

**SOLVAY UNION FREE
SCHOOL DISTRICT**

SINGLE AUDIT REPORTING PACKAGE

**AS REQUIRED BY THE UNIFORM GUIDANCE AND
2 CFR section 200.512(c)**

June 30, 2025

SOLVAY UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Solvay Union Free School District
Solvay, New York

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Solvay Union Free School District as of June 30, 2025, and the respective changes in financial position thereof 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 Solvay Union Free School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility 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 GAS 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 GAS, 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 Solvay Union Free School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Solvay Union Free School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *management's discussion and analysis; schedule of changes in the district's total OPEB liability and related ratios, schedule of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual- general fund; schedule of district contributions; and schedule of district's proportionate share of the net pension asset (liability)* on pages 4-11 and 52-55, respectively, 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 Solvay Union Free School District's basic financial statements. The *schedule of change from adopted to final budget and the real property tax limit- general fund; the schedule of project expenditures – capital projects fund; and net investment in capital assets and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* on pages 56-58 and page 64, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of change from adopted budget to final budget and the real property tax limit; schedule of project expenditures – capital projects fund; net investment in capital assets; and the schedule of expenditures of federal awards* are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

Grossman St. Amour CPAs

Syracuse, New York
September 15, 2025

SOLVAY UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2025

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

Financial Highlights

- Total district wide liabilities decreased approximately \$30,901,000 compared to 2024. The primary driver is the change in the other postemployment benefits payable calculation.
- Overall net position increased \$5,044,000 due to revenues exceeding expenses. Total revenues were \$47,339,000 and expenses were \$42,295,000 based on full accrual accounting as reflected in the statement of activities and changes in net position.

Overview of the Financial Statements

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

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual funds* of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed.
- The *governmental funds statements* tell how basic services such as general and special education were financed in the *short term* as well as what remains for future spending.

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

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

SOLVAY UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2025

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

		Fund Financial Statements
		Governmental Funds
Scope	District-Wide	Entire District (except fiduciary funds) The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities • Reconciliation of governmental funds revenues, expenditures and changes in fund balances to the Statement of activities • Reconciliation of governmental funds balance sheet to the Statement of net position. 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

SOLVAY UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2025

District-Wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has the following funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information in the notes to the financial statements explains the relationship (or differences) between them. Included are the general fund, special-aid fund, school lunch fund, capital projects fund and debt service fund.

SOLVAY UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities. (Rounded to the nearest thousand)

Table 1:

	District-Wide		Percentage Change
	2025	2024	2024-2025
Current and Other Assets	\$ 31,268,000	\$ 29,983,000	4.29%
Capital Assets	64,130,000	62,348,000	2.86%
Net pension asset	2,320,000	-	-
Total Assets	97,718,000	92,331,000	5.83%
Deferred Outflow of Resources	17,484,000	22,654,000	-22.82%
Total Assets and Deferred Outflow of Resources	\$ 115,202,000	\$ 114,985,000	
Long-Term Liabilities-Due in One Year	\$ 1,847,000	\$ 6,876,000	-73.14%
Long-Term Liabilities-Due in More than One Year	65,760,000	91,747,000	-28.32%
Net pension Liability	1,794,000	2,539,000	-29.34%
Other Liabilities	3,718,000	2,858,000	30.09%
Total Liabilities	73,119,000	104,020,000	-29.71%
Deferred Inflow of Resources	49,661,000	23,587,000	110.54%
Net Position (Deficit):			
Invested in Capital Assets	64,130,000	62,348,000	2.86%
Related Debt	(26,937,000)	(28,638,000)	-5.94%
Restricted	21,691,000	17,773,000	22.04%
Unrestricted Net Deficit	(66,462,000)	(64,105,000)	3.68%
Total Net Deficit	(7,578,000)	(12,622,000)	-39.96%
Total Liabilities, Deferred Inflows and Net Position (Deficit)	\$ 115,202,000	\$ 114,985,000	

SOLVAY UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

Table 2:

	District-Wide		Percentage
	2025	2024	Change 2024-2025
REVENUES			
Program Revenues:			
Charges for Services	\$ 506,000	\$ 565,000	-10.44%
Operating Grants and Contributions	2,500,000	3,711,000	-32.63%
General Revenue:			
Property Taxes	17,266,000	16,760,000	3.02%
State Sources	25,130,000	24,345,000	3.22%
Other General Revenues	<u>1,937,000</u>	<u>1,444,000</u>	<u>34.14%</u>
Total Revenues	<u>47,339,000</u>	<u>46,825,000</u>	<u>1.10%</u>
PROGRAM EXPENSES			
General Support	6,677,000	7,105,000	-6.02%
Instruction	30,132,000	34,055,000	-11.52%
Transportation	2,988,000	3,105,000	-3.77%
Debt Service	1,388,000	1,173,000	18.33%
School Lunch Program	<u>1,110,000</u>	<u>844,000</u>	<u>31.52%</u>
Total Expenses	<u>42,295,000</u>	<u>46,282,000</u>	<u>-8.61%</u>
Change in Net Position	<u>\$ 5,044,000</u>	<u>\$ 543,000</u>	<u>828.91%</u>

In Table 2, the District's total revenues increased by approximately \$514,000 and the total cost of all programs and services decreased by approximately \$3,987,000. Some of the variances causing these fluctuations are described below:

Revenues increased primarily from state sources and grants, interest earnings and budgeted increases in property tax. Expenses decreased by approximately \$4,000,000 in instruction due to fluctuations in GASB 68 assumptions and long-term benefits.

SOLVAY UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

Table 3 presents the cost of each of the District's largest programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. (Rounded to the nearest thousand)

Table 3
Governmental Activities

	Total cost of services		Net cost of services	
	2025	2024	2025	2024
General Support	\$ 6,677,000	\$ 7,105,000	\$ 6,677,000	\$ 7,105,000
Instruction	30,132,000	34,055,000	28,212,000	30,864,000
Pupil Transportation	2,988,000	3,105,000	2,988,000	3,105,000
Debt Service - Interest	1,388,000	1,173,000	1,388,000	1,173,000
School Lunch Program	1,110,000	844,000	23,000	(241,000)
Total	\$ 42,295,000	\$ 46,282,000	\$ 39,288,000	\$ 42,006,000

Financial Analysis of the School District's Funds

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

Governmental Funds

The purpose of the District's governmental funds is to account for and provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between assigned or unassigned balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities and postemployment obligations that are not recognized in the governmental funds. Fund balances for capital projects are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

SOLVAY UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2025

Financial Analysis of the School District's Funds (continued)

General Fund Budgetary Highlights

The budgetary comparison information in Supplemental Schedule #2 presents both adopted and final modified budget totals compared with actual results for the General Fund for the year ended June 30, 2025. The significant variances between the adopted and the final budget for 2025 were as follows:

Voter Approved Budget	\$ 43,915,000
Board Approved Budget Adjustments	2,979,242
2024 Additional Appropriations:	
Encumbrances Carryover	<u>763,745</u>
Final Budget	<u><u>\$ 47,657,987</u></u>

Capital Assets and Debt Administration

Capital Assets

At June 30, 2025, the District had approximately \$64 million invested in a broad range of capital assets including buildings, transportation equipment, computer equipment, and furniture and fixtures. Table 4 categorically illustrates the District's capital assets.

Table 4:

	Capital Assets		Percentage Change
	2025	2024	2024-2025
Land	\$ 247,500	\$ 247,500	0.00%
Construction in Progress	2,381,660	29,400	8000.88%
Buildings and Improvements	85,356,337	85,256,562	0.12%
Machinery and Equipment	8,995,401	8,125,750	10.70%
Less: Accumulated Depreciation	<u>(32,851,398)</u>	<u>(31,311,504)</u>	4.92%
Total	<u><u>\$ 64,129,500</u></u>	<u><u>\$ 62,347,708</u></u>	<u><u>2.86%</u></u>

SOLVAY UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2025

Long-Term Obligations

At June 30, 2025, the District had approximately \$69 million in long-term obligations. Table 5 provides a summary of these obligations. The notes to the basic financial statements provide additional details regarding these obligations.

Table 5:

	Total School District		Total Percentage
	2025	2024	Change 2024-2025
General Obligation Bonds	\$ 26,936,127	\$ 28,638,448	-5.94%
Other Postemployment Benefits	38,885,877	68,644,005	-43.35%
Net Pension Liabilities	1,794,404	2,539,106	-29.33%
Worker's compensation	855,688	626,462	36.59%
Compensated Absences	929,123	714,754	29.99%
 Total Long-term Liabilities	 \$ 69,401,219	 \$ 101,162,775	 -31.40%

Factors bearing on the District's Future

- At June 30, 2025, the District had exhausted 2.68% of its constitutional debt limit.
- Employer contributions for Teachers' Retirement System and Employees' Retirement System may continue to fluctuate but not expected to be as much as recent years.
- The District's OPEB (other postemployment benefits) liability actuarially calculated for the current year resulted in a net decrease in the District's liability of \$29.8M. The main factor contributing to the decrease were the changes in the actuarial assumptions, specifically a change in the discount rate, as well as significant fluctuations in demographic gains or losses.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District Business Office at PO Box 980, Syracuse, New York 13209.

SOLVAY UNION FREE SCHOOL DISTRICT

Statement of Net Position

June 30, 2025

ASSETS

Cash	
Unrestricted	\$ 7,771,610
Restricted	21,690,681
Receivables	
State and federal aid	1,681,812
Other	87,885
Inventories	37,030
Capital assets, net	64,129,500
Net pension asset- proportionate share	<u>2,319,742</u>
 Total assets	 <u>97,718,260</u>

DEFERRED OUTFLOW OF RESOURCES

Other postemployment benefits	11,218,212
Pensions	<u>6,265,846</u>
Total deferred outflow of resources	<u>17,484,058</u>
 Total assets and deferred outflow of resources	 <u>\$ 115,202,318</u>

LIABILITIES

Accounts payable	\$ 745,228
Accrued liabilities	981,515
Due to teachers' retirement system	1,824,651
Due to employees' retirement system	166,868
Long-term liabilities	
Due and payable within one year	
Bonds payable	1,692,321
Other postemployment benefits payable	154,467
Due and payable after one year	
Bonds payable	25,243,806
Other postemployment benefits payable	38,731,410
Workers compensation	855,688
Compensated absences payable	929,123
Net pension liability- proportionate share	<u>1,794,404</u>
Total liabilities	<u>73,119,481</u>

DEFERRED INFLOW OF RESOURCES

Other postemployment benefits	46,499,802
Pensions	<u>3,161,047</u>
Total deferred inflow of resources	<u>49,660,849</u>

NET POSITION (DEFICIT)

Net investment in capital assets	37,193,373
Restricted	21,690,681
Unrestricted (deficit)	<u>(66,462,066)</u>
 Total net deficit	 <u>(7,578,012)</u>
 Total liabilities, deferred inflow of resources and net position (deficit)	 <u>\$ 115,202,318</u>

See notes to basic financial statements

SOLVAY UNION FREE SCHOOL DISTRICT
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2025

	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
General support	\$ (5,206,557)	\$ (1,470,581)	\$ -	\$ (6,677,138)
Instruction	(22,289,212)	(7,843,100)	474,222	1,445,965
Pupil transportation	(2,497,697)	(490,194)	-	(2,987,891)
Employee benefits	(10,055,639)	10,055,639	-	-
Debt service - interest	(1,388,023)	-	-	(1,388,023)
School lunch program	(857,073)	(251,764)	32,149	1,053,638
Total functions and programs	<u>\$ (42,294,201)</u>	<u>\$ -</u>	<u>\$ 506,371</u>	<u>\$ 2,499,603</u>
				<u>(39,288,227)</u>
GENERAL REVENUES				
Real property taxes				15,450,879
Other real property tax items				1,815,466
Nonproperty taxes				60,212
Use of money and property				1,152,804
Sale of property and loss on disposal				4,104
State sources				25,129,873
Medicaid reimbursement				112,009
Miscellaneous				<u>607,471</u>
Total general revenues				<u>44,332,818</u>
Change in net position				5,044,591
Total net deficit - beginning of year				<u>(12,622,603)</u>
Total net deficit - end of year				<u>\$ (7,578,012)</u>

See notes to basic financial statements

SOLVAY UNION FREE SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2025

	Major Funds					Non-Major Funds		Total Governmental Funds
	General Fund	Special Aid Fund	School Food Service Fund	Capital Projects Fund	Debt Service Fund			
ASSETS								
Cash								
Unrestricted	\$ 7,050,797	\$ -	\$ 720,813	\$ -	\$ -	\$ -	\$ 7,771,610	
Restricted	16,540,621	44,191	-	4,083,868	1,022,001	-	21,690,681	
Receivables								
State and federal aid	875,474	729,417	76,921	-	-	-	1,681,812	
Due from other funds	2,683,812	-	20,714	-	-	7,166	2,711,692	
Other	86,698	-	-	-	-	1,187	87,885	
Inventories	-	-	37,030	-	-	-	37,030	
Total assets	<u>\$ 27,237,402</u>	<u>\$ 773,608</u>	<u>\$ 855,478</u>	<u>\$ 4,083,868</u>	<u>\$ 1,030,354</u>	<u>\$ 33,980,710</u>		
LIABILITIES								
Accounts payable	\$ 237,816	\$ 16,233	\$ 2,128	\$ 489,051	\$ -	\$ -	\$ 745,228	
Accrued liabilities and deferred revenue	504,364	421,992	4,440	-	-	-	930,796	
Due to other funds	27,880	335,383	786,320	1,562,109	-	-	2,711,692	
Due to teachers' retirement system	1,824,651	-	-	-	-	-	1,824,651	
Due to employees' retirement system	154,180	-	12,688	-	-	-	166,868	
Total liabilities	<u>2,748,891</u>	<u>773,608</u>	<u>805,576</u>	<u>2,051,160</u>	<u>-</u>	<u>-</u>	<u>6,379,235</u>	
FUND BALANCES								
Nonspendable:								
Reserved for inventory	-	-	37,030	-	-	-	37,030	
Restricted for:								
Reserved for tax certiorari	1,200,000	-	-	-	-	-	1,200,000	
Reserved for workers' compensation	2,000,000	-	-	-	-	-	2,000,000	
Reserved for unemployment insurance	400,000	-	-	-	-	-	400,000	
Reserved for retirement contributions	3,000,000	-	-	-	-	-	3,000,000	
Reserved for teacher's retirement contribution	1,890,621	-	-	-	-	-	1,890,621	
Reserved for employee benefit accrual liability	3,000,000	-	-	-	-	-	3,000,000	
Reserved for insurance	1,000,000	-	-	-	-	-	1,000,000	
Reserved for capital projects	4,050,000	-	-	-	-	-	4,050,000	
Committed to:								
Committed fund balance	93,448	-	-	-	-	-	93,448	
Assigned to:								
Assigned appropriated fund balance	2,000,000	-	-	-	-	-	2,000,000	
Assigned unappropriated fund balance	140,269	-	12,872	119,946	1,030,354	-	1,303,441	
Unassigned:								
Unassigned fund balance (deficit)	5,714,173	-	-	1,912,762	-	-	7,626,935	
Total fund balances	<u>24,488,511</u>	<u>-</u>	<u>49,902</u>	<u>2,032,708</u>	<u>1,030,354</u>	<u>-</u>	<u>27,601,475</u>	
Total liabilities and fund balances	<u>\$ 27,237,402</u>	<u>\$ 773,608</u>	<u>\$ 855,478</u>	<u>\$ 4,083,868</u>	<u>\$ 1,030,354</u>	<u>\$ 33,980,710</u>		

See notes to basic financial statements

SOLVAY UNION FREE SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position

June 30, 2025

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	\$ 7,771,610	\$ -	\$ -	\$ 7,771,610
Restricted for reserves	21,690,681	-	-	21,690,681
Receivables				
State and federal aid	1,681,812	-	-	1,681,812
Due from other funds	2,711,692	-	(2,711,692)	-
Other	87,885	-	-	87,885
Inventories	37,030	-	-	37,030
Capital assets, net	-	64,129,500	-	64,129,500
Net pension asset- proportionate share	-	2,319,742	-	2,319,742
Total assets	33,980,710	66,449,242	(2,711,692)	97,718,260
DEFERRED OUTFLOW OF RESOURCES				
Other postemployment benefits	-	11,218,212	-	11,218,212
Pensions	-	6,265,846	-	6,265,846
Total deferred outflow of resources	-	17,484,058	-	17,484,058
	\$ 33,980,710	\$ 83,933,300	\$ (2,711,692)	\$ 115,202,318
LIABILITIES				
Payables				
Accounts payable	\$ 745,228	\$ -	\$ -	\$ 745,228
Accrued liabilities	930,796	50,719	-	981,515
Due to other funds	2,711,692	-	(2,711,692)	-
Due to employees' retirement system	166,868	-	-	166,868
Due to teachers' retirement system	1,824,651	-	-	1,824,651
Long-term debt-due within one year				
Bonds payable	-	1,692,321	-	1,692,321
Other postemployment benefits payable	-	154,467	-	154,467
Long-term debt-due in more than one year				
Bonds payable	-	25,243,806	-	25,243,806
Other postemployment benefits payable	-	38,731,410	-	38,731,410
Workers compensation	-	855,688	-	855,688
Compensated absences	-	929,123	-	929,123
Net pension liability- proportionate share	-	1,794,404	-	1,794,404
Total liabilities	6,379,235	69,451,938	(2,711,692)	73,119,481
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	-	46,499,802	-	46,499,802
Pensions	-	3,161,047	-	3,161,047
Total deferred inflow of resources	-	49,660,849	-	49,660,849
FUND BALANCE/NET POSITION (DEFICIT)				
Total fund balance/net position (deficit)	27,601,475	(35,179,487)	-	(7,578,012)
	\$ 33,980,710	\$ 83,933,300	\$ (2,711,692)	\$ 115,202,318

See notes to basic financial statements

SOLVAY UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2025

	Major Funds					Non-Major Funds		Governmental Funds
	General	Special Aid	School Food Service Fund	Capital Projects Fund	Debt Service			
REVENUES								
Real property taxes	\$ 15,450,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,450,879
Other real property tax items	1,815,466	-	-	-	-	-	-	1,815,466
Nonproperty taxes	60,212	-	-	-	-	-	-	60,212
Charges for services	474,222	-	-	-	-	-	-	474,222
Use of money and property	1,074,928	-	193	-	-	77,683	-	1,152,804
Sale of property and compensation for loss	5,698	-	-	-	-	-	-	5,698
State sources	23,418,039	1,711,834	57,166	-	-	-	-	25,187,039
Sales	-	-	32,149	-	-	-	-	32,149
Miscellaneous	607,471	-	-	-	-	-	-	607,471
Federal sources	112,009	1,445,965	996,472	-	-	-	-	2,554,446
Total revenues	<u>43,018,924</u>	<u>3,157,799</u>	<u>1,085,980</u>	<u>-</u>	<u>77,683</u>	<u>47,340,386</u>		
EXPENDITURES								
General support	3,849,578	-	-	-	-	-	-	3,849,578
Instruction	19,119,674	3,827,758	-	-	-	-	-	22,947,432
Pupil transportation	2,044,910	69,846	-	-	-	-	-	2,114,756
School food program	-	-	857,073	-	-	-	-	857,073
Employee benefits	10,004,025	-	251,764	-	-	-	-	10,255,789
Debt service	-	-	-	-	-	-	-	
Principal	-	-	-	-	-	1,555,000	-	1,555,000
Interest	-	-	-	-	-	1,326,924	-	1,326,924
Capital outlay	1,563,816	-	-	2,450,614	-	-	-	4,014,430
Total expenditures	<u>36,582,003</u>	<u>3,897,604</u>	<u>1,108,837</u>	<u>2,450,614</u>	<u>2,881,924</u>	<u>46,920,982</u>		
Excess (deficiency) of revenues over expenditures	<u>6,436,921</u>	<u>(739,805)</u>	<u>(22,857)</u>	<u>(2,450,614)</u>	<u>(2,804,241)</u>	<u>419,404</u>		
OTHER FINANCING SOURCES AND USES								
Interfund transfers	<u>(6,692,444)</u>	<u>739,805</u>	<u>20,714</u>	<u>4,450,000</u>	<u>1,481,925</u>	<u>-</u>		
Total other sources (uses)	<u>(6,692,444)</u>	<u>739,805</u>	<u>20,714</u>	<u>4,450,000</u>	<u>1,481,925</u>	<u>-</u>		
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	<u>(255,523)</u>	<u>-</u>	<u>(2,143)</u>	<u>1,999,386</u>	<u>(1,322,316)</u>	<u>419,404</u>		
Fund balance- beginning of year	<u>24,744,034</u>	<u>-</u>	<u>52,045</u>	<u>33,322</u>	<u>2,352,670</u>	<u>27,182,071</u>		
Fund balance - end of year	<u>\$ 24,488,511</u>	<u>\$ -</u>	<u>\$ 49,902</u>	<u>\$ 2,032,708</u>	<u>\$ 1,030,354</u>	<u>\$ 27,601,475</u>		

See notes to basic financial statements

SOLVAY UNION FREE SCHOOL DISTRICT
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities
For the Year Ended June 30, 2025

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 15,450,879	\$ -	\$ -	\$ -	\$ 15,450,879
Other real property tax items	1,815,466	-	-	-	1,815,466
Nonproperty taxes	60,212	-	-	-	60,212
Charges for services	474,222	-	-	-	474,222
Use of money and property	1,152,804	-	-	-	1,152,804
Sale of property and compensation for loss	5,698	-	(1,594)	-	4,104
State sources	25,187,039	-	-	-	25,187,039
Federal sources	2,554,446	-	-	-	2,554,446
Sales - school food programs	32,149	-	-	-	32,149
Miscellaneous	607,471	-	-	-	607,471
Total revenues	47,340,386	-	(1,594)	-	47,338,792
EXPENDITURES/EXPENSES					
General support	3,849,578	-	1,529,381	(172,402)	5,206,557
Instruction	22,947,432	-	261,255	(919,475)	22,289,212
Pupil transportation	2,114,756	-	440,408	(57,467)	2,497,697
School food programs	857,073	-	-	-	857,073
Employee benefits	10,255,789	(429,376)	-	229,226	10,055,639
Debt service	2,881,924	-	-	(1,493,901)	1,388,023
Capital outlay	4,014,430	-	(4,014,430)	-	-
Total expenditures/expenses	46,920,982	(429,376)	(1,783,386)	(2,414,019)	42,294,201
Excess (deficiency) of revenues over expenditures/expenses	419,404	429,376	1,781,792	2,414,019	5,044,591
Net change for the year	<u>\$ 419,404</u>	<u>\$ 429,376</u>	<u>\$ 1,781,792</u>	<u>\$ 2,414,019</u>	<u>\$ 5,044,591</u>

See notes to basic financial statements

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 – Summary of certain significant accounting policies

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

A) Reporting entity:

The Solvay Union Free School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education (Board) consisting of 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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

i) Extraclassroom Activities Fund

The extraclassroom activities fund of the District represent the funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activities fund is 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 activities fund can be found at the District’s business office. The District accounts for assets held for various student organizations in the general fund.

B) Joint venture:

The District is a component district in Onondaga-Cortland-Madison BOCES (OCMBOCES). There are 23 participating school districts, including Solvay, in OCMBOCES. The participation in OCMBOCES is accounted for as a joint venture by the District since it has both an ongoing financial interest and an ongoing financial responsibility to OCMBOCES. The District has an ongoing financial interest since OCMBOCES pays surpluses to the component districts on an annual basis, although the District has no equity interest in OCMBOCES. The District does not control the financial or operating policies of

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 – Summary of certain significant accounting policies (continued)

B) Joint venture (continued):

OCMBOCES; however, it has an ongoing financial responsibility since the continued existence of OCMBOCES depends on continued funding from the participating school districts.

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

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

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 \$3,425,982 for OCMBOCES administrative and program costs and the District's share of OCMBOCES aid amounted to \$1,136,581.

Financial statements for the OCMBOCES are available from the OCMBOCES administrative office. As of June 30, 2024 (the most recent available audited financial statements), OCMBOCES has a total net position (deficit) of \$(188,853,718).

The District contracts with OCMBOCES whereby the contracts convey control of the right to use the underlying assets in the contracts for a period of time in an exchange like transaction. These contracts at inception have terms ranging from 4 to 5 years and are for technology and other equipment. These contracts are not significant to these financial statements and are recognized as an outflow of resources in accordance with the terms and conditions of the contracts.

A) Basis of presentation:

i) District-wide statements:

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

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

A) Basis of presentation (continued):

ii) District-wide statements (continued):

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

iii) Fund financial statements:

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

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

General Fund: This is the District's primary operating fund. It accounts for all financial transactions except those required to be accounted for in another fund.

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

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

ii) Fund financial statements (continued):

The Special Revenue Funds classified as major are:

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

School Food Service Fund: used to account for transactions of lunch, breakfast, and milk programs.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

The District reports the following non-major governmental funds:

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

A) Measurement focus and basis of accounting:

Measurement focus describes what type of information is reported and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available resources (e.g. compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

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

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

A) Measurement focus and basis of accounting (continued):

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liabilities, subscription liabilities, claims and judgments, compensated absences, pensions, and other post-employment benefits, which are recognized as expenditures to the extent they have matured. General capital asset, intangible lease asset, and intangible subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases and subscriptions with terms greater than one year are reported as other financing sources.

B) Real Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2024. Taxes were collected during the period September 1, 2024 to October 31, 2024. Uncollected real property taxes are subsequently enforced by Onondaga County (the County), in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

C) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net resources 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 to Financial Statements.

D) Interfund transactions:

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different funds. Eliminations have been made for all interfund receivables and payables between the 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 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

E) Estimates:

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

F) Cash, Cash Equivalents, and Investments:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value, based on quoted market prices.

G) Cash, Cash Equivalents, and Investments (continued):

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

H) Accounts Receivable:

Receivables 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) Inventories and prepaid items:

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

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 and balance sheet using the consumption method. A current asset for the

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

J) Inventories and prepaid items (continued):

prepaid amount is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

K) Other assets/restricted assets

In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as expense in the period incurred.

L) Capital assets:

Capital assets acquisitions are reported at historical costs. Donated assets are reported at estimated fair market value at the time received. Land and construction in progress are not depreciated.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$10,000	Straight Line	50 years
Machinery and equipment	\$ 5,000	Straight Line	5-10 years

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, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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 asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

N) Deferred outflows and inflows of resources (continued):

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

O) Pension Obligations:

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

Plan Description and Benefits Provided:

Teachers' Retirement System (TRS)

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

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

O) Pension Obligations (continued):

Employees' Retirement System (ERS)

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS.

Employees' Retirement System (ERS) (continued)

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

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

	NYSTRS	NYSERS
2024-2025	\$ 1,639,128	\$ 524,258
2023-2024	1,610,371	426,689
2022-2023	1,445,966	323,929

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2025 was \$1,639,128 for the TRS at the contribution rate of 10.11% and \$524,258 for the ERS at an average contribution rate of 12.39%. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

SOLVAY UNION FREE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

O) Pension Obligations (continued):

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

At June 30, 2025, the District reported the following asset/ (liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of

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

Measurement Date	ERS	TRS
	4/1/2025	6/30/2024
District's proportionate share of the net pension asset/(liability)	\$ (1,794,404)	\$ 2,319,742
District's portion of the Plan's net pension asset/(liability)	0.0104656%	0.077500%
Change in proportion since the prior measurement date	\$ (122,824)	\$ 3,187,268

For the year ended June 30, 2025, the District recognized is proportionate share of pension expense of \$379,741 for ERS and \$1,219,357 for TRS. At June 30, 2025, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources		Deferred Inflow of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 445,383	\$ 2,497,936	\$ 21,009	\$ -
Changes of assumptions	75,254	1,387,676	-	233,420
Net difference between projected and actual earnings on pension plan investments	140,784	-	-	2,577,431
Changes in proportion and differences between the District's contributions and proportionate share of contributions	51,860	27,825	107,098	222,089
District's contribution subsequent to the measurement date	-	1,639,128	-	-
Total	\$ 713,281	\$ 5,552,565	\$ 128,107	\$ 3,032,940

SOLVAY UNION FREE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

O) Pension Obligations (continued):

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2026 for ERS and June 30, 2025 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	ERS	TRS
2025	\$ -	\$ (1,244,488)
2026	292,552	2,804,620
2027	450,891	(513,157)
2028	(163,888)	(559,330)
2029	5,619	284,386
Thereafter	-	108,465
	<u>\$ 585,174</u>	<u>\$ 880,496</u>

Actuarial Assumptions

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

	ERS	TRS
	March 31, 2025	June 30, 2024
Measurement date		
Actuarial valuation date	April 1, 2024	June 30, 2023
Inflation	2.90%	2.40%
Salary increases	4.30%	1.95%-5.18%
Investment rate of return (net of) investment expenses, including inflat	5.90%	6.95%
Cost of living adjustments	1.50%	1.30%

For ERS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 system's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

O) Pension Obligations (continued):

For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2020. For TRS, assumptions were computed by the TRS' Office of the Actuary and adopted by the TRS' Retirement Board in October, 2021. The actuarial assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS' annual Actuarial Valuation Report.

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

For ERS, the long-term 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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Type	ERS		TRS	
	Target	Long-term expected	Target	Long-term expected
	Allocation 2025	Real rate of return 2025	Allocation 2024	Real rate of return 2024
Domestic equity	25%	3.54%	32%	4.00%
International equity	14%	6.57%	15%	6.65%
Private equity	15%	7.25%	10%	7.25%
Real estate	12%	4.95%	9%	4.60%
Opportunistic/ARS portfolio	3%	5.25%	3%	5.25%
Credit	4%	5.40%	4%	5.40%
Real assets	4%	5.55%	3%	5.79%
Fixed Income	22%	2.00%	23%	1.50%
Cash	1%	0.25%	1%	0.25%
	<hr/> 100%	<hr/> 100%		

The real rate of return are net of the long-term inflation assumption of 2.9% for ERS and 2.4% for TRS.

SOLVAY UNION FREE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

O) Pension Obligations (continued):

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes the 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 the 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 asset/(liability).

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

The following represents the District's proportionate share of the net pension asset/(liability) as of June 30, 2025 calculated using the discount rate of 5.90% of ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

	ERS	1%	Current	1%
		Decrease (4.90%)	Assumption (5.90%)	Increase (6.90%)
District's proportionate share of the net pension asset (liability)		\$ (5,193,232)	\$ (1,794,404)	\$ 1,043,619
TRS		1%	Current	1%
		Decrease (5.95%)	Assumption (6.95%)	Increase (7.95%)
District's proportionate share of the net pension asset (liability)		\$ (10,715,024)	\$ 2,319,742	\$ 13,282,330

Changes of Assumptions

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$166,868 of employer contributions. Employee contributions are remitted monthly.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

O) Pension Obligations (continued):

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the system in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2025 amounted to \$1,592,111 of employer contributions and \$232,540 of employee contributions.

P) Unearned credits

The District reports unearned credits on its statement of net position and its balance sheet. On the statement of net position, unearned credits arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned credits is removed and revenue is recorded.

Q) Employee benefits – Compensated Absences

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

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

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

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

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

In the fund statements, a liability is reported only for payment due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

R) Other benefits:

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

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

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

In addition to providing these benefits, the District provides individual, family, or surviving spouse post-employment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognized the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of post-employment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with the criteria set forth by GASB.

S) Short-term debt:

The District may issue revenue anticipation notes (RAN) and tax anticipation notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. BANs that are replaced with long-term financing or renewed subsequent to the year-end but before the issuance of the financial statements are treated as long-term liabilities, as these notes will not require the use of working capital during that period. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

T) Accrued liabilities and long-term obligations:

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

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

U) Equity classifications:

District-wide statements:

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

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

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

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

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Food Service Fund of \$37,030.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

U) Equity classifications (continued):

Capital Reserve

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

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund must be for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.

Workers' Compensation

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

Retirement Contributions & Teacher's 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 operation 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.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

U) Equity classifications (continued):

Tax Certiorari Reserve

According to Education Law §3651.1-a, funds must be used to establish a reserve fund for tax certiorari judgment and claims and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve that are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is primarily composed of proceedings beginning in July 2020. This reserve is accounted for in the general fund.

Unemployment Insurance Reserve

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

Insurance Reserve

According to General Municipal Law §6-n, all expenditures made from the insurance reserve fund must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is not limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the general fund.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

U) Equity classifications (continued):

Restricted fund balance includes the following:

Description	
Teacher's Retirement Contribution Reserve	\$ 1,890,621
Workers' Compensation Reserve	2,000,000
Unemployment Insurance Reserve	400,000
Reserve for Employee Benefit Accrual Liability	3,000,000
Reserve for Retirement Contributions	3,000,000
Reserve for Insurance	1,000,000
Reserve for Tax Certiorari	1,200,000
Reserve for Capital Projects	<u>4,050,000</u>
	<u><u>\$ 16,540,621</u></u>

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 committed fund balance of \$93,448 in the General Fund for Extraclassroom Activities as of June 30, 2025.

Assigned – includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the general fund are classified as assigned fund balance. Encumbrances reported in the general fund amounted to \$140,269. Assigned fund balance in the General fund amounted to \$2,140,269. Any remaining fund balance in other funds is considered assigned. The school food service fund also reports assigned fund balance of \$12,872, the capital projects fund reports assigned fund balance of \$119,946 and debt service fund reports assigned fund balance of \$1,030,354.

As of June 30, 2025, the District's General Fund encumbrances were classified as follows:

General support	\$ 74,455
Instruction	57,926
Pupil transportation	<u>7,888</u>
	<u><u>\$ 140,269</u></u>

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

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

U) Equity classifications (continued):

New York State Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances, and amounts reserved for insurance recoveries are also excluded from the 4% limitation. For the year ended June 30, 2025, the balance of the District's unassigned fund in the General Fund exceeds the 4% limitation. See Supplemental Schedule #5 for more information.

Net Position/Fund Balance

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

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

Order of Use of Fund Balance: In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

V) New accounting standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2025, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has not been used, but not yet paid in cash or settled through noncash means. This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 1 - Summary of Certain Significant Accounting Policies (continued)

V) New accounting standards (continued)

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

W) Future changes in accounting standards

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

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending June 30, 2026. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale.

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

Note 2 - Explanation of Certain Differences Between Fund Statements and District-Wide Statements

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

A) Total fund balances of governmental funds versus net position of governmental activities:

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

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

Differences between the funds' Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. This reconciliation is performed on page 17.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 2 - Explanation of Certain Differences Between Fund Statements and District-Wide Statements (continued)

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

iv) Pension differences:

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

v) OPEB differences

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

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 3 – Stewardship, Compliance and Accountability

The District administration prepares a proposed budget for approval by the Board of Education, which in turn is either approved or disapproved by eligible voters in the District. The voters of the District approved the proposed appropriation budget for the general fund on May 21, 2024.

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. Appropriation authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriations of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP. The general fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2025. Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrances

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

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

Note 4 – Cash and Cash Equivalents – Custodial credit, concentration of credit, interest rate, and foreign currency risks

Cash, cash equivalents, and investments

Total financial institution bank balances at year-end, per the bank, were \$29,678,878. These deposits are insured or collateralized with securities held by the financial institution in the District's name.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 4 – Cash and Cash Equivalents – Custodial credit, concentration of credit, interest rate, and foreign currency risks (continued)

Cash, cash equivalents, and investments (continued)

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$16,540,621 restricted for various fund balances reserves in the general fund, \$44,191 restricted for grant programs in the special aid fund, \$4,083,868 restricted for the voter-approved capital project in the capital projects fund and \$1,022,001 restricted for debt service payments in the debt service fund.

Deposits

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

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investing activity is the responsibility of the Business Administrator of the District. The District has \$3,807,950 of money market funds as of June 30, 2025, which are considered cash and cash equivalents for financial reporting purposes.

Interest Rate Risk

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

Credit Risk

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

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

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 4 – Cash and Cash Equivalents – Custodial credit, concentration of credit, interest rate, and foreign currency risks (continued)

Custodial Credit Risk

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

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

External Investment Pool: The District participates in an external investment pool, the New York Cooperative Liquid Assets Securities System (NYCLASS). NYCLASS was established in September 1989, as a cooperative investment arrangement organized under the NYCLASS Municipal Cooperation Agreement made pursuant to New York General Municipal Law, Article 3A and 5-G. NYCLASS is available for investment by any New York State Municipal Corporation or District. NYCLASS operates like a money market mutual fund with shares valued at \$1.00. NYCLASS is administered by an elected governing board of up to fifteen members. A board member must be either a participant's chief fiscal officer, other designated officer, or employee of the participant who has knowledge and expertise in financial matters. The board invests cooperative funds only in securities that are legal for public funds investment in New York.

The board limits these investments to repurchase agreements collateralized 102% with U.S. Treasury securities and agency securities backed by the full faith and credit of the U.S. Government, U.S. Treasury bills and notes, obligations of the State of New York, collateralized bank deposits, and other U.S. government guaranteed obligations. NYCLASS measures its investments at fair value in accordance with GASB standards. NYCLASS reports the amortized cost of investments to participants, which approximates fair value. NYCLASS is rated by S&P Global Ratings and the current rating is AAAM, whereby AAAM is defined as extremely strong capacity to maintain principal stability and limit exposure to principal losses due to credit market and/or liquidity risks. As of June 30, 2025, the District's investment in NYCLASS totaled \$16,536,244, which are included in unrestricted and restricted cash. Financial statements, independently audited, of NYCLASS are available from NYCLASS at www.newyorkclass.org.

SOLVAY UNION FREE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 5 - Capital Assets

Capital asset balances for the year ended June 30 are as follows:

Governmental activities:	Beginning	Reclassifications/		Ending
	Balance	Additions	Deletions	
Capital assets that are not depreciated:				
Land	\$ 247,500	\$ -	\$ -	\$ 247,500
Construction in progress	29,400	2,381,660	(29,400)	2,381,660
Total nondepreciable	276,900	2,381,660	(29,400)	2,629,160
Capital assets that are depreciated:				
Buildings and improvements	84,786,065	99,775	-	84,885,840
Land improvements	470,497	-	-	470,497
Machinery and equipment	3,372,390	194,216	(34,646)	3,531,960
Vehicles	4,753,360	1,368,179	(658,098)	5,463,441
Total depreciable assets	93,382,312	1,662,170	(692,744)	94,351,738
Less accumulated depreciation:				
Buildings and improvements	(25,252,049)	(1,574,392)	-	(26,826,441)
Land improvements	(470,497)	-	-	(470,497)
Machinery and equipment	(2,626,542)	(119,516)	33,052	(2,713,006)
Vehicles	(2,962,416)	(537,136)	658,098	(2,841,454)
Total accumulated depreciation	(31,311,504)	(2,231,044)	691,150	(32,851,398)
Total depreciated assets, net	\$ 62,347,708	\$ 1,812,786	\$ (30,994)	\$ 64,129,500
Depreciation expense was charged to governmental functions as follows:				
General support		\$ 1,529,381		
Instruction		261,255		
Pupil transportation		440,408		
		\$ 2,231,044		

Note 6 - Long-Term Obligations

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

SOLVAY UNION FREE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 6 - Long-Term Obligations (continued)

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government Activities					
Bonds payable	\$ 28,638,448	\$ -	\$ 1,702,321	\$ 26,936,127	\$ 1,692,321
Other Obligations					
Net pension liability	2,539,106	-	744,702	1,794,404	-
Other postemployment benefits payable	68,644,005	(28,454,317)	1,303,811	38,885,877	154,467
Workers compensation	626,462	229,226	-	855,688	-
Compensated absences	714,754	214,369	-	929,123	-
Total Long-term Obligations	<u>\$ 101,162,775</u>	<u>\$(28,010,722)</u>	<u>\$ 3,750,834</u>	<u>\$ 69,401,219</u>	<u>\$ 1,846,788</u>

The general fund has typically been used to liquidate long-term liabilities. Additions and reductions to compensated absences are shown net.

Bonds payable is comprised of the following:

Payable from/ Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Serial Bonds 2016	6/15/2016	\$ 2,235,000	6/15/2030	2.00-5.00%	980,000
Serial Bonds 2018	6/7/2018	\$ 4,565,000	6/15/2034	3.375-5.00%	2,765,000
Revenue Bonds 2022	6/15/2022	\$ 21,115,000	6/15/2049	4.25-5.00%	18,850,000
Revenue Bonds 2024	6/18/2024	\$ 2,315,000	6/15/2040	5.00%	2,250,000
Serial Bonds 2016-Premium	6/15/2016	\$ 463,234	6/15/2030	2.00-5.00%	165,441
Serial Bonds 2018-Premium	6/7/2018	\$ 655,556	6/15/2034	3.375-5.00%	368,751
Revenue Bonds 2022-Premium	6/15/2022	\$ 1,488,560	6/15/2049	4.25-5.00%	1,316,804
Revenue Bonds 2024-Premium	6/18/2024	\$ 256,140	6/15/2040	5.00%	<u>240,131</u>
					<u>\$ 26,936,127</u>

SOLVAY UNION FREE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 6 - Long-Term Obligations (continued)

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

Fiscal year ended June 30,	Principal	Interest	Total
2026	\$ 1,692,321	\$ 1,217,256	\$ 2,909,577
2027	1,767,322	1,141,806	2,909,128
2028	1,842,322	1,060,806	2,903,128
2029	1,932,322	976,056	2,908,378
2030	2,027,321	886,806	2,914,127
2031-2035	8,880,196	3,106,000	11,986,196
2036-2040	4,721,303	1,312,375	6,033,678
2041-2045	2,126,262	626,563	2,752,825
2046-2050	1,946,758	192,525	2,139,283
Totals	\$ 26,936,127	\$ 10,520,193	\$ 37,456,320

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

Interest Paid	\$ 1,326,924
Less interest accrued in the prior year	(56,668)
Plus interest accrued in the current year	50,719
Less amortization of premiums/discounts	(147,321)
Interest Expense	\$ 1,173,654

Note 7 – Interfund Transactions – Governmental Funds

Interfund transactions and balances are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 2,683,812	\$ 27,880	\$ -	\$ 6,692,444
Special Aid Fund	-	335,383	739,805	-
School Food Service Fund	20,714	786,320	20,714	-
Debt Service Fund	7,166	-	2,881,924	1,399,999
Capital Projects Fund	-	1,562,109	4,450,000	-
	\$ 2,711,692	\$ 2,711,692	\$ 8,092,443	\$ 8,092,443

Interfund receivables and payables are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 7 – Interfund Transactions – Governmental Funds (continued)

During 2024-2025, the general fund transferred \$739,805 to the special aid fund for the District's share of the special education summer school programs its students attended as well as the District's share of employee benefits for special aid grant funds. The general fund also made a transfer of \$2,881,924 to the debt service fund for the current year bond principal and interest payments made. The general fund made a transfer of \$20,714 to the school food service fund for cash flow constraints. The general fund also made a transfer of \$3,050,000 to the capital projects fund and debt service transferred \$1,399,999 for funding of the ongoing capital project.

Note 8 – Pension Plans

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. See Note 1 – Summary of Significant Accounting Policies for further plan details.

Note 9 – Unrestricted Net Position

Unrestricted net position in the general fund consists of the following at June 30, 2025:

Designated for subsequent year's expenditures	\$ 2,000,000
Reserve for encumbrances	140,269
Unreserved	<u>5,714,173</u>
Total unrestricted net position	<u>\$ 7,854,442</u>

Note 10 – Post-Employment Benefits Obligation Payable

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

Funding Policy: The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 3 to 15 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2025, approximately \$1,940,000 was paid on behalf of 173 retirees.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 10 – Post-Employment Benefits Obligation Payable (continued)

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

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

Retirees and Survivors	223
Active employees	305
	<u>528</u>

Net OPEB Liability: The District's total OPEB liability was measured as of June 30, 2025; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2024. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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

Inflation	2.4% (Based on CPI)
Salary Increases	Varied by years of service and retirement system
Discount Rate	5.20% (Bond Buyer GO 20-Bond Municipal Bond Index)
Healthcare Cost Trend Rates	
Medical	6.6% for 2025 decrease to an ultimate rate of 3.80% by 2073
Part B Reimbursement	6.0% for 2025 decrease to an ultimate rate of 3.80% by 2090

Mortality rates were based on PubT-2010 Headcount-Weighted mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement.

Retirement participation rate assumed that 85% of eligible Teachers and Instructional Administrators and 75% of participants other than Teachers and Instructional Administrators will elect medical coverage at retirement age, and 48% of active member's spouses will elect medical coverage. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System for female employees. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement. The discount rate was based on the Bond Buyer general Obligation 20-Bond Municipal Index.

SOLVAY UNION FREE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 10 – Post-Employment Benefits Obligation Payable (continued)

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

Balance at June 30, 2024	\$ 68,644,005
<u>Changes for the Year</u>	
Service cost	1,796,894
Interest on total OPEB liability	2,742,954
Effect of demographic gains or losses	(24,812,189)
Effect of assumptions changes or inputs	(8,181,976)
Benefit payments	<u>(1,303,811)</u>
Net Changes	<u>(29,758,128)</u>
Balance at June 30, 2025	<u><u>\$ 38,885,877</u></u>

Changes of benefit terms reflect changes in assumptions and other inputs, including a change in the discount rate from 3.93% in 2024 to 5.20% in 2025. In addition, a change in actuarial methodology to reflect a cost share based on actual premiums versus an integrated premium that is used to develop underlying gross claims.

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 (4.20%) or 1 percentage point higher (6.20%) than the current discount rate.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u><u>\$ 45,170,058</u></u>	<u><u>\$ 38,885,877</u></u>	<u><u>\$ 33,820,918</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u><u>\$ 32,923,334</u></u>	<u><u>\$ 38,885,877</u></u>	<u><u>\$ 46,559,154</u></u>

SOLVAY UNION FREE SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 10 – Post-Employment Benefits Obligation Payable (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2025, the District recognized OPEB expense of \$154,467 At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,699,423	\$ (28,595,357)
Changes of assumptions or other inputs	<u>7,518,789</u>	<u>(17,904,445)</u>
	<u><u>\$ 11,218,212</u></u>	<u><u>\$ (46,499,802)</u></u>

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

Year Ended June 30,	Amount
2026	\$ (4,401,270)
2027	(5,071,470)
2028	(6,751,236)
2029	(5,977,282)
2030	(3,558,438)
Thereafter	<u>(9,521,894)</u>
	<u><u>\$ (35,281,590)</u></u>

Note 11 – Risk Management

General:

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.

Self-Insured Plans:

Workers' Compensation Insurance

The District incurs costs related to the Onondaga-Cortland-Madison BOCES Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to Withdrawal must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 11 – Risk Management (continued)

Plan membership is currently comprised of thirty-one districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments shall be charged to a participant other than the annual assessment.

However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance to limit its exposure for claims paid. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2025, the District incurred premiums or contribution expenditures totaling \$148,607. The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2025. The District's outstanding case reserves at June 30, 2025 approximated \$855,688.

Health Insurance

The District incurs costs related to an employee health insurance plan (plan). The plan objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the plan must remain a member for a minimum of five years; a member may withdraw from the plan after that time by providing written intent to withdraw on or before January 1st of the commencement of the school year for which the withdrawal is intended to be effective.

In the event of a withdrawal, the consortium may determine any sums which are due and owed to the plan or participant. The Cooperative Health Insurance Fund of Central New York consortium has twenty-eight (28) members with each bearing a pro-rata share of the plan's assets and claims liabilities. Plan members are subject to a pro-rata supplemental assessment in the event of deficiencies.

If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. All plan cash accounts are collateralized by securities held by the financial institution where deposits are made. The plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount.

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 11 – Risk Management (continued)

Such claims are based on the ultimate cost of the claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. The District incurred premiums totaling approximately \$6,215,000 for the current year. Payments of claims and claim adjustment expenses are pooled for the group and each member's premiums are adjusted accordingly.

Note 12 – Commitments and Contingent Liabilities

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial. New York State Education Law requires that most capital projects require approval by the New York Office of Facilities Planning. New York State provides building aid for certain types of capital projects undertaken by school districts. Building aid is subject to numerous reporting requirements. The failure to adhere to these reporting requirements could lead to the refund of building aid already received and the loss of future aid on these particular projects. Building aid represents a significant source of financing for the District's financing of such projects and any loss or refund of building aid could have a significant impact on these financial statements.

The majority of the District's employees are covered by several collective bargaining units. These agreements have various expiration dates in the near future. The District funds changes to these agreements through future appropriations.

Note 13 – Subsequent Events

Management has evaluated subsequent events through September 15, 2025, which is the date the financial statements were available to be issued.

SOLVAY UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedules of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability	\$ 38,885,877	\$ 68,644,005	\$ 67,952,396	\$ 58,118,241	\$ 70,630,466	\$ 76,752,878	\$ 58,717,170	\$ 51,816,393
Service Cost	\$ 1,796,894	\$ 3,070,535	\$ 2,858,613	\$ 3,594,495	\$ 3,179,505	\$ 2,775,464	\$ 2,861,409	\$ 2,138,005
Interest	2,742,954	2,561,026	2,129,706	1,587,672	1,751,215	2,126,600	1,619,723	1,522,883
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(24,812,189)	-	4,302,354	-	(16,361,290)	-	5,683,593	341,609
Changes in assumptions or other inputs	(8,181,976)	(3,208,756)	2,189,128	(16,243,394)	6,699,582	14,611,608	(1,879,654)	-
Benefit payments	(1,303,811)	(1,731,196)	(1,645,646)	(1,450,998)	(1,391,424)	(1,477,964)	(1,384,294)	(1,609,881)
Net change in total OPEB liability	(29,758,128)	691,609	9,834,155	(12,512,225)	(6,122,412)	18,035,708	6,900,777	2,392,616
Total OPEB liability- beginning	68,644,005	67,952,396	58,118,241	70,630,466	76,752,878	58,717,170	51,816,393	49,423,777
Total OPEB liability- ending	\$ 38,885,877	\$ 68,644,005	\$ 67,952,396	\$ 58,118,241	\$ 70,630,466	\$ 76,752,878	\$ 58,717,170	\$ 51,816,393
Covered employee payroll	\$ 16,514,239	\$ 15,649,560	\$ 15,649,560	\$ 14,416,199	\$ 14,416,199	\$ 13,406,822	\$ 13,406,822	\$ 13,958,034
Total OPEB liability as a percentage of covered payroll	235%	439%	434%	403%	490%	572%	438%	371%

Note:

The District does not have net assets accumulated in a trust that meets certain criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB liabilities. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you go basis.

See paragraph on required supplementary information included in the auditor's report.

SOLVAY UNION FREE SCHOOL DISTRICT
Required Supplementary Information - Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual
REVENUES					
Local sources					
Real property taxes	\$ 15,060,000	\$ 15,060,000	\$ 15,450,879		\$ 390,879
Other tax items	2,210,000	2,210,000	1,815,466		(394,534)
Nonproperty taxes	35,000	35,000	60,212		25,212
Charges for services	310,000	313,593	474,222		160,629
Use of money and property	425,000	425,000	1,074,928		649,928
Sale of property and compensation for loss	1,000	1,000	980		(20)
Miscellaneous	189,000	214,648	612,189		397,541
Total local sources	<u>18,230,000</u>	<u>18,259,241</u>	<u>19,488,876</u>		<u>1,229,635</u>
State sources	23,610,000	23,610,000	23,418,039		(191,961)
Appropriated fund balance	2,000,000	4,950,000	-		(4,950,000)
Federal sources	75,000	75,000	112,009		37,009
Total revenues and other sources	<u>\$ 43,915,000</u>	<u>\$ 46,894,241</u>	<u>\$ 43,018,924</u>		<u>\$ (3,875,317)</u>
EXPENDITURES					
General support					
Board of education	21,000	21,953	19,121	-	(2,832)
Central administration	499,000	504,403	486,191	500	(17,712)
Finance	505,000	529,969	446,484	23,250	(60,235)
Staff	178,000	178,000	116,427	-	(61,573)
Central services	2,837,000	2,992,013	2,695,829	50,705	(245,479)
Special items	380,000	383,500	373,659	-	(9,841)
Total general support	<u>4,420,000</u>	<u>4,609,838</u>	<u>4,137,711</u>	<u>74,455</u>	<u>(397,672)</u>
Instruction					
Instruction, administration and improvement	1,928,500	1,960,392	1,755,286	3,452	(201,654)
Teaching - regular school	10,770,000	10,790,922	9,888,072	447	(902,403)
Programs for students with disabilities	4,519,500	4,402,662	3,793,501	-	(609,161)
Occupational education	400,000	400,000	383,509	-	(16,491)
Teaching - special schools	5,000	5,000	489	-	(4,511)
Instructional media	1,377,500	1,478,989	1,359,525	10,556	(108,908)
Pupil services	2,203,000	2,258,729	1,939,292	43,471	(275,966)
Total instruction	<u>21,203,500</u>	<u>21,296,694</u>	<u>19,119,674</u>	<u>57,926</u>	<u>(2,119,094)</u>
Pupil transportation	3,281,500	3,791,455	3,320,593	7,888	(462,974)
Employee benefits	<u>11,520,000</u>	<u>11,520,000</u>	<u>10,004,026</u>	<u>-</u>	<u>(1,515,974)</u>
Total expenditures	<u>40,425,000</u>	<u>41,217,987</u>	<u>36,582,004</u>	<u>140,269</u>	<u>(4,495,714)</u>
OTHER FINANCING USES					
Transfer to other funds	3,490,000	6,440,000	6,692,443	-	252,443
Total expenditures and other uses	<u>\$ 43,915,000</u>	<u>\$ 47,657,987</u>	<u>\$ 43,274,447</u>	<u>\$ 140,269</u>	<u>\$ (4,243,271)</u>
Net change in fund balance			(255,523)		
Fund balance - beginning			24,744,034		
Fund balance - ending			<u>\$ 24,488,511</u>		

Note To Required Supplementary Information

Budget Basis of Accounting

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

See paragraph on required supplementary information included in the auditor's report.

SOLVAY UNION FREE SCHOOL DISTRICT
Schedule of District Contributions
For the Fiscal Years Ended June 30,

Teachers' Retirement System										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,639,128	\$ 1,610,371	\$ 1,445,966	\$ 1,280,707	\$ 1,181,245	\$ 1,402,201	\$ 1,299,308	\$ 1,147,753	\$ 1,320,050	\$ 1,590,279
Contributions in relation to the contractually required contribution	<u>1,639,128</u>	<u>1,610,371</u>	<u>1,445,966</u>	<u>1,280,707</u>	<u>1,181,245</u>	<u>1,402,201</u>	<u>1,299,308</u>	<u>1,147,753</u>	<u>1,320,050</u>	<u>1,590,279</u>
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered payroll	\$ 16,212,938	\$ 16,499,703	\$ 14,052,148	\$ 13,068,439	\$ 12,395,016	\$ 15,826,196	\$ 12,234,539	\$ 11,711,765	\$ 11,263,225	\$ 11,171,750
Contributions as a percentage of covered payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	14.23%
Employees' Retirement System										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 524,258	\$ 426,689	\$ 323,929	\$ 440,161	\$ 467,443	\$ 388,717	\$ 439,066	\$ 390,621	\$ 384,544	\$ 408,204
Contributions in relation to the contractually required contribution	<u>524,258</u>	<u>426,689</u>	<u>323,929</u>	<u>440,161</u>	<u>467,443</u>	<u>388,717</u>	<u>439,066</u>	<u>390,621</u>	<u>384,544</u>	<u>408,204</u>
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered payroll	\$ 4,232,579	\$ 3,851,233	\$ 3,740,297	\$ 3,361,410	\$ 3,671,908	\$ 3,434,310	\$ 3,291,813	\$ 1,695,057	\$ 2,930,792	\$ 2,738,274
Contributions as a percentage of covered payroll	12.39%	11.08%	8.66%	13.09%	12.73%	11.32%	13.34%	23.04%	13.12%	14.91%

See paragraph on required supplementary information included in the auditor's report.

SOLVAY UNION FREE SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Asset (Liability)
For the Fiscal Years Ended June 30,

<i>Teachers' Retirement System</i>										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset (liability)		0.077750%	0.075860%	0.075258%	0.071927%	0.071674%	0.073297%	0.071900%	0.071076%	0.072398%
District's proportionate share of the net pension asset (liability)	\$ 2,319,742	\$ (867,526)	\$ (1,444,121)	\$ 12,464,208	\$ (1,980,536)	\$ 1,904,273	\$ 1,300,149	\$ 540,249	\$ (775,413)	\$ 9,066,710
District's covered payroll	\$ 16,212,938	\$ 16,499,703	\$ 14,052,148	\$ 13,068,439	\$ 12,395,016	\$ 15,826,196	\$ 12,234,539	\$ 11,711,765	\$ 11,263,225	\$ 11,171,750
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll		14%	-5%	-10%	95%	-16%	12%	11%	5%	-7%
Plan fiduciary net position as a percentage of the total pension liability		102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%
<i>Employees' Retirement System</i>										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset (liability)		0.0104656%	0.0113527%	0.0115976%	0.0111873%	0.0115959%	0.0117023%	0.0113664%	0.0109471%	0.0106021%
District's proportionate share of the net pension asset (liability)	\$ (1,794,404)	\$ (1,671,580)	\$ (2,486,998)	\$ 914,515	\$ (11,546)	\$ (3,098,841)	\$ (805,345)	\$ (353,312)	\$ (989,497)	\$ (1,701,662)
District's covered payroll	\$ 4,232,579	\$ 3,851,233	\$ 3,740,297	\$ 3,361,410	\$ 3,671,908	\$ 3,434,310	\$ 3,291,813	\$ 1,695,057	\$ 2,930,792	\$ 2,738,274
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll		42%	43%	66%	-27%	0%	90%	24%	21%	34%
Plan fiduciary net position as a percentage of the total pension liability		93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%
										90.70%

See paragraph on required supplementary information included in the auditor's report.

SOLVAY UNION FREE SCHOOL DISTRICT
Schedule of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2025

CHANGE FROM ADOPTED TO REVISED BUDGET

Adopted budget	\$ 43,915,000
Add prior year's encumbrances	<u>763,745</u>
Original budget	44,678,745
Budget revision:	<u>2,979,242</u>
Revised budget	<u><u>\$ 47,657,987</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-26 voter-approved expenditure budget maximum allowed (4% of 2025-26 budget)	45,545,000
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General fund fund balance subject to Section 1318 of Real Property Tax Law*:

Unrestricted fund balance:	
Assigned fund balance	2,140,269
Committed fund balance	93,448
Unassigned fund balance	<u>5,714,173</u>
Total unrestricted fund balance	<u>7,947,890</u>
Less:	
Appropriated fund balance	2,000,000
Committed fund balance for extraclassroom activities	93,448
Encumbrances included in committed and assigned fund balance	<u>140,269</u>
Total adjustments	<u>2,233,717</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 5,714,173</u></u>
Actual percentage	12.55%

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

See paragraph on other information included in auditor's report.

SOLVAY UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures - Capital Projects Fund
For the Year Ended June 30, 2025

PROJECT TITLE	Expenditures						Methods of Financing				Fund Balance	
	Original Budget	Revised Budget	Prior Years	Current Year	Transfers	Total	Unexpended Balance	Proceeds of Obligations	State Sources	Local Sources	Total	6/30/25
2016 Construction Project	\$ 6,600,000	\$ 6,600,000	\$ 6,218,425	\$ 152,524	\$ -	\$ 6,370,949	\$ 229,051	\$ 5,400,000	\$ -	\$ 1,000,000	\$ 6,400,000	\$ 29,051
2018 Capital Project (voter approved 11/28/17)	28,200,000	28,200,000	29,895,650	699,697	-	30,595,347	(2,395,347)	28,776,698	-	2,401,519	31,178,217	582,870
SSBA	1,132,813	1,132,813	1,089,506	-	-	1,089,506	43,307	-	1,089,506	-	1,089,506	-
SMS Chiller Emergency Project	2,000,000	2,000,000	30,820	1,313,008	-	1,343,828	656,172	-	-	2,000,000	2,000,000	656,172
2024 Construction Project	5,250,000	5,250,000	-	185,610	-	185,610	5,064,390	-	-	950,000	950,000	764,390
Capital Outlay 24/25	100,000	100,000	-	99,775	-	99,775	225	-	-	100,000	100,000	225
Total projects	\$ 43,282,813	\$ 43,282,813	\$ 37,234,401	\$ 2,450,614	\$ -	\$ 39,685,015	\$ 3,597,798	\$ 34,176,698	\$ 1,089,506	\$ 6,451,519	\$ 41,717,723	\$ 2,032,708

See paragraph on other information included in auditor's report.

SOLVAY UNION FREE SCHOOL DISTRICT
Net Investment in Capital Assets
For the Year Ended June 30, 2025

Capital assets, net	\$ 64,129,500
Deduct:	
Short-term portion of bonds payable	1,692,321
Long-term portion of bonds payable	<u>25,243,806</u>
	<u>26,936,127</u>
Net investment in capital assets	<u>\$ 37,193,373</u>

See paragraph on other information included in the auditor's report.

**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***

INDEPENDENT AUDITOR'S REPORT

Board of Education
Solvay Union Free School District
Solvay, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Solvay Union Free School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Solvay Union Free School District's basic financial statements, and have issued our report thereon dated September 15, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Grossman St Amour CPAs

Syracuse, New York
September 15, 2025



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Education
Solvay Union Free School District
Solvay, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Solvay Union Free School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Solvay Union Free School District's major federal programs for the year ended June 30, 2025. The Solvay Union Free School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Solvay Union Free School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Solvay Union Free School District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Solvay Union Free School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance



Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Solvay Union Free School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Solvay Union Free School District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Solvay Union Free School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Solvay Union Free School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Solvay Union Free School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Solvay Union Free School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control

over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grossman St Amour CPAs

Syracuse, New York

September 15, 2025

SOLVAY UNION FREE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Current Year Expenditures</u>
U.S. Department of Education				
Passed through New York State Department of Education: (Grantor's No. 420702030000)				
Special Education Cluster:				
Special Education - Grants to States	84.027A	0032-25-0646		\$ 401,383
Special Education - Preschool Grants	84.173A	0033-25-0646		<u>11,563</u>
Total Special Education Cluster				<u>412,946</u>
Title I				
Title I Grants to Local Educational Agencies (Title I, A)	84.010A	0021-24-2120		496,549
School Improvement Grant (Title I)	84.010A	0011-25-2700		94,663
School Improvement Grant (Title I)	84.010A	0011-24-2700		<u>15,457</u>
Total Title I				<u>606,669</u>
Education Stabilization Funds:				
American Rescue Plan (ARP) Elementary and Secondary Emergency Relief (ESSER) 3	84.425U	5880-21-2120		152,117
American Rescue Plan (ARP) and Secondary Emergency Relief - Homeless Children and Youth	84.425W	5218-21-2120		5,922
American Rescue Plan (ARP) and Secondary Emergency Relief - Homeless Children and Youth II	84.425W	5219-21-2120		<u>2,881</u>
Total Education Stabilization Funds				<u>160,920</u>
English Language Acquisition Grants (Title III, A)	84.365A	0293-25-2120		15,154
English Language Acquisition Grants (Title III, A)	84.365A	0293-24-2120		5,711
Twenty-First Century Community Learning Centers	84.287C	0187-25-8140		154,861
Improving Teacher Quality State Grants (Title II, A)	84.367A	0147-25-2120		51,955
Student Support and Academic Enrichment (Title IV, A)	84.424A	0204-25-2120		32,088
Student Support and Academic Enrichment (Title IV, A)	84.424A	0204-24-2120		<u>5,661</u>
Total U.S. Department of Education				<u>1,445,965</u>
U.S. Department of Agriculture				
Passed through New York State Department of Education (Grantor's No. 420702030000)				
Child Nutrition Cluster:				
School Breakfast Program	10.553			220,781
National School Lunch Program (cash assistance)	10.555			704,640
National School Lunch Program (non-cash assistance)	10.555			62,819
Summer Food Service Program for Children	10.559			<u>8,232</u>
Total Child Nutrition Cluster				<u>996,472</u>
Total U.S. Department of Agriculture				<u>996,472</u>
Total Expenditures of Federal Awards				<u>\$ 2,442,437</u>

SOLVAY UNION FREE SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Solvay Union Free School District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. CFDA numbers and pass-through numbers are provided, when available.

2. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of Solvay Union Free School District's federal award programs and presents transactions that are included in the financial statements of the District presented on the modified accrual basis of accounting, as required by accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data provided. Solvay Union Free School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Food Distribution

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted approximately \$62,800 of commodities under the National School Lunch Program (CFDA 10.555).

SOLVAY UNION FREE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the year ended June 30, 2025

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued: *unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

Type of auditor's opinion(s) issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

<i>Name of Federal Program or Cluster</i>	<i>CFDA Number(s)</i>
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Child Nutrition Cluster	10.553, 10.555, 10.559
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk? Yes No

SOLVAY UNION FREE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the year ended June 30, 2025

Section II. Financial Statement Findings

None reported

Section III. Federal Award Findings and Questioned Costs

None reported

SOLVAY UNION FREE SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings
For the year ended June 30, 2025

Section IV. Status of Prior Audit Findings and Recommendations

There were no findings in the fiscal year ended June 30, 2024