<u>\$ 23,064</u>	<u>\$ 225,205</u>	<u>\$ -</u>	<u>(4,620,804)</u>
General Revenues:					
Real Property Taxes					3,213,471
Other Tax Items					4,897
Use of Money and Property					36,390
Sale of Property and Compensation for Loss					20,000
Miscellaneous					3,366
State Sources					<u>1,165,043</u>
Total General Revenues					<u>4,443,167</u>
Change in Net Position					<u>(177,637)</u>
Net Position - Beginning, as previously reported					<u>(2,033,470)</u>
Cumulative Effect and Prior Period Adjustments (XII)					<u>(268,522)</u>
Net Position - Beginning, as restated					<u>(2,301,992)</u>
Net Position - Ending					<u><u>\$ (2,479,629)</u></u>

See accompanying notes to basic financial statements.

**ANDES CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Capital Projects Fund	Cafeteria Fund	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 729,296	\$ 370,148	\$ 17,730	\$ 3,342	\$ 1,120,516
Restricted Cash	1,120,928	-	-	4,431	1,125,359
Due from Other Funds	372,786	26,129	-	283,670	682,585
State and Federal Aid Receivable	23,165	-	7,683	97,967	128,815
Due from Other Governments	68,491	-	-	-	68,491
Inventories	-	-	3,787	-	3,787
Total Assets	<u>\$ 2,314,666</u>	<u>\$ 396,277</u>	<u>\$ 29,200</u>	<u>\$ 389,410</u>	<u>\$ 3,129,553</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 82,622	\$ 100,402	\$ 700	\$ 50	\$ 183,774
Accrued Liabilities	50,641	-	188	576	51,405
Unearned Revenues	-	-	-	1,615	1,615
Due to Other Funds	26,129	295,875	254,243	99,068	675,315
Due to Other Governments	-	-	241	-	241
Due to Teachers' Retirement System	156,205	-	-	-	156,205
Due to Employees' Retirement System	11,747	-	2,652	-	14,399
Total Liabilities	<u>327,344</u>	<u>396,277</u>	<u>258,024</u>	<u>101,309</u>	<u>1,082,954</u>
Fund Balances:					
Nonspendable	-	-	3,787	-	3,787
Restricted	1,120,928	-	-	288,101	1,409,029
Assigned	427,279	-	-	-	427,279
Unassigned	439,115	-	(232,611)	-	206,504
Total Fund Balances	<u>1,987,322</u>	<u>-</u>	<u>(228,824)</u>	<u>288,101</u>	<u>2,046,599</u>
Total Liabilities and Fund Balances	<u>\$ 2,314,666</u>	<u>\$ 396,277</u>	<u>\$ 29,200</u>	<u>\$ 389,410</u>	<u>\$ 3,129,553</u>

See accompanying notes to basic financial statements.

**ANDES CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 1,120,516	\$ -	\$ -	\$ 1,120,516
Restricted Cash	1,125,359	-	-	1,125,359
Due From Other Funds	682,585	-	(675,315)	7,270
State and Federal Aid Receivable	128,815	-	-	128,815
Due From Other Governments	68,491	-	-	68,491
Inventories	3,787	-	-	3,787
TRS Net Pension Asset-Proportionate Share	-	204,111	-	204,111
Capital Assets, net	-	5,000,697	-	5,000,697
Intangible Right-to-Use Lease Asset	-	33,768	-	33,768
Total Assets	3,129,553	5,238,576	(675,315)	7,692,814
Deferred Outflows of Resources - Pension ERS	-	118,606	-	118,606
Deferred Outflows of Resources - Pension TRS	-	525,871	-	525,871
Deferred Outflows of Resources - OPEB	-	155,970	-	155,970
Total Assets and Deferred Outflows	\$ 3,129,553	\$ 6,039,023	\$ (675,315)	\$ 8,493,261
LIABILITIES				
Accounts Payable	\$ 183,774	\$ -	\$ -	\$ 183,774
Accrued Liabilities	51,405	-	-	51,405
Unearned Revenues	1,615	-	-	1,615
Due to Other Governments	241	-	-	241
Due to Other Funds	675,315	-	(675,315)	-
Due to Teachers' Retirement System	156,205	-	-	156,205
Due to Employees' Retirement System	14,399	-	-	14,399
Other Post Employment Benefits	-	4,203,519	-	4,203,519
Accrued Interest Payable	-	3,096	-	3,096
Bonds Payable	-	3,087,388	-	3,087,388
Bond Premium	-	57,368	-	57,368
Compensated Absences Payable	-	247,527	-	247,527
ERS Net Pension Liability-Proportionate Share	-	159,660	-	159,660
Total Liabilities	1,082,954	7,758,558	(675,315)	8,166,197
Deferred Inflows of Resources - Pension ERS	-	12,975	-	12,975
Deferred Inflows of Resources - Pension TRS	-	252,936	-	252,936
Deferred Inflows of Resources - OPEB	-	2,540,782	-	2,540,782
Total Liabilities and Deferred Inflows	1,082,954	10,565,251	(675,315)	10,972,890
Total Fund Balances/Net Position	2,046,599	(4,526,228)	-	(2,479,629)
Total Liabilities, Deferred Inflows and Fund Balances/Net Position	\$ 3,129,553	\$ 6,039,023	\$ (675,315)	\$ 8,493,261

See accompanying notes to basic financial statements.

ANDES CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Projects Fund	Cafeteria Fund	Non-Major Funds	Total Governmental Funds
Revenues:					
Real Property Taxes	\$ 3,213,471	\$ -	\$ -	\$ -	\$ 3,213,471
Other Tax Items	4,897	-	-	-	4,897
Charges for Services	9,500	-	-	-	9,500
Use of Money and Property	36,387	-	-	3	36,390
Sale of Property and Compensation for Loss	20,000	-	-	-	20,000
Miscellaneous	16	-	3,350	-	3,366
State Aid	1,165,043	-	979	103,480	1,269,502
Federal Aid	-	-	22,945	91,691	114,636
Surplus Food	-	-	103	-	103
Food Sales	-	-	19,571	-	19,571
Total Revenues	4,449,314	-	46,948	195,174	4,691,436
Expenditures:					
General Support	1,147,709	-	-	-	1,147,709
Instruction	1,853,043	-	-	195,171	2,048,214
Pupil Transportation	413,438	-	-	-	413,438
Employee Benefits	983,956	-	30,360	-	1,014,316
Debt Service - Principal	357,388	-	-	-	357,388
Debt Service - Interest	81,189	-	-	-	81,189
Cost of Sales	-	-	130,762	-	130,762
Capital Outlay	-	100,402	-	-	100,402
Total Expenditures	4,836,723	100,402	161,122	195,171	5,293,418
Excess/(Deficiency) of Revenues Over Expenditures	(387,409)	(100,402)	(114,174)	3	(601,982)
Other Financing Sources/(Uses):					
Proceeds from debt	-	77,388	-	-	77,388
Operating Transfers In	-	118,227	55,000	283,670	456,897
Operating Transfers Out	(173,227)	(283,670)	-	-	(456,897)
Total Other Financing Sources/(Uses)	(173,227)	(88,055)	55,000	283,670	77,388
Change in Fund Balances	(560,636)	(188,457)	(59,174)	283,673	(524,594)
Fund Balances - Beginning, as previously stated	2,547,958	188,457	(169,650)	4,428	2,571,193
Prior Period Adjustment (Note XII)	-	-	-	-	-
Fund Balances - Beginning, as restated	2,547,958	188,457	(169,650)	4,428	2,571,193
Fund Balances - Ending	\$ 1,987,322	\$ -	\$ (228,824)	\$ 288,101	\$ 2,046,599

See accompanying notes to basic financial statements.

**ANDES CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	\$ 3,213,471	\$ -	\$ -	\$ -	\$ -	\$ 3,213,471
Other Tax Items	4,897	-	-	-	-	4,897
Charges for Services	9,500	-	-	-	-	9,500
Use of Money and Property	36,390	-	-	-	-	36,390
Sale of Property and Compensation for Loss	20,000	-	-	-	-	20,000
Miscellaneous	3,366	-	-	-	-	3,366
State Aid	1,269,502	-	-	-	-	1,269,502
Federal Aid	114,636	-	-	-	-	114,636
Surplus Food	103	-	-	-	-	103
Food Sales	19,571	-	-	-	-	19,571
Total Revenues	4,691,436	-	-	-	-	4,691,436
Expenditures:						
General Support	1,147,709	-	151	-	144,648	1,292,508
Instruction	2,048,214	-	378,192	-	552,681	2,979,087
Pupil Transportation	413,438	-	(121,182)	-	68,601	360,857
Employee Benefits	1,014,316	(217,738)	-	-	(796,578)	-
Debt Service - Principal	357,388	-	-	(357,388)	-	-
Debt Service - Interest	81,189	-	-	(5,978)	-	75,211
Cost of Sales	130,762	-	-	-	30,648	161,410
Capital Outlay	100,402	-	(100,402)	-	-	-
Total Expenditures	5,293,418	(217,738)	156,759	(363,366)	-	4,869,073
Excess/(Deficiency) of Revenues Over Expenditures	(601,982)	217,738	(156,759)	363,366	-	(177,637)
Other Financing Sources/(Uses)						
Proceeds from Lease and Bond Issuance	77,388	-	-	(77,388)	-	-
Operating Transfers In	456,897	-	-	-	(456,897)	-
Operating Transfers Out	(456,897)	-	-	-	456,897	-
Total Other Financing Sources/(Uses)	77,388	-	-	(77,388)	-	-
Change in Fund Balances	\$ (524,594)	\$ 217,738	\$ (156,759)	\$ 285,978	\$ -	\$ (177,637)

See accompanying notes to basic financial statements.

**ANDES CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

	Private Purpose Trusts	Other Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 91,351	\$ 44,601
Due from Other Funds	-	-
Total Assets	91,351	44,601
LIABILITIES		
Accounts Payable	2,325	-
Due to Other Funds	7,270	-
Due to Other Governments	-	1,038
Total Liabilities	9,595	1,038
NET POSITION		
Unrestricted (Deficit)	81,756	43,563
Total Net Position	\$ 81,756	\$ 43,563

See accompanying notes to basic financial statements.

ANDES CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Private Purpose Trusts	Other Custodial Funds
ADDITIONS		
Contributions	\$ 14,295	\$ 55,332
Interest	219	1
Total Additions	14,514	55,333
DEDUCTIONS		
Scholarships and Awards	11,100	-
Other Custodial Activities	-	47,918
Total Deductions	11,100	47,918
Change in Fiduciary Net Position	3,414	7,415
Net Position - Beginning of Year	78,342	36,148
Net Position - End of Year	\$ 81,756	\$ 43,563

See accompanying notes to basic financial statements.

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The financial statements of the Andes 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.

Certain 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 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*, GASB Statement 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39* and GASB Statement 80 - *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities included in the District’s reporting entity.

B. Joint Venture

The Andes Central School District is a component district in the Otsego-Northern Catskills Board of Cooperative Educational Services (“BOCES”). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)).

In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

During the year, the District was billed \$597,884 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$236,006. The financial statements for the BOCES are available from the BOCES administrative office.

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

C. Basis of Presentation

1. District-Wide Statements

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

Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

- a. General Fund - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- b. Capital Projects Fund - This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.
- c. Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. Special revenue funds include the following funds:
 - i. Cafeteria Fund - This fund is used to account for transactions of lunch, breakfast, and milk programs.

The District reports the following non-major governmental funds:

- a. Special Aid Fund - This fund is used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.
- b. Debt Service Fund - This fund accounts for the accumulation of resources for the payment of principal and interest on long-term general obligation debt of governmental activities.

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

C. Basis of Presentation - Continued

The District reports the following fiduciary funds:

These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodial 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.

- a. 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.
- b. Custodial Funds - These funds are strictly custodial in nature and are not required to be reported in pension and other employee benefit trust funds, investment trust funds or private purpose trust fund.

Extraclassroom Activity Funds

The District accounts for assets held as an agent for various student organizations in a Custodial Fund. 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 obtained from the District's business office.

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, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year, including real property taxes.

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. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

E. Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposits 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.

F. Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Generally, the District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the District's name.

The District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2025.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the issuer or other counterparty's complete failure. The District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The District's investment policy limits the amount on deposit at each of its banking institutions.

G. Property Taxes

Real property taxes becomes a lien on August 16th and is levied annually by the Board of Education no later than September 1st. Taxes are collected during the period September 1st to October 31st.

Uncollected real property taxes are subsequently enforced by the counties in which the District is located. The counties pay an amount representing uncollected real property taxes transmitted to the counties for enforcement no later than the following April 1.

In June of 2011, New York State passed Chapter 97 of the Laws of 2011 ("Tax Cap Law"). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the District in a particular year, beginning with the 2012 fiscal year.

The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items ("CPI-U"), subject to certain limited exceptions and adjustments.

H. 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.

I. Other Receivables

Other receivables include amounts due from other governments and individuals for services provided by the District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

J. Inventories and Prepaid Items

Inventories of food in the Cafeteria Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value that approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

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

K. 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 financial or other services.

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

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

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

L. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

M. Capital and Intangible Assets

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

Capitalized threshold (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and Improvements	\$ 5,000	Straight-Line	20 - 30 years
Machinery and Equipment	5,000	Straight-Line	5 - 15 years

Intangible Right-to-Use Lease Assets - The District is a lessee for various noncancellable leases of equipment, and other assets. For leases with a maximum possible term of 12 months or less at commencement (short-term), the District recognizes lease expense based on the provisions of the lease agreement in the Statements of Revenues, Expenses, and Changes in Net Position. For all other leases, the District recognizes a lease liability and an intangible right-to-use leased asset in the Statements of Net Position.

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

M. Capital and Intangible Assets - Continued

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. Currently, all of the District's leases are single payment contracts, resulting in no lease liability being recorded as they are paid in full at inception.

The leased asset is initially measured at the amount of the lease liability, and as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the leased asset is placed in service. If the District is reasonably certain of exercising a purchase option contained in a lease, the leased asset is amortized over the useful life of the underlying asset.

The following key estimates and judgments are used by the District to determine the following:

Discount rate: The District generally uses an incremental borrowing rate as the discount rate to calculate the present value of the expected lease payments unless the rate that the lessor charges is known. Since the District's bonds are not actively traded, the District determines its incremental borrowing rate by using observable inputs from yield curves from similar entities with similar ratings.

Lease term: The lease term includes the noncancelable period of the lease, plus periods covered by either a District or lessor unilateral option to 1) extend when it is reasonably certain to be exercised, or 2) terminate when it is reasonably certain not to be exercised. Periods in which the District and the lessor have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease term.

Lease payments: Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

The District monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

N. 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 represents a consumption of net position that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then.

The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and differences during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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 represents an acquisition of net position that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting and is reported as unavailable revenue. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability or asset (TRS and ERS System) and differences during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

O. Vested Employee Benefits

The 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.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out (“LIFO”) basis.

Upon retirement or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 101, *Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability in the district-wide financial statements. The compensated absences liability is calculated based on the rates in effect at year-end as defined in the contractual bargaining agreement.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available resources. These amounts are recorded 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.

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with various employment contracts. Substantially all of the District’s employees may become eligible for these benefits if they reach normal retirement age while working for the District and have completed 10 years of continuous service. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. Some costs of providing post-retirement benefits are shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of the insurance premiums as an expenditure or operating transfer to other funds in the General Fund in the year paid.

Q. 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 a 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.

R. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net assets 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.

S. Estimates

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

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

T. Short-Term Debt

The District may issue Revenue Anticipation Notes (“RANs”) and Tax Anticipation Notes (“TANs”) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually received 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 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 (“BANs”) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

U. 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 paid from current financial resources are reported in the fund financial statements. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as liabilities in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

V. Fund Balance

Generally, fund balance represents the difference between current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

W. Equity Classifications

1. District-Wide Statements:

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

- a. *Net Investment in Capital Assets* – consists of net capital assets (cost less accumulated depreciation) and intangible assets (cost less amortized amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.
- b. *Restricted Net Position* – reports net position when constraints placed on the position 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.
- c. *Unrestricted Net Position* – reports all other 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.

2. Fund Statements:

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

- a. *Non-Spendable* – includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.
- b. *Restricted* – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following restricted reserve fund balances:

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

W. Equity Classifications - Continued

2. Fund Statements - Continued:

i. Employee Benefit Accrued Liability:

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

ii. Insurance:

According to General Municipal Law §6-n, the Insurance Reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary 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.

iii. Liability Claims and Property Loss:

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

iv. Repairs:

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

v. Retirement Contributions:

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This Reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operations and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019 a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System.

During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

vi. Unemployment Insurance:

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

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

W. Equity Classifications - Continued

2. Fund Statements - Continued:

Restricted fund balance includes the following:

General Fund:

Repairs	\$ 2,918
Employee Benefits Accrued Liability	283,747
Retirement Contribution Reserve - ERS	343,992
Retirement Contribution Reserve - TRS	61,524
Unemployment Insurance	53,819
Property Loss and Liability Claims	240,636
Insurance Reserve	134,292
Total General Fund	<u>1,120,928</u>
Debt Fund:	
Debt Service Fund	<u>288,101</u>
Total Debt Fund	<u>288,101</u>
Total Restricted Funds	<u>\$ 1,409,029</u>

c. *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 has no committed fund balances as of June 30, 2025.

d. *Assigned* – The General Fund includes amounts that are constrained by the District’s intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Amounts assigned to the reduction of the 2024-2025 tax levy is \$427,279.

e. *Unassigned* – Includes all other General Fund net assets 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, this classification should only be used to report a deficit balance.

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

3. Order of Use of Fund Balance

The District’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as 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.

X. Subsequent Events

Management has evaluated subsequent events for disclosure and /or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 31, 2025.

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS
STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

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

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

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position.

- (1) The costs of building and acquiring capital assets (land, infrastructure, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their lives.

Original Cost of Capital Assets	\$ 8,871,515
Accumulated Depreciation	(3,870,818)
Capital Assets, Net	<u>\$ 5,000,697</u>

- (2) The governmental funds do not include non-current assets. However, these assets are reported in the Statement of Net Position because they represent economic assets. Balances at year end were:

TRS Net Pension Asset	<u>\$ 204,111</u>
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- (3) The governmental funds do not include long-term liabilities because they are not due and payable in the current period. However, the liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

Bonds Payable	\$ 3,087,388
Unamortized Bond Premium	57,368
Compensated Absences	247,527
ERS Net Pension Liability	159,660
Other Postemployment Benefits	4,203,519
	<u>\$ 7,755,462</u>

- (4) Deferred outflows and inflows of resources are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Deferred Outflows of Resources	<u>\$ 800,447</u>
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Deferred Inflows of Resources	<u>\$ 2,806,693</u>
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- (5) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at June 30, 2025	<u>\$ 3,096</u>
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- (6) The governmental funds do not report long-term assets because they are not current financial resources. However, they reported in the statements of Net Position because they represent economic assets.

Original Intangible Right-to-Use Lease Assets	
Accumulated Amortization	\$ 185,622
Intangible Right-to-Use Lease Assets, Net	(151,854)
	<u>\$ 33,768</u>

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS
STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED**

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

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

1. Long-Term Revenue/Expense Differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital Related Differences:

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

3. Long-Term Debt Transaction Differences:

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

4. Pension Differences:

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

5. OPEB Differences:

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

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

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds	\$ 4,691,436
Total revenues reported in the Statement of Activities	<u><u>\$ 4,691,436</u></u>

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS
STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED**

**C. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities -
Continued**

Total Expenditures/Expenses

Total expenditures reported in governmental funds \$ 5,293,418

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This is the amount by which the liability for compensated absences increased during the year. 8,117

In the Statement of Activities, the expenses for other postemployment benefits are measured based on the change in the actuarially determined OPEB liability and related deferred inflows/outflows of resources of the District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which OPEB expense was less than the amount of financial resources expended for the year. (205,512)

In the Statement of Activities, pension expense related to ERS and TRS defined benefit plans is measured as the change in the District's proportionate shares of the net pension assets, liabilities, deferred inflows, and deferred outflows as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which the amount of pension expense was less than the financial resources expended for the year. (20,343)

Interest payable is recognized in the government-wide statements under full accrual accounting whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the current year was less than the interest payable for the prior year. (241)

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$394,325 exceeded capital expenditures of \$273,000 in the current year plus loss on disposal of capital assets of \$12,157. 133,482

Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities. This is the amount of principal repayments. (357,388)

Lease proceeds to enter into agreement for the use of space and equipment are reported in the governmental funds as expenditures. However, for governmental activities, those costs are capitalized and allocated over their estimated useful lives as amortization expenses in the Statement of Activities. This is the amount by which amortization expense was more than the lease payments. 23,277

The bond debt premium is deferred and amortized into expense over the life of the debt. This is the net reduction of interest expense resulting from current amortization for the bond premiums. (5,737)

Total expenses reported in the Statement of Activities \$ 4,869,073

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Procedures and Budgetary Accounting

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:

General Fund: the voters of the District approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations will lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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.

Supplemental appropriations occurred during the year and are detailed below:

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

Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets.

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

1. Encumbrances:

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

2. The District's unreserved undesignated fund balance was in excess of New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District intends to take actions to pursue this issue. The District's unreserve undesignated fund balance was 23.03% of the District's budget for the upcoming year.

IV. CASH AND CASH EQUIVALENTS

At June 30, 2025, the carrying amount of the District's deposit (cash, certificates of deposits and interest-bearing savings accounts) was \$2,381,827, and the bank balance was \$2,567,008. In addition, the District maintained \$100 in cash on hand. The District's deposits at June 30, 2025, and during the year then ended, were covered by FDIC or by a proportionate share of pooled collateral pledged by the District's agent bank. 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.

As of June 30, 2025, \$0 of the District's bank balance of \$2,567,008 was exposed to custodial credit risk.

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 include \$1,125,359 within the governmental funds and \$-0- in the fiduciary funds.

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

V. INTERFUND ACTIVITY

The interfund receivables and payables at June 30, 2025 were as follows:

<u>Funds</u>	Interfund Receivables	Interfund Payables
General	\$ 372,786	\$ 26,129
Capital Projects	26,129	295,875
Special Aid	-	99,068
Debt Service	283,670	-
Cafeteria	-	254,243
	<u>682,585</u>	<u>675,315</u>
Fiduciary	-	7,270
TOTAL	<u>\$ 682,585</u>	<u>\$ 682,585</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

<u>Funds</u>	Transfers In	Transfers Out
General	\$ -	\$ 173,227
Capital Projects	118,227	283,670
Debt Service	283,670	-
Cafeteria	<u>55,000</u>	<u>-</u>
TOTAL	<u>\$ 456,897</u>	<u>\$ 456,897</u>

In the normal course of its operations, the District budgets for and transfers monies between funds for budgeted purposes. Transfers from the General Fund represent transferring the amount allocated to Cafeteria Fund in the annual budget.

Additional loans will occur between funds to mitigate the effects of cash flow, such as in the Special Aid Fund where-in project advances generally do not keep pace with costs and the General Fund has to “loan” cash dollars to run the programs. In the case of the Capital Fund, loans will occur in advance of obtaining the final funding through bond proceeds. In addition, in the case of the Capital Fund, interest when earned on borrowed funds becomes payable to the Debt Service Fund for the future reduction of debt service payments. All interfund payables are expected to be repaid within one year.

Interfund receivables and payables, other than those between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VI. CAPITAL AND INTANGIBLE ASSETS:

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

	Restated Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	25,000	-	-	25,000
Capital assets, being depreciated:				
Buildings and Improvements	6,623,640	172,598	-	6,796,238
Furniture and Equipment	1,988,778	100,402	(38,903)	2,050,277
Total capital assets being depreciated	8,612,418	273,000	(38,903)	8,846,515
Accumulated depreciation for:				
Buildings and Improvements	(1,896,637)	(304,355)	-	(2,200,992)
Furniture and Equipment	(1,606,602)	(89,970)	26,746	(1,669,826)
Total accumulated depreciation	(3,503,239)	(394,325)	26,746	(3,870,818)
Total capital assets, being depreciated, net	5,109,179	(121,325)	(12,157)	4,975,697
Governmental activities capital assets, net	5,134,179	(121,325)	(12,157)	5,000,697
Intangible Right-to-Use Lease Assets:				
Leased Equipment	185,622	-	-	185,622
Less Accumulated Amortization	(128,577)	(23,277)	-	(151,854)
Total Intangible Right-to-Use Lease Assets, net	57,045	(23,277)	-	33,768
Total Capital and Intangible Assets, net	\$ 5,191,224	\$ (144,602)	\$ (12,157)	\$ 5,034,465

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 151
Instruction	342,758
Transportation	51,416
Total Depreciation Expense	<u>\$ 394,325</u>

Amortization expense was charged to functions/programs of the District as follows:

Governmental Activities:	
Instruction	<u>\$ 23,277</u>
Total Amortization Expense	<u>\$ 23,277</u>

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VII. LONG-TERM DEBT:

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

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

Serial Bonds

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

Leases Payable

The District leases a variety of network printers and technology equipment from Questar III BOCES, with varying interest rates and maturities, however, currently all are single payment contracts with no future payments (liabilities) due.

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

Interest Paid	\$ 81,189
Less: Interest accrued - prior year	(3,337)
Plus: Interest accrued - current year	3,096
Less: Amortized Bond Premium - current year	<u>(5,737)</u>
	<u>\$ 75,211</u>

Noncurrent liability balances and activity are as follows:

	Restated Beginning Balance	Issued/ Earned	Redeemed/ Paid	Ending Balance	Current Portion
Governmental Activities					
Serial Bonds	\$3,367,388	\$ 77,388	\$(357,388)	\$3,087,388	\$ 367,388
Unamortized Bond Premium	63,105	-	(5,737)	57,368	5,737
Other liabilities:					
Compensated Absences	239,410	8,117	-	247,527	24,753
ERS Pension Liability	113,070	46,590	-	159,660	-
TRS Pension Liability	84,610	-	(84,610)	-	-
Other Postemployment Benefits	<u>4,723,639</u>	<u>-</u>	<u>(520,120)</u>	<u>4,203,519</u>	<u>109,548</u>
Total long-term liabilities	<u>\$8,591,222</u>	<u>\$ 132,095</u>	<u>\$(967,855)</u>	<u>\$7,755,462</u>	<u>\$ 507,426</u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

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

	Principal	Interest	Total
2026	\$ 367,388	\$ 75,329	\$ 442,717
2027	370,000	64,486	434,486
2028	365,000	53,282	418,282
2029	355,000	42,500	397,500
2030	255,000	32,600	287,600
2031-2035	<u>1,375,000</u>	<u>83,500</u>	<u>1,458,500</u>
Total	<u>\$ 3,087,388</u>	<u>\$ 351,697</u>	<u>\$3,439,085</u>

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VIII. PENSION PLANS

Plan Description

The District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/about us/financial_statements_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten-member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976, and before January 1, 2010, contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010, generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees.

Plan Year Ended	ERS	TRS
2025	\$ 55,049	\$ 138,786
2024	\$ 43,614	\$ 127,485
2023	\$ 41,642	\$ 140,609

At June 30, 2025, the District reported the following for its proportionate share of the net pension (asset)/liability for ERS and TRS:

	ERS	TRS
Measurement Date	March 31, 2025	June 30, 2024
Net Pension (asset)/liability	\$ 159,660	\$ (204,111)
District's proportion of the net pension (asset)/liability	0.00093120%	0.00684100%

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VIII. PENSION PLANS – CONTINUED

The net pension (asset)/liability was measured as of March 31, 2025 for ERS and June 30, 2024 for TRS and the total pension liability used to calculate the net pension (asset)/liability was determined by actuarial valuations as of April 1, 2024 and June 30, 2023. The District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The District's proportion of the net pension asset for TRS was based on the District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2025, the District recognized pension expense in the district-wide financial statements of \$174,879 (\$51,519 for ERS and \$123,360 for TRS). Pension expenditures of \$195,734 (\$55,553 for ERS and \$140,181 for TRS) were recorded in the fund financial statements and were charged to the General, and School Lunch Funds.

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		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 39,629	\$ 219,790	\$ 259,419
Changes of assumptions	6,696	122,100	128,796
Net difference between projected and actual earnings on pension plan investments	12,527	-	12,527
Changes in proportion and difference between the District's contributions and proportionate share of contributions	45,355	45,195	90,550
District's contributions subsequent to the measurement date	14,399	138,786	153,185
Total	<u>\$ 118,606</u>	<u>\$ 525,871</u>	<u>\$ 644,477</u>
	Deferred Inflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 1,869	\$ -	\$ 1,869
Changes of assumptions	-	20,538	20,538
Net difference between projected and actual earnings on pension plan investments	-	226,784	226,784
Changes in proportion and difference between the District's contributions and proportionate share of contributions	11,106	5,614	16,720
Total	<u>\$ 12,975</u>	<u>\$ 252,936</u>	<u>\$ 265,911</u>

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VIII. PENSION PLANS - CONTINUED

Deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset)/liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>	<u>TRS</u>
2025	\$ -	\$ (93,022)
2026	41,539	258,018
2027	50,106	(34,260)
2028	(8,090)	(40,924)
2029	7,677	31,667
Thereafter	-	12,670
Total	<u>\$ 91,232</u>	<u>\$ 134,149</u>

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2025	June 30, 2024
Investment Rate of Return	5.90% compounded annually net of investment expense	6.95% compounded annually net of investment expense
Projected Salary Increases	4.30%	1.95%-5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience Study	July 1, 2015 - June 30, 2020 System's Experience Study
Inflation Rate	2.90%	2.40%
Mortality Improvement	Society of Actuaries Scale MP - 2021	Society of Actuaries Scale MP - 2021

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

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

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VIII. PENSION PLANS - CONTINUED

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocations are summarized below:

Measurement Date	ERS		TRS	
	March 31, 2025		June 30, 2024	
	Target	Long-term	Target	Long-term
	allocation	expected	allocation	expected
		real rate of return		real rate of return
Asset Class:				
Domestic Equity	25%	3.54%	33%	6.60%
International Equity	14%	6.57%	15%	7.40%
Private Equity	15%	7.25%	9%	10.00%
Real Estate Equity	12%	4.96%	11%	6.30%
Domestic Fixed Income Securities	0%	0.00%	16%	2.60%
Global Bonds	0%	0.00%	2%	2.50%
High Yield Bonds	0%	0.00%	1%	4.80%
Global Equities	0%	0.00%	4%	6.90%
Private Debt	0%	0.00%	2%	5.90%
Real Estate Debt	0%	0.00%	6%	3.90%
Opportunistic/Absolute Return Strategy	3%	5.25%	0%	0.00%
Credit	4%	5.40%	0%	0.00%
Real Assets	4%	5.55%	0%	0.00%
Fixed Income	22%	2.00%	0%	0.00%
Cash	1%	0.25%	1%	0.50%
Total	100%		100%	

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

VIII. PENSION PLANS - CONTINUED

		1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Employer's Proportionate Share of the Net Pension (Asset)/Liability	\$	462,077	\$ 159,660	\$ (92,858)
		1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
Employer's Proportionate Share of the Net Pension (Asset)/Liability	\$	942,799	\$ (204,111)	\$ (1,168,692)

	(Dollars in Thousands)	
	ERS	TRS
Measurement Date	March 31, 2025	June 30, 2024
Employers' total pension liability	\$ 247,600,239	\$ 142,837,827
Plan net position	230,454,512	145,821,435
Employers' net pension (asset)/liability	\$ 17,145,727	\$ (2,983,608)

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2025 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the District to TRS. 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 employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

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**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

IX. OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”)

Plan Description

The District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the District may vary according to length of service. The cost of providing post-employment health care benefits is shared between the District and the retired employee as noted below. Substantially all of the District's employees may become eligible for those benefits if they reach normal retirement age while working for the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2025, the following employees were covered by the benefit terms:

Active Employees	34
Inactive Employees or Beneficiaries	14
Total Employees Covered by Benefit Terms	48

The District's total OPEB liability of \$4,203,519 was measured as of June 30, 2025 and was determined by an actuarial valuation dated June 30, 2024.

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

Inflation Rate	2.60%
Projected Salary Increases, Including Wage Inflation	4.60% Average (Varies by years of service and retirement system)
Discount Rate	4.81%
Healthcare Cost Trend Rates	6.75% decreasing to 4.04% over 55 years
Retiree's Share of Benefit Related Costs	7.5% to 15% of projected health insurance premiums for retirees

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

Mortality rates were based on the Pub-2010 Headcount – Weighted, fully generational, Scale MP 2021.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2020 through 2021.

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

IX. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

A summary of the changes in the District’s OPEB liability is as follows:

	Year End June 30, 2025
Service Cost	\$ 237,246
Interest	206,571
Differences Between Expected and Actual Experience	(398,644)
Changes in Assumptions or Other Inputs	(455,745)
Benefit Payments	(109,548)
Net Change in Total OPEB Liability	(520,120)
Total OPEB Liability - Beginning	4,723,639
Total OPEB Liability - Ending	4,203,519
Current Portion	109,548
Long-Term Portion	\$ 4,093,971

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.81%) or 1 percentage point higher (5.81%) than the current discount rate:

	1% Decrease 3.81%	Discount Rate 4.81%	1% Increase 5.81%
Total OPEB Liability	\$ 4,938,281	\$ 4,203,519	\$ 3,617,415

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends

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 rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 3,526,369	\$ 4,203,519	\$ 5,078,139

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

IX. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

For the year ended June 30, 2025, the District recognized a reduction in OPEB expense of \$205,512 in the district-wide financial statements. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,584	\$ 1,003,626
Changes of Assumptions or other inputs	144,386	1,537,156
Total	<u>\$ 155,970</u>	<u>\$ 2,540,782</u>

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

Year Ending June 30,	Amount
2026	\$ (795,427)
2027	(512,420)
2028	(512,420)
2029	(288,278)
2030	(154,208)
Thereafter	(122,059)
Total	<u>\$ (2,384,812)</u>

X. 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.

XI. CONTINGENCIES AND COMMITMENTS

Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District if existing assessment rolls are modified based on the outcome of the litigation proceedings.

Additionally, the District has various cases pending; legal counsel has been appointed. All cases are being vigorously defended. Any future obligations related to such cases are undetermined.

Other

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

**ANDES CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

XII. CUMULATIVE EFFECT AND PRIOR PERIOD ADJUSTMENTS

The District recorded cumulative effect and prior period adjustments as of July 1, 2024 for the following items:

Governmental Activities:

Net Position Beginning of Year	\$ (2,033,470)
Cumulative Effect and Prior Period Adjustments:	
Cumulative Effect Adjustment for GASB 101 Implementation	13,782
Fixed Assets	(282,304)
Net Position Beginning of Year, as Restated	<u><u>\$ (2,301,992)</u></u>

XIII. NEW ACCOUNTING STANDARDS

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The District implemented this statement as of July 1, 2024.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement provides users of the financial statements with essential information about risks related to concentrations and constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement addresses application issues related to Management's Discussion and Analysis, Unusual or Infrequent Items, Presentation of the Proprietary Fund, Major Component Unit, and Budgetary Comparison Information. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires leases, intangible right-to-use assets, and subscription based information technology arrangements to be disclosed separately in the capital assets note disclosure. Additionally, this statement mandates the separate disclosure of all other intangible assets by major class, excluding the aforementioned types. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

Management has not estimated the potential impact of these statements, if any, on the District's financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

ANDES CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS

<u>Total OPEB Liability</u>	6/30/25	6/30/24	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18
Service Cost	\$ 237,246	\$ 241,790	\$ 280,185	\$ 403,311	\$ 457,412	\$ 306,294	\$ 179,245	\$ 186,430
Interest	206,571	199,503	194,252	146,086	196,892	232,207	193,590	173,162
Change of Benefit Terms	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(398,644)	(163,320)	(480,690)	(17,805)	(1,577,789)	(168,908)	92,700	-
Changes in Assumptions or Other Inputs	(455,745)	(61,733)	(457,827)	(1,551,182)	(1,056,093)	1,885,487	1,155,116	(244,596)
Benefit Payments	(109,548)	(161,175)	(147,750)	(119,192)	(105,387)	(119,433)	(149,054)	(110,007)
Net Change in Total OPEB Liability	(520,120)	55,065	(611,830)	(1,138,782)	(2,084,965)	2,135,647	1,471,597	4,989
Total OPEB Liability - Beginning	4,723,639	4,668,574	5,280,404	6,419,186	8,504,151	6,368,504	4,896,907	4,891,918
Total OPEB Liability - Ending (a)	\$ 4,203,519	\$ 4,723,639	\$ 4,668,574	\$ 5,280,404	\$ 6,419,186	\$ 8,504,151	\$ 6,368,504	\$ 4,896,907
<u>Plan Fiduciary Net Position</u>								
Contributions - Employer	\$ 109,548	\$ 161,175	\$ 147,750	\$ 119,192	\$ 105,387	\$ 119,433	\$ 149,054	\$ 110,007
Benefit Payments	(109,548)	(161,175)	(147,750)	(119,192)	(105,387)	(119,433)	(149,054)	(110,007)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Net OPEB Liability - Ending (a) - (b)	\$ 4,203,519	\$ 4,723,639	\$ 4,668,574	\$ 5,280,404	\$ 6,419,186	\$ 8,504,151	\$ 6,368,504	\$ 4,896,907
Plan Fiduciary Net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%
Covered Payroll	\$ 1,793,099	\$ 2,261,619	\$ 1,445,742	\$ 1,370,775	\$ 1,484,877	\$ 1,982,916	\$ 1,374,886	\$ 1,567,421
Total OPEB Liability as a percentage of covered payroll	234.4%	208.9%	322.9%	385.2%	432.3%	428.9%	463.2%	312.4%

Notes to Schedule:

Changes in Assumptions:

Changes in Assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

4.81%	4.21%	4.13%	3.54%	2.16%	2.21%	3.51%	3.87%
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Benefit payments include \$34,993 in estimated implicit liability benefit payments for the year ended June 30, 2025. No assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

GASB 75 requires that the past 10 years of information be presented. Due to the fact that 2018 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

ANDES CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
AND RELATED RATIOS

Plan Year Ended	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Actual Covered Member Payroll	Net Pension (Asset)/Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Teachers' Retirement System					
6/30/2024	0.00684100%	\$ (204,111)	\$ 1,306,202	(15.63%)	102.09%
6/30/2023	0.00739900%	\$ 84,610	\$ 1,094,535	7.73%	99.17%
6/30/2022	0.00772600%	\$ 148,259	\$ 1,385,194	10.70%	98.60%
6/30/2021	0.00756000%	\$ (1,310,038)	\$ 1,502,042	(87.22%)	113.25%
6/30/2020	0.00806000%	\$ 222,838	\$ 591,454	37.68%	97.80%
6/30/2019	0.00810200%	\$ (210,499)	\$ 663,514	(31.72%)	102.20%
6/30/2018	0.00853800%	\$ (154,397)	\$ 671,062	(23.01%)	101.53%
6/30/2017	0.00857900%	\$ (65,210)	\$ 1,260,736	(5.17%)	100.66%
6/30/2016	0.00858100%	\$ 91,903	\$ 1,489,755	6.17%	99.01%
6/30/2015	0.00890700%	\$ (925,137)	\$ 1,491,695	(62.02%)	110.46%

Plan Year Ended	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Actual Covered Member Payroll	Net Pension (Asset)/Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Employees' Retirement System					
3/31/2025	0.00093120%	\$ 159,660	\$ 340,563	46.88%	93.08%
3/31/2024	0.00076790%	\$ 113,070	\$ 368,817	30.66%	93.88%
3/31/2023	0.00096100%	\$ 206,071	\$ 491,202	41.95%	90.78%
3/31/2022	0.00078570%	\$ (64,224)	\$ 341,518	(18.81%)	103.65%
3/31/2021	0.00072880%	\$ 726	\$ 538,684	0.13%	99.95%
3/31/2020	0.00078060%	\$ 206,714	\$ 313,904	65.85%	86.39%
3/31/2019	0.00070640%	\$ 50,048	\$ 317,762	15.75%	96.27%
3/31/2018	0.00067500%	\$ 21,785	\$ 297,457	7.32%	98.24%
3/31/2017	0.00072540%	\$ 68,160	\$ 304,699	22.37%	94.70%
3/31/2016	0.00093510%	\$ 150,088	\$ 367,803	40.81%	90.68%

**ANDES CENTRAL SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution (deficiency) excess	Covered Employee Payroll	Required Contributions as a Percentage of Covered Payroll
Teachers' Retirement System					
6/30/2025	\$ 127,485	\$ 127,485	\$ -	\$ 1,435,032	8.88%
6/30/2024	\$ 140,609	\$ 140,609	\$ -	\$ 1,306,202	10.76%
6/30/2023	\$ 134,136	\$ 134,136	\$ -	\$ 1,094,534	12.26%
6/30/2022	\$ 122,283	\$ 122,283	\$ -	\$ 1,076,206	11.36%
6/30/2021	\$ 121,273	\$ 121,273	\$ -	\$ 1,385,194	8.75%
6/30/2020	\$ 143,626	\$ 143,626	\$ -	\$ 1,502,042	9.56%
6/30/2019	\$ 136,299	\$ 136,299	\$ -	\$ 591,454	23.04%
6/30/2018	\$ 159,334	\$ 159,334	\$ -	\$ 663,514	24.01%
6/30/2017	\$ 175,574	\$ 175,574	\$ -	\$ 671,062	26.16%
6/30/2016	\$ 234,539	\$ 234,539	\$ -	\$ 1,260,736	18.60%

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution (deficiency) excess	Covered Employee Payroll	Required Contributions as a Percentage of Covered Payroll
Employees' Retirement System					
6/30/2025	\$ 55,049	\$ 55,049	\$ -	\$ 482,664	11.41%
6/30/2024	\$ 43,614	\$ 43,614	\$ -	\$ 611,274	7.13%
6/30/2023	\$ 41,642	\$ 41,642	\$ -	\$ 491,202	8.48%
6/30/2022	\$ 55,140	\$ 55,140	\$ -	\$ 341,518	16.15%
6/30/2021	\$ 48,236	\$ 48,236	\$ -	\$ 538,684	8.95%
6/30/2020	\$ 40,691	\$ 40,691	\$ -	\$ 313,904	12.96%
6/30/2019	\$ 38,725	\$ 38,725	\$ -	\$ 317,762	12.19%
6/30/2018	\$ 46,455	\$ 46,455	\$ -	\$ 297,457	15.62%
6/30/2017	\$ 45,198	\$ 45,198	\$ -	\$ 304,699	14.83%
6/30/2016	\$ 60,494	\$ 60,494	\$ -	\$ 367,803	16.45%

ANDES CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Year End	Variance with
	Original	Final	GAAP Basis	Encumbrances	Final Budget
Revenues:					
Real Property Taxes	\$ 3,207,130	\$ 3,207,130	\$ 3,213,471	\$ -	\$ 6,341
Other Tax Items	4,500	4,500	4,897	-	397
Charges for Services	-	-	9,500	-	9,500
Use of Money and Property	9,000	9,000	36,387	-	27,387
Sale of Property and Compensation for Loss	1,000	1,000	20,000	-	19,000
Miscellaneous	110,000	110,000	16	-	(109,984)
State Aid	1,109,966	1,093,766	1,165,043	-	71,277
Total Revenues	4,441,596	4,425,396	4,449,314	-	23,918
Expenditures:					
General Support					
Board of Education	15,619	19,028	19,028	-	-
Central Administration	200,442	256,656	256,656	-	-
Finance	194,878	223,310	223,310	-	-
Staff	39,726	44,441	81,595	-	(37,154)
Central Services	388,367	356,546	517,794	-	(161,248)
Special Items	65,317	64,108	49,326	-	14,782
Total General Support	904,349	964,089	1,147,709	-	(183,620)
Instruction					
Instruction, Administration and Improvement	139,023	213,678	234,404	-	(20,726)
Teaching - Regular School	1,118,136	1,111,708	1,085,806	-	25,902
Programs for Students with Disabilities	254,583	219,213	193,753	-	25,460
Occupational Education	36,732	36,779	36,779	-	-
Instructional Media	142,779	130,573	103,623	-	26,950
Pupil Services	204,110	167,726	198,678	-	(30,952)
Total Instruction	1,895,363	1,879,677	1,853,043	-	26,634
Pupil Transportation	293,015	469,912	413,438	-	56,474
Employee Benefits	1,211,014	1,181,471	983,956	-	197,515
Debt Service	438,798	438,798	438,577	-	221
Total Expenditures	4,742,539	4,933,947	4,836,723	-	97,224
Excess/(Deficiency) of					
Revenues Over Expenditures	(300,943)	(508,551)	(387,409)	-	121,142
Other Financing Uses:					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(155,000)	(155,000)	(173,227)	-	(18,227)
Total Other Financing Sources/(Uses)	(155,000)	(155,000)	(173,227)	-	(18,227)
Net Change in Fund Balance	(455,943)	(663,551)	(560,636)	-	102,915
Appropriated Fund Balance	455,943	663,551	583,318	-	(80,233)
Change in Fund Balance	\$ -	\$ -	\$ 22,682	\$ -	\$ 22,682

**SUPPLEMENTARY
INFORMATION**

**ANDES CENTRAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
JUNE 30, 2025**

	Debt Service Fund	Special Aid Fund	Total Non- Major Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 3,342	\$ 3,342
Restricted Cash	4,431	-	4,431
Due from Other Funds	283,670	-	283,670
State and Federal Aid Receivable	-	97,967	97,967
Total Assets	<u>\$ 288,101</u>	<u>\$ 101,309</u>	<u>\$ 389,410</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ 50	\$ 50
Accrued Liabilities	-	576	576
Unearned Revenues	-	1,615	1,615
Due to Other Funds	-	99,068	99,068
Total Liabilities	<u>-</u>	<u>101,309</u>	<u>101,309</u>
Fund Balances:			
Restricted	288,101	-	288,101
Total Fund Balances	<u>288,101</u>	<u>-</u>	<u>288,101</u>
Total Liabilities and Fund Balances	<u>\$ 288,101</u>	<u>\$ 101,309</u>	<u>\$ 389,410</u>

**ANDES CENTRAL SCHOOL DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Debt Service Fund	Special Aid Fund	Total Non- Major Governmental Funds
Revenues:			
Use of Money and Property	\$ 3	\$ -	\$ 3
State Aid	-	103,480	103,480
Federal Aid	-	91,691	91,691
Total Revenues	3	195,171	195,174
Expenditures:			
Instruction	-	195,171	195,171
Total Expenditures	-	195,171	195,171
Excess/(Deficiency) of Revenues Over Expenditures	3	-	3
Other Financing Sources/(Uses):			
Operating Transfers In	283,670	-	283,670
Total Other Financing Sources/(Uses)	283,670	-	283,670
Change in Fund Balances	283,673	-	283,673
Fund Balances - Beginning	4,428	-	4,428
Fund Balances - Ending	\$ 288,101	\$ -	\$ 288,101

**ANDES CENTRAL SCHOOL DISTRICT
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2025**

	Fiscal Year of Issue	Fiscal Year of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year	Refinanced During Fiscal Year	Outstanding End of Fiscal Year	Amount of Interest Paid During Fiscal Year	Amount of Interest Accrued at 6/30/2025	Due Within the Next Year
<u>SERIAL BONDS</u>											
School Construction	2009	2029	4.375%	\$ 425,000	\$ -	\$ 75,000	\$ -	\$ 350,000	\$ 18,594	\$ 629	\$ 80,000
School Reconstruction	2020	2035	1.720%	2,790,000	-	230,000	-	2,560,000	55,800	2,104	225,000
2021 Bus Bond	2021	2025	1.950%	10,000	-	10,000	-	-	195	-	-
2022 Bus Bond	2022	2026	2.000%	30,000	-	15,000	-	15,000	600	13	15,000
2023 Bus Bond	2023	2027	5.500%	35,000	-	10,000	-	25,000	1,965	58	10,000
2024 Bus Bond	2024	2028	4.500%	77,388	-	17,388	-	60,000	4,035	135	20,000
2025 Bus Bond	2025	2029	4.720%	-	77,388	-	-	77,388	-	157	17,388
TOTAL SERIAL BONDS				3,367,388	77,388	357,388	-	3,087,388	81,189	3,096	367,388
<u>BOND PREMIUMS</u>											
Bond Premiums	2021	2035	0.000%	63,105	-	5,737	-	57,368	-	-	5,737
				63,105	-	5,737	-	57,368	-	-	5,737
TOTAL INDEBTEDNESS				\$ 3,430,493	\$ 77,388	\$ 363,125	\$ -	\$ 3,144,756	\$ 81,189	\$ 3,096	\$ 373,125

OTHER INFORMATION

**ANDES CENTRAL SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
YEAR ENDED JUNE 30, 2025**

Adopted Budget	\$ 4,897,539
Additions:	
Encumbrances from Prior Year	<u>4,610</u>
Original Budget	4,902,149
Budget Revisions:	
Budget Amendments - Other	<u>186,798</u>
Final Budget	<u><u>\$ 5,088,947</u></u>

**ANDES CENTRAL SCHOOL DISTRICT
GENERAL FUND
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
YEAR ENDED JUNE 30, 2025**

2025-2026 Voter-approved expenditure budget maximum allowed	<u>\$ 5,088,563</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance	
Assigned Fund Balance	\$ 427,279
Unassigned Fund Balance	<u>439,115</u>
Total Unrestricted Fund Balance	<u>866,394</u>
Less:	
Appropriated Fund Balance for 2025-26 Budget	427,279
Encumbrances Included in Assigned Fund Balance	<u>-</u>
Total Adjustments	<u>427,279</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 439,115</u></u>
Actual Percentage	<u><u>8.63%</u></u>

**ANDES CENTRAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
PROJECT LENGTH SCHEDULE
INCEPTION OF PROJECT THROUGH JUNE 30, 2025**

Project	Expenditures and Transfers to Date					Methods of Financing				Fund Balance (Deficit) at June 30, 2025
	Project Budget	Prior Year	Current Year	Total	Unexpended Balance	Proceeds of Obligations	Local Sources	Interfund Transfers	Totals	
Bus Purchase 2025	\$ 138,511	\$ -	\$ 100,402	\$ 100,402	\$ 38,109	\$ 77,388	\$ -	\$ 23,014	\$ 100,402	\$ -
Total	\$ 138,511	\$ -	\$ 100,402	\$ 100,402	\$ 38,109	\$ 77,388	\$ -	\$ 23,014	\$ 100,402	\$ -

**ANDES CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2025**

Capital Assets, net	\$	5,000,697
Intangible Right to Use Lease Asset, net		33,768

Deductions:

Short-term Portion of Bonds Payable	367,388	
Long-term Portion of Bonds Payable	2,720,000	
Short-term Portion of Bond Premiums	5,737	
Long-term Portion of Bonds Premiums	51,631	
		3,144,756

Net Investment in Capital Assets	\$	<u><u>1,889,709</u></u>
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**OTHER REPORTING
REQUIRED BY
*GOVERNMENT AUDITING
STANDARDS***



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**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
Andes Central School District
85 Delaware Avenue
Andes, NY 13731

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Andes Central School District (the "District") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency and is described in the accompanying schedule of findings as item 2025-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2025-002 through 2025-006.

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.

RBT CPAs, LLP

Hudson, NY

October 31, 2025

**ANDES CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

A. Internal Control Findings

Significant Deficiency

Finding 2025-001: Controls over Fixed Assets

- Condition:** During the review of the District's fixed asset records for fiscal year 2025, it was noted that several capitalized items were not included in the original fixed asset register. Specifically, school buses, as well as roof and stream improvement projects, were omitted from the listing despite meeting the District's capitalization threshold and criteria. These assets were subsequently identified through the review of supporting invoices.
- Criteria:** According to the District's fixed asset management policy, all capital assets with an individual cost equal to or greater than the capitalization threshold and a useful life exceeding one year, must be recorded in the fixed asset register upon acquisition and capitalization.
- Cause:** The omission of these assets was due to an absence of a reconciliation process between purchase records and the asset register.
- Effect:** The incomplete fixed asset register could have resulted in an understatement of capital assets on the financial statements.
- Recommendation:** RBT recommends that management implements a regular reconciliation process between procurement records, general ledger, and the fixed asset register.

B. Compliance Findings

Finding 2025-002: Unassigned Fund Balance

- Condition:** The School's unassigned fund balance as of June 30, 2025, was approximately 8.63% of the 2026 budgeted expenditures.
- Criteria:** Section 1318 of the NYS Real Property Tax Law requires Districts maintain no more than 4% of the subsequent year's budgeted expenditures in unassigned fund balance in the General Fund.
- Cause:** The District continuously monitors spending, to reduce costs and eliminate wasteful spending, thereby resulting in a surplus over several years.
- Effect:** The District was not in compliance with Section 1318 of the NYS Real Property Tax Law.
- Recommendation:** RBT recommends that the District maintain an unassigned fund balance percentage in accordance with Section 1318 of the NYS Real Property Tax Law.

**ANDES CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

Finding 2025-003: Annual Sexual Harassment Prevention Training

- Condition: Not all District employees completed annual sexual harassment prevention training.
- Criteria: Every employer in New York is required to provide employees with sexual harassment prevention training pursuant to section 201-g of the Labor Law, and every employee must complete sexual harassment prevention training annually.
- Cause: The District did not require all employees to complete annual sexual harassment prevention training.
- Effect: The District was not in compliance with New York State laws.
- Recommendation: RBT recommends that the District provide all employees with sexual harassment prevention training and obtain certification of completion for all employees annually.

Finding 2025-004: New York State Education Department Requirements

- Condition: The District did not submit its June 30, 2024 audited financial statements on time.
- Criteria: Pursuant to Education Law Section 2219-a, the deadline for submission of the independent audit to New York State Education Department is October 15th for school districts other than Buffalo, Rochester, Syracuse, Yonkers, and New York City.
- Cause: The District was awaiting additional required information necessary for the financial statement completion.
- Effect: The District was not in compliance with education law requirements.
- Recommendation: RBT recommends that the District comply with the filing requirements imposed by the State Education Department.

Finding 2025-005: Annual Posting Requirements

- Condition: During the audit, RBT noted that the District did not post the following documents on its official website, as required by New York State Education Department (NYSED) regulations:
- The Final Adopted Budget for the 2023-2024 fiscal year
 - The Independent Audit Report for the fiscal year ending June 30, 2024
 - The Audit Corrective Action Plan (CAP) for the fiscal year ending June 30, 2024
- Criteria: Per the regulations and guidance issued by the NYSED, school districts are required to make certain financial documents available to the public by posting them on the district's official website. These include, but are not limited to:
- The adopted annual budget
 - The annual independent audit report
 - The corrective action plan submitted in response to audit findings
- These postings are intended to promote transparency and accountability in school district financial operations.
- Cause: The omission appears to be due to a lapse in internal oversight related to compliance with NYSED posting requirements.
- Effect: Failure to post required financial documents on the District's website limits transparency to the public and may place the District in non-compliance with NYSED regulations. It may also result in reputational risk and potential regulatory scrutiny.
- Recommendation: RBT recommends that the District implement procedures to ensure that all NYSED-required documents, including the adopted budget, audit report, and corrective action plan, are posted to the District's website in a timely manner. These procedures should include assignment of responsibility, use of a compliance checklist, and periodic reviews to verify website content.

**ANDES CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

Finding 2025-006 Annual Tax Cap Filing

Condition: The annual tax cap filing was not done on time.

Criteria: Every municipality in New York State is required to file a property tax cap filing annually under Chapter 97 of the Laws of 2011 ("Tax Cap Law"). The District's filing was due for March 1, 2025, but wasn't filed till March 31, 2025

Cause: The District began the form on March 1st but was not completed and submitted until March 31th.

Effect: The District was not in compliance with New York State Laws.

Recommendation: RBT recommends that the District submit its Tax Cap timely in 2026.