

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

AUDIT REPORTING PACKAGE

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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2025 REPORTING PACKAGE

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CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

***WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS***

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

2025 FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
Cuba-Rushford Central School District
Cuba, New York**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of **Cuba-Rushford Central School District** as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise **Cuba-Rushford Central School District's** basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 7 to the financial statements, during the current year the District adopted new accounting standard, GASB Statement No. 101, Compensated Absences, which resulted in a prior period adjustment. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the **Cuba-Rushford Central School District's** June 30, 2024 financial statements, and our report dated October 10, 2024, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-9) and budgetary comparison information (pages 34-35) schedule of changes in District's net OPEB liability and related ratios (page 41), schedule of District contributions – OPEB (page 42), schedule of the District contributions for defined benefit pension plans (page 43) and the schedule of the District's proportionate share of the net pension asset/liability (page 44) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Cuba-Rushford Central School District's** basic financial statements. The accompanying combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, 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 October 8, 2025, on our consideration of the **Cuba-Rushford Central School District's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Cuba-Rushford Central School District's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Cuba-Rushford Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
October 8, 2025

I. Discussion and Analysis

The following is a discussion and analysis of the *Cuba-Rushford Central School District's* financial performance for the year ended June 30, 2025. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is 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 follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the *Cuba-Rushford Central School District* during the fiscal year ended June 30, 2025:

- Overall net position from operations of the District decreased during the current year in the amount of \$652,000 as compared to an increase of \$909,000 during the prior fiscal year.
- The District's total revenue decreased 5% from \$27,998,000 for the year ended June 30, 2024 to \$26,571,000 for the year ended June 30, 2025. During the current year, the District had decreases in pandemic related grant funding.
- The District's total expenses increased approximately 0% from \$27,089,000 during the year ended June 30, 2024 to \$27,223,000 during the year ended June 30, 2025. This increase was primarily the result of increases in other post-employment benefit (OPEB) expense related to actuarial updates, along with increases special education costs. These increases were partially offset by a decrease in BOCES expense, along with pension expense due to actuarial updates.
- The District's had capital outlays during the current year in the amount of approximately \$1,909,000, which was primarily related to the costs associated with the District's capital projects, bus purchases, equipment and right-to-use technology equipment.

III. 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 *Cuba-Rushford Central School District*.

**III. Overview of the Financial Statements
(continued)**

A. Reporting the School District as a Whole (District-wide Financial Statements):

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 10) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – 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 non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (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. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. 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 the balances left at year-end that are available for spending. Consequently the governmental funds

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (Fund Financial Statements) (continued):

1. Governmental Funds (continued)

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 at the bottom of the governmental funds statements explains the relationship (or differences) between them.

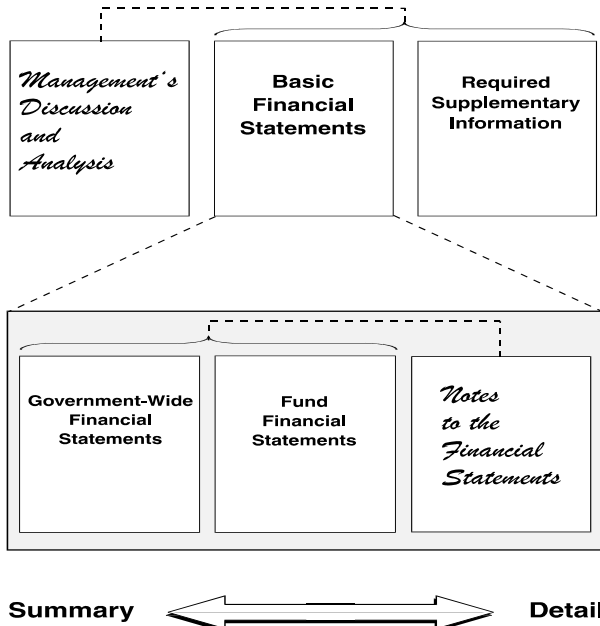
2. Fiduciary Funds

The District do not have activities that qualify for reporting as a fiduciary fund.

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

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Funds used to account for resources held for the benefit of parties outside the District
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital or right-to-use assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital and right-to-use assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole (continued)

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 0% to \$27,223,000. The District's expenses cover a range of services, with 71% related to instruction and 19% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities decreased 5% while total expenses increased 0%. The District's total net position decreased from operations approximately \$652,000 during the fiscal year ended June 30, 2025.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$26,571,000 for the fiscal year ended June 30, 2025. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 25% of the District's total revenue for governmental activities increased approximately 3% during the year ended June 30, 2025 related to an increase in tax levy.
- The District's most significant revenue is state sources which represent \$16,656,000 or 62% of total governmental revenue. The District's state sources increased 1%, primarily related to an increase in state aid.
- During the year ended June 30, 2025, the District saw a decrease in program revenue in the amount of \$1,956,000. This decrease was primarily related to operating grants and contributions decreased approximately \$1,938,000 as compared with the prior year revenue, and charges for services decreased \$18,000. The decrease in operating grants and contributions was related to a decrease in Pandemic related Federal grants.

IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$31,287,000. The components of net position include: net investment in capital and right to use assets, of \$24,987,000; restricted net position of \$5,250,000; and unrestricted net position of \$1,050,000 as of June 30, 2025.

Changes in Net Position

The District's total government-wide revenue decreased by 5% to \$26,571,000. Approximately 25%, 7% and 62% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 6% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$27,223,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$211,000 or 4% as a result of increases in salaries and BOCES expenses, along with an increase in OPEB expense resulting from actuarial update. These increases were partially offset by a decrease in pension expense related to actuarial updates.
- The District's instruction costs decreased by approximately \$100,000 or 1%, which was primarily the result of a decrease in pension expense related to actuarial updates, along with a decrease in BOCES expenses. These decreases were partially offset by increases in special education costs, along with an increase in OPEB expense related to an actuarial update.
- Debt service of the District increased during the year ended June 30, 2025 as compared with the prior year related to an increase in interest expense.
- Transportation costs of the District decreased 5% or \$84,000 during the year ended June 30, 2025 primarily related to a decrease in salaries and contractual costs, along with a decrease in pension expense related to actuarial updates. These decreases were partially offset by increases in OPEB expense and BOCES expenses.
- The District's cost of sales (food service fund) totaled \$657,000 during the current year as compared to \$656,000 during the fiscal year ended June 30, 2024. This increase was related to an increase in food costs which were partially offset by decreases in salaries and equipment purchases.
- The District received approximately \$2,087,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$25.1 million) were financed by real property taxes and state aid.

Figure A-3 – Condensed Statement of Net Position

<i>Cuba-Rushford Central School District Condensed Statement of Net Position (in thousands of dollars)</i>			
	Governmental Activities and Total District-wide		
	2025	2024	% Change
Assets			
Current and other assets	\$ 20,531	\$ 15,820	30%
Capital and right-to-use assets	35,998	36,386	-1%
Total assets	56,529	52,206	8%
Deferred Outflows of Resources			
Deferred outflows - pensions and OPEB	5,750	5,707	1%
Deferred outflows of resources and assets	\$ 62,279	\$ 57,913	8%
Liabilities			
Other liabilities	\$ 6,620	\$ 1,867	254%
Long-term liabilities	21,658	21,000	3%
Total liabilities	28,278	22,867	24%
Deferred Inflows of Resources			
Deferred inflows - pensions and OPEB	2,714	2,301	18%
Deferred inflows of resources and liabilities	30,992	25,168	23%
Net Position			
Net investment in capital and right-to-use assets	24,987	24,526	2%
Restricted	5,250	5,260	0%
Unrestricted	1,050	2,959	-65%
Total net position	31,287	32,745	-4%
Total liabilities, deferred inflows of resources and net position	\$ 62,279	\$ 57,913	8%

Figure A-4 – Changes in Net Position

<i>Cuba-Rushford Central School District Changes in Net Position from Operating Results (in thousands of Dollars)</i>			
	Governmental Activities and Total District-wide		
	2025	2024	% Change
Revenue			
Program revenue			
Charges for services	\$ 209	\$ 227	-8%
Operating grants and contributions	1,878	3,816	-51%
General revenue			
Real property taxes	6,542	6,322	3%
Use of money & property	545	426	28%
Sale of property & comp for loss	7	54	-87%
State sources	16,656	16,471	1%
Federal sources	166	153	8%
Miscellaneous	568	529	7%
Total revenue	26,571	27,998	-5%
Expenses			
General support	5,085	4,874	4%
Instruction	19,339	19,439	-1%
Transportation	1,581	1,665	-5%
Debt service - interest	561	455	23%
Cost of sales	657	656	0%
Total expenses	27,223	27,089	0%
Change in net position	\$ (652)	\$ 909	

Figure A-5 – Sources of Revenue

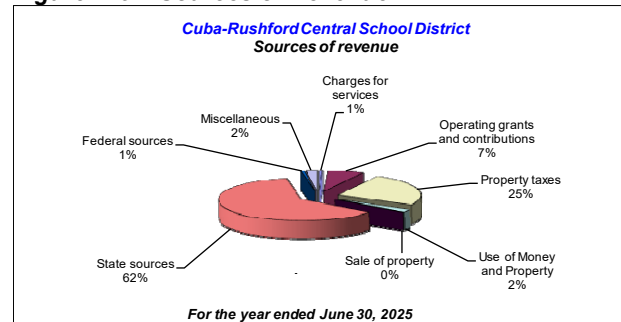


Figure A-6 – Expenses

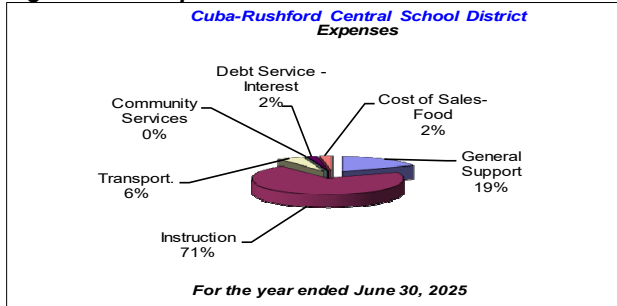


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District			
	2025		2024	
Expenditures supported with general revenue (from taxes & other sources)	\$ 25,136	92%	\$ 23,046	85%
Expenditures supported with program revenue	2,087	8%	4,043	15%
Total expenditures related to governmental activities	\$ 27,223	100%	\$ 27,089	100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2025	2024	Change	2025	2024	Change
General support	\$ 5,085	\$ 4,874	\$ 211	\$ 5,085	\$ 4,874	\$ 211
Instruction	19,339	19,439	(100)	17,993	16,119	1,874
Transportation	1,581	1,665	(84)	1,562	1,665	(103)
Debt service - interest	561	455	106	561	455	106
Cost of sales - food	657	656	1	(65)	(67)	2
Total	\$ 27,223	\$ 27,089	\$ 134	\$ 25,136	\$ 23,046	\$ 2,090

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds.

V. Financial Analysis of the School District's Funds

Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund expenditures and other uses exceeded revenue and other sources by approximately \$946,000.
- The District's general fund unassigned fund balance equated to approximately \$3,788,000 as of June 30, 2025.
- The District maintained many fund balance reserves during the year ended June 30, 2025, and had a total restricted fund balance of approximately \$4,321,000.
- The District's total assets decreased approximately \$1,426,000 as of June 30, 2025 primarily due to a decrease in cash. The District's liabilities decreased approximately \$481,000, related to a decrease in due to other funds which was partially offset by an increase in accounts payable.
- Total revenue in the District's general fund increased \$406,000, which was primarily related to an increase in State aid and taxes. Total expenditures in the District's general fund increased \$1,108,000 as a result of increases in special education costs and health insurance costs. These increases were partially offset by a decrease in operating transfer out and BOCES expenditures.

Food Service Fund

- The District's food service fund experienced a \$65,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$723,000 during 2025 as compared with \$722,000 in 2024. Expenditures decreased approximately \$21,000. The decrease in expenses were related to a decrease in salaries and equipment purchases.

Special Aid Fund

- The District's special aid fund revenue and expenditures decreased approximately \$1,959,000 primarily related to a decrease in Pandemic related Federal grants.

Capital Projects Fund

- The District had expenditures of approximately \$904,000 in capital projects during the year ended June 30, 2025, which was primarily related to costs associated with the 2023 capital improvement project, bus purchase, capital outlay project, emergency project and energy project.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$1,410,000 below the revised budget. The most significant positive variances were in the area of instruction and employee benefits which totaled approximately \$531,000 and \$795,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$780,000 above the final budgeted amount. Significant positive variances existed in local sources and State sources which totaled approximately \$331,000 and \$454,000, above that budgeted.

Figure A-9 – Budget vs. Actual Comparison

<i>Cuba-Rushford Central School District</i>				
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>				
	Revised Budget	Actual	Difference	%
Revenue				
Local sources	\$ 7,238	\$ 7,569	\$ 331	5%
State sources	15,974	16,428	454	3%
Federal sources	200	166	(34)	-17%
Other sources	-	29	29	n/a
Total revenue	\$ 23,412	\$ 24,192	\$ 780	3%
Expenditures				
General support	\$ 3,971	\$ 4,103	\$ (132)	-3%
Instruction	13,183	12,652	531	4%
Transportation	1,452	1,240	212	15%
Employee benefits	5,972	5,177	795	13%
Debt service	1,810	1,837	(27)	-2%
Operating transfers	160	129	31	19%
Total expenditures	\$ 26,548	\$ 25,138	\$ 1,410	5%

VII. Capital and Right-to-Use Assets and Debt Administration

Capital and Right-to-Use Assets

As depicted in Figure A-10, as of June 30, 2025, the District had invested approximately \$35,998,000 in a broad range of capital and right-to-use assets, including reconstruction projects and other equipment. Capital additions made during the year ended June 30, 2025, totaled approximately \$1,909,000 and consisted primarily of costs associated with the District's capital projects, bus purchases, equipment purchases and right-to-use technology equipment. More detailed information about the District's capital assets is presented in the notes of the financial statements.

VII. Capital and Right-to-Use Assets and Debt Administration (continued)

Long-term Debt

As depicted in Figure A-11, as of June 30, 2025, the District had approximately \$21,659,000 in bonds, lease, net pension liabilities, retirement incentive, compensated absences and other post-employment benefits, an increase of approximately 3% as compared with the previous year. The change in bonds payable was a result of the District making regularly scheduled principal payments on existing bonds. Other post-employment benefit liability increased during the current year resulting from an actuarial update. The District's net pension liability to NYS Employees' Retirement System increased and NYS Teacher's Retirement System decreased in the current year as the result of actuarial updates. NYS TRS was reported as a net pension asset in the current year. Finally, compensated absences increased as a result of implementing GASB 101.

Figure A-10 – Capital and Right-to-Use Assets

<i>Cuba-Rushford Central School District</i>			
<i>Capital and Right-to-use Assets (net of depreciation/amortization)</i>			
	Governmental Activities & Total District-wide		
	2025	2024	Change
Land	\$ 132,268	\$ 132,268	0%
Buildings	48,699,847	48,440,521	1%
Construction in progress	4,552,603	3,897,255	17%
Equipment	11,597,471	11,023,929	5%
Accumulated depreciation/amortization	(28,983,791)	(27,107,484)	7%
Total Capital and Right-to-Use Assets, net	\$ 35,998,398	\$ 36,386,489	-1%

Figure A-11 – Outstanding Long-term Debt

<i>Cuba-Rushford Central School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2025	2024	Change
Bonds payable	\$ 11,669,426	\$ 12,797,178	-9%
Net pension liabilities	1,162,867	1,589,506	-27%
Lease liability	-	28,391	-100%
Other post-employment benefits	7,513,068	6,189,524	21%
Compensated absences	1,313,262	394,288	233%
Total Long-Term Debt	\$ 21,658,623	\$ 20,998,887	3%

VIII. Factors Bearing on the District's Future

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

- The District remains uncertain as to the level of Federal and State funding in the upcoming years.
- The Rockefeller Institute conducted a study to assess the State's Foundation Aid educational funding formula which was published in December 2024. Although, minimal adjustments to the foundation aid formula were made to 2025-26 aid, any modifications to the formula in the future could have an impact on future state aid that is distributed to the District.

IX. Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Cuba-Rushford Central School District
Attention: Administrative Office
5476 Route 305
Cuba, New York 14727

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

Schedule 1

Page 10

	<u>2025</u>	<u>2024</u>
Assets		
Cash		
Unrestricted	\$ 4,669,523	\$ 4,024,565
Restricted	5,250,043	5,259,625
Receivables		
State and federal aid	1,303,084	3,292,736
Other receivables	37,192	62,360
Due from other governments	2,036,469	2,028,040
Inventories	14,966	18,344
Net pension asset - NYS Teachers' Retirement System	1,174,457	-
Cash to be used towards capital projects	6,045,564	1,133,435
Capital and right-to-use assets, net	35,998,398	36,386,489
Total assets	<u>56,529,696</u>	<u>52,205,594</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	3,384,036	4,058,895
Deferred outflows related to OPEB	2,365,602	1,648,188
Total assets and deferred outflows of resources	<u>\$ 62,279,334</u>	<u>\$ 57,912,677</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 504,840	\$ 593,521
Accrued liabilities	190,156	206,523
Accrued interest	21,000	21,000
Due to other governments	1,870	2,384
Due to retirement systems	998,553	930,228
Unearned revenue	23,488	113,786
Bond anticipation notes payable	4,880,000	-
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,020,000	975,000
Lease liability	-	28,391
Portion due or payable after one year		
Bonds payable	10,649,426	11,822,178
Net pension liability - NYS Employees' Retirement System	1,162,867	1,135,594
Net pension liability - NYS Teachers' Retirement System	-	453,912
Other post-employment benefits	7,513,068	6,189,524
Compensated absences	1,313,262	394,288
Total liabilities	<u>28,278,530</u>	<u>22,866,329</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	1,600,387	895,840
Deferred inflows related to OPEB	1,113,750	1,405,272
Total liabilities and deferred inflows of resources	<u>30,992,667</u>	<u>25,167,441</u>
Net Position		
Net investment in capital and right-to-use assets	24,986,855	24,526,071
Restricted	5,250,043	5,259,625
Unrestricted	1,049,769	2,959,540
Total net position	<u>31,286,667</u>	<u>32,745,236</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 62,279,334</u>	<u>\$ 57,912,677</u>

See accompanying independent auditor's report and notes to financial statements.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 2

Page 11

	Expenses	Indirect Expenses Allocation	Program Revenues		2025 Net (Expense) Revenue and Changes in Net Position	2024 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
Functions/Programs						
General support	\$ 4,803,392	\$ 281,926	\$ -	\$ -	\$ (5,085,318)	\$ (4,873,724)
Instruction	17,705,681	1,632,381	152,412	1,192,887	(17,992,763)	(16,118,052)
Pupil transportation	1,198,321	382,594	-	18,437	(1,562,478)	(1,665,479)
Debt service	560,954	-	-	-	(560,954)	(455,019)
Food service program	657,333	-	56,282	666,406	65,355	66,833
Depreciation/amortization	2,296,901	(2,296,901)	-	-	-	-
Total functions and programs	<u>\$ 27,222,582</u>	<u>\$ -</u>	<u>\$ 208,694</u>	<u>\$ 1,877,730</u>	<u>(25,136,158)</u>	<u>(23,045,441)</u>
General Revenues						
Real property taxes					6,541,678	6,321,569
Use of money and property					544,711	426,072
Sale of property and compensation for gain (loss)					7,213	53,918
Miscellaneous					567,860	527,778
State sources					16,656,283	16,471,413
Federal sources					165,936	153,442
Total general revenues					<u>24,483,681</u>	<u>23,954,192</u>
Change in net position					(652,477)	908,751
Net position - beginning of year					32,745,236	31,836,485
Prior period adjustment					(806,092)	-
Net position - end of year					<u>\$ 31,286,667</u>	<u>\$ 32,745,236</u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2025

Schedule 3

Page 12

	Governmental Funds							2025	2024
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total	
Assets									
Unrestricted cash	\$ 2,796,038	\$ 1,894,377	\$ 529,160	\$ -	\$ -	\$ 69,926	\$ 5,289,501	\$ 4,730,980	
Restricted cash	4,321,465	-	-	303,380	6,045,564	5,220	10,675,629	5,686,645	
Due from other funds	2,789,687	237,740	-	55,584	193,093	-	3,276,104	4,921,827	
State and federal aid receivable	572,731	682,770	47,583	-	-	-	1,303,084	3,292,736	
Other receivables	37,192	-	-	-	-	-	37,192	62,360	
Due from other governments	2,036,469	-	-	-	-	-	2,036,469	2,028,040	
Inventories	-	-	14,966	-	-	-	14,966	18,344	
Total assets	<u>\$ 12,553,582</u>	<u>\$ 2,814,887</u>	<u>\$ 591,709</u>	<u>\$ 358,964</u>	<u>\$ 6,238,657</u>	<u>\$ 75,146</u>	<u>\$ 22,632,945</u>	<u>\$ 20,740,932</u>	
Liabilities and Fund Equity									
Liabilities									
Accounts payable	\$ 447,452	\$ 22,686	\$ 35	\$ -	\$ 34,667	\$ -	\$ 504,840	\$ 593,521	
Accrued liabilities	189,142	-	1,014	-	-	-	190,156	206,523	
Bond anticipation notes payable	-	-	-	-	4,880,000	-	4,880,000	-	
Due to other funds	193,093	2,787,871	210,472	29,084	55,584	-	3,276,104	4,921,827	
Unearned revenue	-	4,300	2,143	-	17,045	-	23,488	113,786	
Due to other governments	-	-	299	-	-	1,571	1,870	2,384	
Due to Teachers' Retirement System	909,648	30	-	-	-	-	909,678	843,563	
Due to Employees' Retirement System	88,875	-	-	-	-	-	88,875	86,665	
Total liabilities	<u>1,828,210</u>	<u>2,814,887</u>	<u>213,963</u>	<u>29,084</u>	<u>4,987,296</u>	<u>1,571</u>	<u>9,875,011</u>	<u>6,768,269</u>	
Fund Equity									
Nonspendable	-	-	14,966	-	-	-	14,966	18,344	
Restricted	4,321,465	-	-	329,880	593,478	5,220	5,250,043	5,259,625	
Committed	-	-	-	-	-	68,355	68,355	57,049	
Assigned	2,615,941	-	362,780	-	657,883	-	3,636,604	4,239,257	
Unassigned	3,787,966	-	-	-	-	-	3,787,966	4,398,388	
Total fund equity	<u>10,725,372</u>	<u>-</u>	<u>377,746</u>	<u>329,880</u>	<u>1,251,361</u>	<u>73,575</u>	<u>12,757,934</u>	<u>13,972,663</u>	
Total liabilities and fund equity	<u>\$ 12,553,582</u>	<u>\$ 2,814,887</u>	<u>\$ 591,709</u>	<u>\$ 358,964</u>	<u>\$ 6,238,657</u>	<u>\$ 75,146</u>	<u>\$ 22,632,945</u>	<u>\$ 20,740,932</u>	

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 4

Page 13

	Governmental Funds						2025	2024
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Revenue								
Real property taxes	\$ 6,541,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,541,678	\$ 6,321,569
Charges for services	152,412	-	-	-	-	-	152,412	160,144
Use of money and property	534,727	-	11,882	4,507	5,477	-	556,593	435,301
Sale of property compensation for loss	7,213	-	-	-	-	-	7,213	10,427
Miscellaneous	333,278	-	-	98,294	-	136,288	567,860	528,677
State sources	16,428,202	614,354	89,610	-	228,081	-	17,360,247	16,900,428
Federal sources	165,936	738,736	548,568	-	-	-	1,453,240	3,648,729
Surplus food	-	-	28,228	-	-	-	28,228	43,117
Sales (school food service)	-	-	44,400	-	-	-	44,400	56,869
Total revenue	24,163,446	1,353,090	722,688	102,801	233,558	136,288	26,711,871	28,105,261
Expenditures								
General support	4,102,776	-	219,308	-	-	-	4,322,084	4,209,248
Instruction	12,651,992	1,192,887	-	-	-	-	13,844,879	14,779,471
Pupil transportation	1,239,772	18,437	-	-	153,010	-	1,411,219	1,174,627
Employee benefits	5,176,839	141,766	141,952	-	-	-	5,460,557	4,747,483
Debt service								
Principal	1,123,390	-	-	-	-	-	1,123,390	1,042,141
Interest	713,707	-	-	-	-	-	713,707	678,035
Capital outlay	-	-	-	-	751,359	-	751,359	1,976,574
Cost of sales	-	-	264,714	-	-	-	264,714	243,707
Other expenses	-	-	31,359	-	-	123,332	154,691	196,078
Total expenditures	25,008,476	1,353,090	657,333	-	904,369	123,332	28,046,600	29,047,364
Excess (deficiency) of revenue over expenditures	(845,030)	-	65,355	102,801	(670,811)	12,956	(1,334,729)	(942,103)
Other sources and uses								
BANS redeemed from appropriations	-	-	-	-	120,000	-	120,000	-
Operating transfers in	29,084	-	-	-	129,020	-	158,104	1,080,985
Operating transfers out	(129,020)	-	-	(29,084)	-	-	(158,104)	(1,080,985)
Total other sources (uses)	(99,936)	-	-	(29,084)	249,020	-	120,000	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	(944,966)	-	65,355	73,717	(421,791)	12,956	(1,214,729)	(942,103)
Fund equity, beginning of year	11,670,338	-	312,391	256,163	1,673,152	60,619	13,972,663	14,914,766
Fund equity, end of year	\$ 10,725,372	\$ -	\$ 377,746	\$ 329,880	\$ 1,251,361	\$ 73,575	\$ 12,757,934	\$ 13,972,663

See accompanying independent auditor's report and notes to financial statements.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2025**

Total fund balances - governmental funds \$ 12,757,934

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

Capital and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital and right-to-use assets consist of the following at year-end:

Cost of the assets	\$ 64,982,189	
Accumulated depreciation/amortization	<u>(28,983,791)</u>	35,998,398

District's proportionate share of the net pension assets are reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions.	1,174,457
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Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(21,000)
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Deferred inflows/outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions.	1,783,649
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Deferred inflows/outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds OPEB expense is based on required contributions.	1,251,852
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Bonds payable	(11,669,426)	
Net pension liability - ERS	(1,162,867)	
Other post-employment benefits	(7,513,068)	
Compensated absences	<u>(1,313,262)</u>	<u>(21,658,623)</u>

Total net position - governmental activities \$ 31,286,667

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 15,965,130	\$ -	\$ -	\$ (6,045,564)	\$ 9,919,566
Due from other funds	3,276,104	-	-	(3,276,104)	-
State and federal aid receivable	1,303,084	-	-	-	1,303,084
Other receivables	37,192	-	-	-	37,192
Due from other governments	2,036,469	-	-	-	2,036,469
Inventories	14,966	-	-	-	14,966
Net pension assets	-	1,174,457	-	-	1,174,457
Cash to be used towards capital projects	-	-	-	6,045,564	6,045,564
Capital and right-to-use assets, net	-	35,998,398	-	-	35,998,398
Total assets	22,632,945	37,172,855	-	(3,276,104)	56,529,696
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	3,384,036	-	-	3,384,036
Deferred outflows related to OPEB	-	2,365,602	-	-	2,365,602
Total assets and deferred outflows of resources	\$ 22,632,945	\$ 42,922,493	\$ -	\$ (3,276,104)	\$ 62,279,334
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 504,840	\$ -	\$ -	\$ -	\$ 504,840
Accrued liabilities	190,156	-	-	-	190,156
Accrued interest	-	-	21,000	-	21,000
Due to other funds	3,276,104	-	-	(3,276,104)	-
Unearned revenue	23,488	-	-	-	23,488
Due to other governments	1,870	-	-	-	1,870
Due to retirement systems	998,553	-	-	-	998,553
Bond anticipation notes payable	4,880,000	-	-	-	4,880,000
Bonds payable	-	-	11,669,426	-	11,669,426
Net pension liabilities	-	-	1,162,867	-	1,162,867
Other post-employment benefits	-	-	7,513,068	-	7,513,068
Compensated absences	-	-	1,313,262	-	1,313,262
Total liabilities	9,875,011	-	21,679,623	(3,276,104)	28,278,530
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	1,600,387	-	1,600,387
Deferred inflows related to OPEB	-	-	1,113,750	-	1,113,750
Total liabilities and deferred inflows of resources	9,875,011	-	24,393,760	(3,276,104)	30,992,667
Fund equity and net position					
Total liabilities, deferred inflows of resources and fund equity/net position	12,757,934	42,922,493	(24,393,760)	-	31,286,667
	\$ 22,632,945	\$ 42,922,493	\$ -	\$ (3,276,104)	\$ 62,279,334

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Total net change in fund balances - governmental funds		\$ (1,214,729)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. Activity for the current fiscal year ended was as follows:		
Capital outlays	\$ 1,908,810	
Depreciation/amortization expense	<u>(2,296,901)</u>	(388,091)
Proceeds from the sale of assets are reported as revenue in the governmental funds, whereas in the statement of activities a gain or loss on sale is reported.		
		-
Repayment of bond principal (including refundings), lease principal and bond anticipation notes principal is an expenditure the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		1,123,390
Bond anticipation notes redeemed from appropriations is recorded as other sources in the governmental funds, whereas the repayment reduces short-term liabilities in the statement of net position.		
		(120,000)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. In addition, premiums on bond anticipation notes and on bonds are recognized as revenue in the governmental funds, whereas in the statement of activities, premiums are amortized into interest expense.		
		152,753
District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.		
		221,690
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to the OPEB plan.		
		(314,608)
In the statement of activities, certain operating expenses, compensated absences and special termination benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid). This year, compensated absences changed by this amount.		
		<u>(112,882)</u>
Change in net position of governmental activities		<u>\$ (652,477)</u>

See accompanying independent auditor's report and notes to financial statements.

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Asset and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 6,541,678	\$ -	\$ -	\$ -	\$ 6,541,678
Charges for services	152,412	-	-	(152,412)	-
Use of money and property	556,593	-	-	(11,882)	544,711
Sale of property compensation for loss	7,213	-	-	-	7,213
Miscellaneous	567,860	-	-	-	567,860
State sources	17,360,247	-	-	(703,964)	16,656,283
Federal sources	1,453,240	-	-	(1,287,304)	165,936
Surplus food	28,228	-	-	(28,228)	-
Sales (school food service)	44,400	-	-	(44,400)	-
Total revenue	26,711,871	-	-	(2,228,190)	24,483,681
Expenditures					
General support	4,322,084	273,855	-	489,379	5,085,318
Instruction	13,844,879	973,438	427,490	2,746,956	17,992,763
Pupil transportation	1,411,219	(107,843)	-	259,102	1,562,478
Employee benefits	5,460,557	-	(221,690)	(5,238,867)	-
Debt service	1,837,097	-	(1,276,143)	-	560,954
Capital outlay	751,359	(751,359)	-	-	-
Cost of sales	264,714	-	-	(330,069)	(65,355)
Other expenses	154,691	-	-	(154,691)	-
Total expenditures	28,046,600	388,091	(1,070,343)	(2,228,190)	25,136,158
Excess (deficiency) of revenue over expenditures	(1,334,729)	(388,091)	1,070,343	-	(652,477)
Other sources and uses					
BANs redeemed from appropriations	120,000	-	(120,000)	-	-
Operating transfers in	158,104	-	-	(158,104)	-
Operating transfers out	(158,104)	-	-	158,104	-
Total other sources (uses)	120,000	-	(120,000)	-	-
Net change for year	\$ (1,214,729)	\$ (388,091)	\$ 950,343	\$ -	\$ (652,477)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

The accompanying financial statements of the **Cuba-Rushford Central School District** have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School 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 review of certain entities included in the School District's reporting entity:

1. Extraclassroom Activity Funds

The extraclassroom activity fund of the **Cuba-Rushford Central School District** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds and has adopted the guidance prescribed by the New York State Education Department for safeguarding, accounting and auditing of extraclassroom activity funds. As a result, these funds do not meet the criteria required to be reported as fiduciary funds and are reported in a governmental fund. The cash and investment balances as well as revenues and expenditures are reported in a miscellaneous special revenue fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

The **Cuba-Rushford Central School District** is one of 22 component school districts in the Cattaraugus-Allegany Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Venture (continued)

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year, the District was billed approximately \$4,560,000 for BOCES administration and program costs. The District's share of BOCES aid, refunds and rentals amounted to approximately \$2,695,000 for the year ended June 30, 2025. Financial statements for the Cattaraugus-Allegany BOCES are available at the BOCES administrative offices in Olean, New York.

C. Basis of Presentation

1. District-wide Statements

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants, which are legally restricted to expenditures for specified purposes, whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service - is used to account for all revenue and expenditures pertaining to the cafeteria operations.

Capital Projects - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Debt Service - is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

Miscellaneous Special Revenue - is used to account for and report those revenues that are restricted and committed to expenditures for scholarships and student activities.

Fiduciary Fund Types - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are not included in the District-wide financial statements because their resources do not belong to the District, and are not available to be used. The District does not have any activities that qualify for reporting as a fiduciary.

D. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital and right-to-use asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

F. Inventory

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

G. Investments

Investments are stated at current market value.

H. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2010. For assets acquired to June 30, 2010, estimated historical costs, based on appraisals conducted by independent third-party professionals was used. Donated assets are reported at estimated fair market value at the time received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (continued)

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 as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 2,500	Straight-line	40 years
Land improvements	2,500	Straight-line	25-30 years
Furniture and equipment	2,500	Straight-line	5-20 years
Transportation vehicles	2,500	Straight-line	8 years

I. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represents amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

J. Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick, personal and vacation time. Eligibility and the accumulation of time is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated time through payment upon retirement, termination or death up at rates and subject to limits as specified in employment agreements. In the district-wide financial statements, the District recognizes a liability for compensated absences, including sick and vacation leave, when employees have earned the right to leave and it is more than likely than not that the leave will be used for time off or otherwise paid at retirement. 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. The District has recorded an estimated liability in the District-wide financial statement amounting to \$1,313,262 to recognize the cost of compensated absences.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

K. Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statements of Net Position. This represents the actuarial differences that are deferred and amortized and benefits paid subsequent to measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category. The first 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 and TRS Systems) 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 second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized.

L. Unearned Revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

L. Unearned Revenue (continued)

Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

M. Post-Employment Benefits

In addition to the retirement benefits described in Note 3VA, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. These benefits are provided in lieu of a lump sum payment of compensated absences. The contracts provide the option of converting accumulated sick pay to purchase health care and require various years of service and age limits. The District accrues for future compensated absences in the government-wide financial statements.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the Food Service Fund.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

1. Unemployment Reserve

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. 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 be either transferred to another reserve or the excess applied to the appropriations of the next fiscal year's budget. If the District elects to convert to tax 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 recorded in the General Fund.

2. Reserve for Retirement

The purpose of this reserve is to reserve funds to finance the cost of future retirement contributions. This reserve fund may be established by a majority vote of the board of education. This reserve is recorded in the General Fund.

3. Teachers' Retirement System Reserve

This reserve is used to accumulate funds for TRS contributions and has limits of 2% annually and 10% in total of teacher retirement salaries. This reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

4. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the board of education 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.

5. Insurance Reserve

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law. The reserve may be established by board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

6. Debt Service Reserve

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. This reserve is accounted for in the Debt Service Fund.

7. Capital and Transportation Reserve

These reserves are used to accumulate funds to finance all or a portion of future capital projects and bus purchases for which bonds may be issued. Voter authorization is required for both the establishment of the reserves and payments from the reserves. These reserves are accounted for in the Capital Projects Fund.

8. Liability and Property Loss Reserve

This reserve is used to accumulate funds to pay liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

9. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held by the School District. These monies and earnings must be used for the specific purpose of the original contribution. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

10. Worker's Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations for the next fiscal year's budget. This reserve is accounted for in the General Fund

11. Repair Reserve

This reserve is used to accumulate funds to finance future costs of major repairs to capital improvements or equipment. Voter authorization is required to fund the reserve. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public heard with approval of two-thirds of the Board of Education. The emergency expenditures must be repaid within the next two succeeding years. This reserve is accounted for in the General Fund.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the fund balance of the extraclassroom activities as committed fund balance as of June 30, 2025.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer have been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned (continued)

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances totaled \$10,477 as of June 30, 2025.

2. General Fund

The amount of \$2,605,464 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2026 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

2. Government-wide Financial Statements

A. Net Investment in Capital and Right-to-Use Assets

This designation of net position is used to accumulate the capital and right-to-use asset balance in the statement of net position less accumulated depreciation, amortization and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District did not have any supplemental appropriations during the year ended June 30, 2025.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Budgetary Procedures and Budgetary Accounting (continued)

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

P. Property Taxes

1. Calendar

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

2. Enforcement

Uncollected real property taxes are subsequently enforced by the County, in which the School District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

Q. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Deferred Compensation Plan

Cuba-Rushford Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) - Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

S. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

T. New Accounting Standard

Effective for the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, which provides clarity surrounding the recognition and measurement of compensated absences. Implementing the new standard resulted in a prior period adjustment as described in Note 7.

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

Due to the differences in the measurement focus and basis of accounting used in the 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 Statement of Activities, compared with the current financial resources focus of the governmental funds.

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

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

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

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

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

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

3. Long-term Debt Transaction Differences

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

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

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

4. Pension Differences

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

5. OPEB Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

The *Cuba-Rushford Central School District's* investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits.

The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2025, the District's bank deposits were fully collateralized.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit 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 School Districts.

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

I. Cash (Continued)

- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or

- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2025 per the bank were approximately \$16,030,000. Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 750,000	\$ 15,280,000	\$ -	\$16,030,000

II. Interfund Transactions

Interfund balances as of June 30, 2025 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 2,789,687	\$ 193,093
School Lunch Fund	-	210,472
Special Aid Fund	237,740	2,787,871
Misc. Special Revenue Fund	-	-
Debt Service Fund	55,584	29,084
Capital Projects Fund	193,093	55,584
Total	\$ 3,276,104	\$ 3,276,104

Interfund transactions for the year ended June 30, 2025 are as follows:

	Interfund Revenue	Interfund Expenditures
General Fund	\$ 29,084	\$ 129,020
Capital Projects Fund	129,020	-
School Lunch Fund	-	-
Debt Service Fund	-	29,084
Special Aid Fund	-	-
Total	\$ 158,104	\$ 158,104

During the year ended June 30, 2025, the District transferred \$129,020 from the General Fund to the Capital Projects Fund towards purchase of a bus (\$33,010) and capital outlay project (\$96,010). The District also transferred \$29,084 from the debt service fund to the general fund toward the payment of debt service.

III. Receivables

Receivables at June 30, 2025 are as follows, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

Fund	Description	Amount
Special Aid	State and Federal Aid	\$ 682,770
General	State and Federal Aid	572,731
Food Service	State and Federal Aid	47,583
Capital Projects	State and Federal Aid	-
General	Due from Other Governments	2,036,469
Food Service	Other Receivables	-
General	Other Receivables	37,192
		\$ 3,376,745

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

IV. Capital and Right-to-use Assets

A. Capital Assets

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

	<u>Beginning Balance 06/30/24</u>	<u>Net Additions (Disposals)</u>	<u>Ending Balance 06/30/25</u>
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 132,268	\$ -	\$ 132,268
Construction-in-progress	3,897,255	655,348	4,552,603
Capital assets that are depreciated:			
Buildings and improvements	48,440,521	259,326	48,699,847
Furniture and equipment	<u>8,074,867</u>	<u>625,717</u>	<u>8,700,584</u>
Total historical cost	<u>60,544,911</u>	<u>1,540,391</u>	<u>62,085,302</u>
Less accumulated depreciation:			
Buildings and Improvements	20,475,850	1,176,540	21,652,390
Furniture and equipment	<u>5,667,438</u>	<u>527,899</u>	<u>6,195,337</u>
Total accumulated depreciation	<u>26,143,288</u>	<u>\$ 1,704,439</u>	<u>27,847,727</u>
Total net book value	<u>\$ 34,401,623</u>		<u>\$ 34,237,575</u>

B. Depreciation and Amortization

Depreciation/amortization expense was charged to governmental functions as follows:

General support	\$ 281,926
Instruction	1,632,381
Pupil transportation	382,594
	<u>\$ 2,296,901</u>

C. Right-to-Use Assets

The District reported right-to-use assets net of amortization as of June 30, 2025 and 2024 in the amount of \$1,760,823 and \$1,984,866, respectively. More information related to the right-to-use assets is disclosed in Note 5.

D. Capital Additions

During the fiscal year ended June 30, 2025 the District had capital additions, including right-to-use assets, in the amount of \$1,908,810.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

b. Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL).

Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided
(continued)

b. Employees' Retirement System (ERS)
(continued)

The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

2. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Year</u>	<u>TRS</u>	<u>ERS</u>
2025	\$ 783,000	\$ 347,000
2024	734,000	290,000
2023	754,000	243,000

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 288,631	\$ 1,264,674	\$ 13,615	\$ -
Changes of assumptions	48,768	702,563	-	118,178
Net difference between projected and actual earnings on pension plan investments	91,235	-	-	1,304,922
Changes in proportion and differences between the District's contributions and proportionate share of contributions	102,536	14,159	96,939	66,733
District's contributions subsequent to the measurement date	88,875	782,595	-	-
Total	\$ 620,045	\$ 2,763,991	\$ 110,554	\$ 1,489,833

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions (continued)

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

3. Pension Asset (Liability), Pension Expense, 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.

<u>Measurement date</u>	<u>ERS</u> <u>3/31/2025</u>	<u>TRS</u> <u>6/30/2024</u>
Net pension asset (liability)	\$ (1,162,867)	\$ 1,174,457
District's portion of the Plan's total net Pension asset (liability)	.0067823%	.039364%

For the year ended June 30, 2025, the District's recognized pension expense of \$281,798 for ERS and \$633,775 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.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

	ERS		TRS	
Year ending:				
2026	\$	213,429	\$	(616,206)
2027		307,121		1,425,800
2028		(94,378)		(249,069)
2029		(5,554)		(276,429)
2030		-		147,007
Thereafter		-		60,462

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS		TRS	
Measurement date		3/31/25		6/30/24
Actuarial valuation date		4/1/24		6/30/23
Interest rate		5.9%		6.95%
Salary scale		4.3% average		1.95% - 5.18%
		4/1/15 - 3/31/20		7/1/15 - 6/30/20
		System's		System's
Decrement tables		Experience		Experience
Inflation rate		2.9%		2.4%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

For ERS, the actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2021. For TRS, the actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

Measurement date Asset Type:	ERS	Expected Rate of Return	TRS	Expected Rate of Return
	3/31/25		6/30/23	
Domestic equity	25%	3.54%	33%	6.60%
International equity	14%	6.57%	15%	7.40%
Global equity	-%	-%	4%	6.90%
Private equity	15%	7.25%	9%	10.00%
Real Estate	12%	4.95%	11%	6.30%
Opportunistic/ARS portfolio	3%	5.25%	-%	-%
Credit	4%	5.40%	-%	-%
Real assets	4%	5.55%	-%	-%
Domestic fixed income	-%	-%	16%	2.60%
Global Bonds	-%	-%	2%	2.50%
Real estate debt	-%	-%	6%	3.90%
Private debt	-%	-%	2%	5.90%
High-yield fixed income	-%	-%	1%	4.80%
Fixed Income	22%	2.00%	-%	-%
Cash	1%	.25%	1%	.50%
Total:	<u>100%</u>		<u>100%</u>	

5. Discount Rate

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

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (3,365,483)	\$ (1,162,867)	\$ 676,319
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (5,424,884)	\$ 1,174,457	\$ 6,724,680

7. Pension Plan Fiduciary Net Position

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

Measurement date	(Dollars in Thousands)	
	ERS 3/31/25	TRS 6/30/24
Employers' total pension liability	\$ 247,600,239	\$ 142,837,826
Plan net position	\$ 230,454,512	\$ 145,821,435
Employers' net pension asset (liability)	\$ (17,145,727)	\$ 2,983,609
Ratio of plan net position to be Employers' total pension asset (liability)	93.08%	102.10%

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

8. 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 wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$88,875.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amounted to \$909,678 (employer contribution \$782,595 and employee contributions of \$127,083).

B. Other Post-Employment Benefits

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2025 the plan had total active employees of 152 and retirees of 48.

Total OPEB Liability

The District's total OPEB liability of \$7,513,068 was measured as of July 1, 2024 and was determined by an actuarial valuation as of July 1, 2024.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year Based on NYSERS and NYSTRS valuation as of March 31, 2020 and June 30, 2021, respectively
Salary increases	4.21%
Discount rate	2025 – 7.5% reduced to an ultimate trend rates rate of 4.5% after 2032.
Healthcare cost trend rates	
Retirees' share of benefit-related costs	Varies based on employment contract

The discount rate was based on a yield for 20 year tax-exempt general obligation municipal bonds.

Mortality rates were based on the Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the year ended June 30, 2024.

Changes in the Total OPEB Liability

Service cost	\$ 372,722
Interest	265,927
Change in Benefit Terms	-
Differences between expected and actual experience	993,899
Changes in assumptions	(59,791)
Benefit payments	(249,213)
Net changes	1,323,544
Net OPEB liability – beginning of year	6,189,524
Net OPEB liability – end of year	<u>\$ 7,513,068</u>

Changes in assumptions reflect a change in the discount rate from 4.13% in 2024 to 4.21% in 2025; health insurance trend rate from 8.0% through 4.50% in 2024 to 7.5% through 4.5% in 2025. Mortality rates unchanged based on Scale MP-2021 as of 2025.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21%) or 1 percentage point higher (5.21%) that the current discount rate:

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

	1% Decrease (3.21%)	Current Assumption (4.21%)	1% Increase (5.21%)
Total OPEB liability	<u>\$ 8,278,396</u>	<u>\$ 7,513,068</u>	<u>\$ 6,823,856</u>

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

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

1% Decrease (initial rate of 6.5% decreasing by .5% annually until reaching 3.5%)	Current Assumption (initial rate of 7.5% decreasing by .5% annually until reaching 4.5%)	1% Increase (initial rate of 8.5% decreasing by .5% annually until reaching 5.5%)	
Total OPEB liability	<u>\$ 6,610,159</u>	<u>\$ 7,513,068</u>	<u>\$ 8,585,001</u>

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

For the year ended June 30, 2025, the District recognized OPEB expense in the amount of \$639,481. 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	\$ 1,391,781	\$ 333,543
Benefit payments subsequent to measurement date	324,873	-
Changes in assumptions	648,948	780,207
	<u>\$ 2,365,602</u>	<u>\$ 1,113,750</u>

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
 (CONTINUED)**

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

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

Year ending:	
2026	\$ 74,706
2027	130,385
2028	147,707
2029	107,345
2030	107,350
Thereafter	359,486

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

On July 25, 2024, the District issued bond anticipation notes in the amount of \$5,000,000 related to the 2023 capital improvement project. The notes carried interest at 4.5% and matured on June 27, 2025. On June 26, 2025, the District issued bond anticipation notes in the amount of \$4,880,000. The notes carry interest at 4% and mature on June 26, 2026.

Bond anticipation notes redeemed from appropriations totaled \$120,000 during the year ended June 30, 2025.

b. Short-Term Debt Interest

The District had interest on short-term debt in the amount of \$207,500 the year ended June 30, 2025.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
 (CONTINUED)**

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt

a. Debt Limit

At June 30, 2025, the total indebtedness represents 28% of its debt limit.

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets.

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2025 are summarized as follows:

	<u>Balance June 30, 2025</u>	<u>Balance June 30, 2024</u>	<u>Amounts Due Within One Year</u>
Serial Bonds	\$ 11,669,426	\$ 12,797,178	\$ 1,020,000
Compensated Absences	1,313,262	394,288	-
Net Pension Liabilities	1,162,867	1,589,506	-
Lease Liability	-	28,391	-
Other post-Employment Benefits	7,513,068	6,189,524	-
	<u>\$ 21,658,623</u>	<u>\$ 20,998,887</u>	<u>\$ 1,020,000</u>

During the year, the District made principal payments of \$975,000 on its existing serial bonds. Net premium from existing bonds were amortized in the amount of \$152,752. The net pension liability to the NYS Employees' Retirement System increased \$27,273 and Teacher's Retirement System decreased \$453,912 in the current year related to actuarial updates. TRS was reported as a net pension asset in the current year. The net change in compensated absences was an increase of \$918,974. Other post-employment benefits had an increase of \$1,323,544 related to an actuarial update. For lease liability, the District made principal payments of \$28,391.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity

1. The following is a summary of maturity of serial bonds indebtedness on June 30, 2025.

<u>Description of Issue</u>	<u>Outstanding June 30, 2025</u>
<u>Serial Bonds:</u>	
Building Construction and Reconstruction Bonds, issued June 2017 with maturity date of June 2032; bonds carry interest at 2.00% - 3.00%.	\$ 2,960,000
Plus: unamortized bond premiums	10,881
	<u>\$ 2,970,881</u>

Serial Bonds:

Building Construction and Reconstruction Bonds, issued June 2023 with maturity date of June 2036; bonds carry interest at 5.0%.	\$ 7,830,000
Plus: unamortized bond premiums	868,545
	<u>\$ 8,698,545</u>

2. The following is a summary of maturing debt service requirements:

<u>Year</u>	<u>Serial Bonds – 2017</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 435,000	\$ 77,750
2027	440,000	69,050
2028	450,000	59,150
2029	460,000	47,900
2030	475,000	35,250
2031-2032	700,000	27,300
Total	<u>\$ 2,960,000</u>	<u>\$ 316,400</u>

<u>Year</u>	<u>Serial Bonds – 2023</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 585,000	\$ 391,500
2027	615,000	362,250
2028	645,000	331,500
2029	675,000	299,250
2030	710,000	265,500
2031-2035	4,130,000	757,500
2036	470,000	23,500
Total	<u>\$ 7,830,000</u>	<u>\$ 2,431,000</u>

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

C. Indebtedness (continued)

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$506,207 for the year ended June 30, 2025 related to serial bonds (\$505,400) and lease (\$807).

3. Premiums, Debt Issuance Costs and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs related to the bonds were expensed in accordance with GASB 65.

4. Refunding of long-term debt

In prior years, the District defeased other general obligations and other bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements.

VI. Fund Equity

A. District-wide Net Position

Net position of the District include restricted net position of \$5,250,043 which represent restricted amounts in the general, capital projects, miscellaneous special revenue and debt service funds.

B. Unassigned Fund Balance

Included in unassigned fund balance in the general fund as of June 30, 2025, is a reserve for tax reduction in the amount of \$12,223.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VI. Fund Equity (continued)

C. Classification

The District's fund equity is comprised of various components as presented below:

<u>Category/Fund</u>	<u>Description</u>	<u>Balance June 30, 2025</u>
Nonspendable:		
Food Service	Inventory	\$ 14,966
Restricted:		
General	Reserve for employee benefits	\$ 1,625,365
	Reserve for property loss	15,378
	Insurance reserve	25,730
	Reserve for retirement system credits	1,420,306
	Repair reserve	205,042
	Unemployment reserve	458,033
	Reserve for workers' Compensation	445,080
	Teachers' Retirement System Reserve	126,531
		<u>\$ 4,321,465</u>
Debt Service	Reserve for debt service	\$ 329,880
Miscellaneous Special Revenue	Reserve for endowment scholarships	\$ 5,220
Capital Projects	Transportation reserve	\$ 593,478
Committed:		
Miscellaneous Special Revenue	Extraclassroom fund balance	\$ 68,355
Assigned:		
General	Reserve for encumbrances	\$ 10,477
	Appropriated fund equity	2,605,464
		<u>\$ 2,615,941</u>
Capital	Appropriated fund equity	\$ 657,883
Food Service	Appropriated fund equity	<u>\$ 362,780</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

Cuba-Rushford Central School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VII. Commitments and Contingencies (continued)

A. Risk Financing and Related Insurance (continued)

2. Risk Sharing Pools

For its employee health and accident coverage, *Cuba-Rushford Central School District* is a participant in the Cattaraugus-Allegany Regional Medical Plan, a public entity risk pool operated for the benefit of 23 individual governmental units located within Allegany and Cattaraugus Counties. The School District pays monthly premiums to the Plan for this health coverage

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$100,000 per insured event. The Cattaraugus-Allegany Regional Medical Plan obtains independent coverage for insured events in excess of this amount.

The *Cuba-Rushford Central School District* also participates in a risk sharing pool, Cattaraugus-Allegany BOCES, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

C. Contingencies

The District, in the normal course of its operations, is involved in various other litigation and arbitration cases. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the District's financial position.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VII. Commitments and Contingencies (continued)

D. Litigation

A large number of property owners filed lawsuits challenging the 2023 and 2024 Town of Cuba assessment rolls. The lawsuits requested the Allegany Supreme Court to declare both assessment rolls null and void and order the reinstatement of the 2022 Town of Cuba Assessment roll, until such time as a new reassessment project can be performed by the Town. The Allegany County Supreme Court granted the relief requested by the property owners and declared the 2023 and 2024 Town of Cuba assessment rolls null and void, and ordered the 2022 assessment roll reinstated until such time as a new Town of Cuba reassessment is performed. The Court also awarded damages in amounts to be determined for each and every taxpayer in the Town of Cuba found to have overpaid his or her or its fair share of tax compared to the amount he or she or it would have paid had there been a rollback to the Town of Cuba's 2022 Final Assessment Roll. The Town and School District have filed an appeal to the Appellate Division, Fourth Judicial Department seeking to overturn the ruling of the Allegany County Supreme Court. The case is scheduled for oral arguments on December 10, 2025. A decision would be expected in late winter or the spring of 2026. An evaluation of final exposure cannot be made at this time. However, final exposure could be substantial if the decision of the Allegany County Supreme Court is upheld on appeal.

VIII. Tax Abatements

The Allegany County Industrial Development Agency entered into a property tax abatement program (Payment in Lieu of Taxes – PILOT) with a Corporation in the Cuba tax jurisdiction for the purpose of economic development. The term of the PILOT is 20 years with the agreement expiring on January 1, 2026. Payment under the agreement will amount to 100% of the assessed land value and 35% of all improvements, gradually increasing to 100% after ten years. At this time, the District is unable to quantify the amount of taxes that have been abated under the program.

NOTE 4 – CAPITAL PROJECTS

In April 2023, the District was awarded a grant from the New York State Energy Research and Development Authority in the amount of \$6.1 million to improve the environmental sustainability of those schools by reducing school energy loads, decarbonizing their building portfolio, improving indoor air quality (IAQ), and providing clean energy educational opportunities. Expenditures incurred during the year ended June 30, 2025, totaled \$229,822.

NOTE 4 – CAPITAL PROJECTS (CONTINUED)

On May 16, 2023, the voters of the *Cuba-Rushford Central School District* approved a capital improvement project at an amount not to exceed \$29 million to address District needs in the areas of building renovations, instruction, athletic and safety. The proposition calls for the financing of the project to include the use of capital reserve funds not to exceed \$3 million and serial bonds not to exceed \$26 million. Subsequent to the vote, it came to the District's attention that certain required language giving authority to levy taxes towards the Project's future debt service requirements was lacking. As a result, the District placed a new proposition on the ballot, which was approved in May 2024. Through June 30, 2024, \$3 million of the capital reserve was previously funded by the Board of Education. The District had expenditures related to the capital project in the amount of \$395,383 during the year ended June 30, 2025.

The District had a capital outlay with expenditures of \$96,011 during the current year and purchased a bus in the capital project fund totaling \$153,010.

The District has an emergency freezer project and roof project. These expenditures will be financed with bond anticipation notes as described in Note 8. Costs incurred in the current year relate to the freezer and roof projects were \$23,493 and \$6,650, respectively.

NOTE 5 – RIGHT-TO-USE ASSETS/LEASES

The District has entered into various agreements with Erie 1 BOCES to acquire IT and computer equipment. The equipment is owned by Erie 1 BOCES, however the District has recognized a right-to-use asset in accordance with Governmental Accounting Standards Board Statement No. 87, Leases. The District paid cash for the equipment rather than through an installment purchase agreement. The District amortizes its right-to-use assets over a period of 5 years. Below is a summary of the activity of the District's right-to-use assets during the year ended June 30, 2025:

	Balance 7/1/2024	Additions
Right-to-use asset	\$ 2,949,062	\$ 368,419
Accumulated		
amortization	(964,196)	(592,462)
	<u>\$ 1,984,866</u>	<u>\$ (224,043)</u>
		Balance 6/30/2025
Right-to-use asset	\$ (420,594)	\$ 2,896,887
Accumulated		
amortization	420,594	(1,136,064)
	<u>\$ -</u>	<u>\$ 1,760,823</u>

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

In March 2021, the American Rescue Plan (ARP) was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$3,161,000 of ARP assistance to the District. The District had expenditures of \$77,886, \$1,947,867, \$553,953, \$415,451 and \$0 during the years ended June 30, 2025, 2024, 2023, 2022 and 2021, respectively, related to ARP funds.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

During the current year, the District recorded a prior period adjustment in the district-wide financial statements in the amount of \$806,092. The adjustment was related to adopting GASB 101, Compensated Absences, resulting in a restatement of beginning net position.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 8, 2025, which is the date the financial statements were available to be issued.

On July 23, 2025, the District issued bond anticipation notes in the amount of \$1,400,000. The notes carry interest at 4% and mature on June 23, 2026. The notes were issued to finance the emergency roof and freezer capital projects.

SUPPLEMENTARY INFORMATION

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 6,507,739	\$ 6,507,739	\$ 6,507,739	\$ -
Real property tax items	25,095	25,095	33,939	8,844
Charges for services	133,800	133,800	152,412	18,612
Use of money and property	319,000	319,000	534,727	215,727
Sale of property and compensation for loss	2,000	2,000	7,213	5,213
Miscellaneous	250,000	250,000	333,278	83,278
State Sources:				
Basic formula	13,852,082	13,852,082	14,254,453	402,371
BOCES	2,051,326	2,051,326	2,061,764	10,438
Textbooks	41,998	41,998	41,591	(407)
All other aid	28,108	28,108	70,394	42,286
Federal Sources:				
Medicaid reimbursement	160,000	160,000	159,315	(685)
E-rate	40,000	40,000	6,621	(33,379)
Total revenue	23,411,148	23,411,148	24,163,446	752,298
Other Sources				
Operating transfer in	-	-	29,084	29,084
Total revenue and other sources	23,411,148	23,411,148	\$ 24,192,530	\$ 781,382
Use of reserve funds	155,975	155,975		
Appropriated fund equity and prior year encumbrances	2,879,647	2,980,059		
Total revenue, other sources and appropriated fund equity	\$ 26,446,770	\$ 26,547,182		

See accompanying independent auditor's report.

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 13,189	\$ 12,514	\$ 6,757	\$ -	\$ 5,757
Central administration	258,729	255,329	258,439	-	(3,110)
Finance	384,199	386,851	380,944	-	5,907
Staff	541,234	559,328	589,234	-	(29,906)
Central services	2,388,003	2,373,516	2,484,353	-	(110,837)
Special items	370,812	383,253	383,049	-	204
Instructional:					
Instruction, administration and improvement	715,994	705,843	684,261	-	21,582
Teaching - regular school	5,018,344	5,264,287	5,617,085	8,375	(361,173)
Programs for children with handicapping conditions	3,865,611	3,746,775	3,305,016	1,586	440,173
Teaching - special schools	21,710	21,710	18,330	-	3,380
Occupational education	634,287	663,411	673,377	-	(9,966)
Instructional media	1,449,153	1,413,148	1,154,635	-	258,513
Pupil services	1,383,031	1,368,142	1,199,288	-	168,854
Pupil Transportation	1,413,831	1,451,639	1,239,772	516	211,351
Employee Benefits	6,016,044	5,972,087	5,176,839	-	795,248
Debt Service:					
Debt service principal	1,078,391	1,078,391	1,123,390	-	(44,999)
Debt service interest	731,208	731,208	713,707	-	17,501
Total expenditures	<u>26,283,770</u>	<u>26,387,432</u>	<u>25,008,476</u>	<u>10,477</u>	<u>1,368,479</u>
Other Uses:					
Transfer to other funds	163,000	159,750	129,020	-	30,730
Total other uses	<u>163,000</u>	<u>159,750</u>	<u>129,020</u>	<u>-</u>	<u>30,730</u>
Total expenditures and other uses	<u>\$ 26,446,770</u>	<u>\$ 26,547,182</u>	<u>25,137,496</u>	<u>\$ 10,477</u>	<u>\$ 1,399,209</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses			<u>\$ (944,966)</u>		

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL – FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

Schedule SS1A

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	School Food Service Fund		
	Budget (Amended) *	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ -	\$ 89,610	\$ 89,610
Federal sources	-	548,568	548,568
Sales	-	44,400	44,400
Miscellaneous	-	-	-
Surplus food	-	28,228	28,228
Use of money and property	-	11,882	11,882
Total revenue	-	<u>722,688</u>	<u>722,688</u>
Expenditures			
General support	241,209	219,308	21,901
Employee benefits	185,317	141,952	43,365
Cost of sales	277,400	264,714	12,686
Other expenses	141,095	31,359	109,736
Total expenditures	<u>845,021</u>	<u>657,333</u>	<u>187,688</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ (845,021)</u>	65,355	<u>\$ 910,376</u>
Fund equity, beginning of year		<u>312,391</u>	
Fund equity, end of year		<u>\$ 377,746</u>	

* District did not prepare a revenue budget for the current year.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2025

Schedule SS2

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CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 26,446,770
Additions:	
Prior year encumbrances	100,412
Original Budget	26,547,182
Budget Revisions: Supplemental appropriation	-
Final budget	<u>\$ 26,547,182</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-26 voter-approved expenditure budget	\$ 27,089,240
Maximum allowed (4% of 2025-26 budget)	\$ 1,083,570

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:

Unrestricted fund balance:	
Assigned fund balance	\$ 2,615,941
Unassigned fund balance	3,787,966
Total unrestricted fund balance	<u>6,403,907</u>
Less:	
Appropriated fund balance	2,605,464
Insurance recovery reserve	-
Tax reduction reserve	12,223
Encumbrances included in committed and assigned fund balance	10,477
Total adjustments	<u>2,628,164</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 3,775,743</u>
Actual percentage	<u>13.9%</u>

* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of the 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.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2025

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended (Over expended) Balance	Methods of financing				Fund Equity June 30, 2025
			Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
2011 Improvement Project	\$ 10,900,000	\$ 10,900,000	\$ 9,293,839	\$ -	\$ 9,293,839	\$ 1,606,161	\$ 8,256,800	\$ 743,200	\$ 342,952	\$ 9,342,952	\$ 49,113
2018 Improvement Project	14,000,000	14,000,000	13,855,525	-	13,855,525	144,475	13,349,966	-	652,817	14,002,783	147,258
2023 Improvement Project	29,000,000	29,000,000	1,769,262	395,383	2,164,645	26,835,355	5,000,000	-	3,005,386	8,005,386	5,840,741
Emergency Freezer Project *	224,500	224,500	-	23,493	23,493	201,007	-	-	-	-	(23,493)
Elm Street Academy Roof Project *	642,608	642,608	-	6,650	6,650	635,958	-	-	-	-	(6,650)
Bus Purchases	174,286	174,286	-	153,010	153,010	21,276	-	-	153,010	153,010	-
Capital Outlay Project	100,000	100,000	-	96,011	96,011	3,989	-	-	96,010	96,010	(1)
Smart Schools Bonds Act project	1,249,193	1,249,193	1,249,193	-	1,249,193	-	-	781,849	-	781,849	(467,344)
2023 Energy Project	6,100,000	6,100,000	294,104	229,822	523,926	5,576,074	-	503,111	19,074	522,185	(1,741)
	<u>\$ 62,390,587</u>	<u>\$ 62,390,587</u>	<u>\$ 26,461,923</u>	<u>\$ 904,369</u>	<u>\$ 27,366,292</u>	<u>\$ 35,024,295</u>	<u>\$ 26,606,766</u>	<u>\$ 2,028,160</u>	<u>\$ 4,269,249</u>	<u>\$32,904,175</u>	<u>5,537,883</u>

Less: bond anticipation notes outstanding (4,880,000)

Transportation reserve 593,478

Total fund equity as of June 30, 2025 \$ 1,251,361

* The District issued bond anticipation notes in July 2025 to finance the emergency projects.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule SS4A

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Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Health Care Worker Bonus Program	N/A	2025	N/A	\$ 538	\$ 538
NYS RECOVS for Learning Loss	0458-25-1005	2025	\$ 154,149	110,200	110,200
Summer School	N/A	2025	N/A	159,832	159,832
Universal Pre-kindergarten	0409-25-7136	2025	184,894	183,784	183,784
Universal Pre-kindergarten Expansion	0548-25-0029	2025	160,000	160,000	160,000
School Breakfast and Lunch Program	N/A	2025	N/A	89,610	89,610
				\$ 703,964	\$ 703,964

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule SS4B

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Cuba-Rushford Central School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the 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). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for the applicable program and periods. The amounts reported in these Federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Note 2 - Non-monetary Federal Program

The accompanying **Cuba-Rushford Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2025, the District reported in the Schedule of Federal Awards \$28,228 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in the current year.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Passed through NYS Department of Education:					
Title I	84.010A	0021-25-0125	\$ 334,727	\$ 331,971	\$ 331,971
Title II, Part A	84.367A	0147-25-0125	35,679	36,166	36,166
Title IV - DFSCA	84.186A	0180-25-0255	27,816	27,820	27,820
IDEA Part B, Section 611 *	84.027A	0032-25-0044	252,584	252,584	252,584
IDEA Part B, Section 619 *	84.173A	0033-25-0044	12,309	12,309	12,309
COVID-19 - ARP SLR Comprehensive After School	84.425U	5883-21-0125	100,372	24,908	24,908
COVID-19 - ARP Homeless	84.425W	5218-21-0125	8,548	1,866	1,866
COVID-19 - ARP SLR Learning Loss	84.425U	5884-21-0125	501,844	50,274	50,274
COVID-19 - ARP SLR Summer Enrichment	84.425U	5882-21-0125	100,372	838	838
Total U.S. Department of Education				<u>738,736</u>	<u>738,736</u>
US Department of Agriculture:					
Passed through NYS Department of Education:					
National School Breakfast Program **	10.553	N/A	N/A	159,872	159,872
National School Lunch Program **	10.555	N/A	N/A	367,489	367,489
Summer Food Service Program **	10.559	N/A	N/A	21,207	21,207
Passed through NYS Office of General Services					
National School Lunch Program **					
Non-Cash Assistance (commodities)	10.555	N/A	N/A	28,228	28,228
Total U.S. Department of Agriculture				<u>576,796</u>	<u>576,796</u>
Total expenditures and revenue				<u>\$ 1,315,532</u>	<u>\$ 1,315,532</u>

* Constitutes a cluster of Federal programs named Special Education Cluster with revenue and expenditures of \$ 264,893

** Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of \$ 576,796

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL AND RIGHT-TO-USE ASSETS
AS OF JUNE 30, 2025

Schedule SS5

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Capital and right-to-use assets	\$	35,998,398
Less:		
Serial bonds		(11,669,426)
Bond anticipation notes		(4,880,000)
Plus:		
Assets net of related payables in capital projects fund (not including transportation reserve)		<u>5,537,883</u>
Net investment in capital and right-to-use assets	\$	<u><u>24,986,855</u></u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2025

Schedule SS6

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As of the measurement date of 7/1	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability									
Service cost	\$ 372,722	\$ 338,620	\$ 388,486	\$ 358,546	\$ 257,920	\$ 247,906	\$ 243,783	\$ 280,383	\$ 227,664
Interest	265,927	230,175	126,988	143,819	168,643	187,456	183,769	165,952	192,093
Differences between expected and actual experience	993,899	135,045	604,922	(205,259)	(338,180)	(272,292)	(197,023)	(315,383)	-
Change in benefit terms	-	-	-	-	-	-	39,567	-	-
Changes in assumptions	(59,791)	301,040	(1,044,015)	240,265	661,034	133,750	(248,400)	(275,594)	444,636
Benefit payments	(249,213)	(206,883)	(188,829)	(162,119)	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Net change in total OPEB liability	1,323,544	797,997	(112,448)	375,252	417,418	(62,638)	(307,491)	(495,790)	542,239
Total OPEB liability - beginning	6,189,524	5,391,527	5,503,975	5,128,723	4,711,305	4,773,943	5,081,434	5,577,224	648,089
Prior period adjustment (see notes)	-	-	-	-	-	-	-	-	4,386,896
Total OPEB liability - ending	<u>\$ 7,513,068</u>	<u>\$ 6,189,524</u>	<u>\$ 5,391,527</u>	<u>\$ 5,503,975</u>	<u>\$ 5,128,723</u>	<u>\$ 4,711,305</u>	<u>\$ 4,773,943</u>	<u>\$ 5,081,434</u>	<u>\$ 5,577,224</u>
Plan fiduciary net position									
Contributions - employer	\$ 249,213	\$ 206,883	\$ 188,829	\$ 162,119	\$ 331,999	\$ 359,458	\$ 329,187	\$ 351,148	\$ 322,154
Benefit payments	(249,213)	(206,883)	(188,829)	(162,119)	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 7,513,068</u>	<u>\$ 6,189,524</u>	<u>\$ 5,391,527</u>	<u>\$ 5,503,975</u>	<u>\$ 5,128,723</u>	<u>\$ 4,711,305</u>	<u>\$ 4,773,943</u>	<u>\$ 5,081,434</u>	<u>\$ 5,577,224</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	<u>\$ 8,134,359</u>	<u>\$ 7,590,419</u>	<u>\$ 7,405,287</u>	<u>\$ 7,004,135</u>	<u>\$ 6,833,302</u>	<u>\$ 6,781,849</u>	<u>\$ 6,616,438</u>	<u>\$ 7,263,896</u>	<u>\$ 7,170,677</u>
District's net OPEB liability as a percentage of covered-employee payroll	92.36%	81.54%	72.81%	78.58%	75.05%	69.47%	72.15%	69.95%	77.78%
Notes to Schedule:									
Benefit Changes:	None								
Changes in assumptions:	Discount rate from 4.13% as of 7/1/23 to 4.21% as of 7/1/24 Health care trend remained unchanged from 8.0% through 4.5% as of 7/1/23 to 7.5% through 4.5% as of 7/1/24								

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2025

Schedule SS7

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For the year ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contributions	\$ 249,213	\$ 206,883	\$ 188,829	\$ 162,119	\$ 331,999	\$ 359,458	\$ 329,187	\$ 351,148	\$ 322,154
Contributions in relation to the actuarially determined contribution	(249,213)	(206,883)	(188,829)	(162,119)	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,134,359	\$ 7,590,419	\$ 7,405,287	\$ 7,004,135	\$ 6,833,302	\$ 6,781,849	\$ 6,616,438	\$ 7,263,896	\$ 7,170,677
Contributions as a percentage of District's covered-employee payroll	3.06%	2.73%	2.55%	2.31%	4.86%	5.30%	4.98%	4.83%	4.49%

Notes to Schedule

Valuation date: 7/1/2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	4.21% as of July 1, 2024
Inflation	2.5% per year
Healthcare cost trend rates	An initial rate of 7.5% in 2025 and decreasing each year to an ultimate rate of 4.5% after 2032
Salary increases	Based on NYSERS and NYSTRS valuation as of March 31, 2020 and June 30, 2021, respectively
Mortality	Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021
Retiree Cost Sharing	Varies based on employment contract
Participants	152 Active and 48 Retirees

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2016 THROUGH JUNE 30, 2025

Schedule SS8

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New York State Teachers' Retirement System

For the year ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 782,595	\$ 733,554	\$ 754,129	\$ 754,129	\$ 668,947	\$ 612,758	\$ 570,358	\$ 672,773	\$ 608,062	\$ 703,647
Contributions in relation to the contractually required contribution	(782,595)	(733,554)	(754,129)	(754,129)	(668,947)	(612,758)	(570,358)	(672,773)	(608,062)	(703,647)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,740,801	\$ 7,515,922	\$ 7,328,756	\$ 7,695,194	\$ 7,019,381	\$ 6,916,005	\$ 5,370,603	\$ 6,865,031	\$ 5,188,242	\$ 5,306,538
Contributions as a percentage of District's covered-employee payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%

New York State Local Employees' Retirement System

For the year ended March 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 346,659	\$ 290,110	\$ 243,252	\$ 305,394	\$ 277,742	\$ 265,066	\$ 252,279	\$ 261,491	\$ 245,876	\$ 282,297
Contributions in relation to the contractually required contribution	(346,659)	(290,110)	(243,252)	(305,394)	(277,742)	(265,066)	(252,279)	(261,491)	(245,876)	(282,297)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,491,215	\$ 2,375,666	\$ 2,238,741	\$ 2,027,216	\$ 2,082,298	\$ 2,015,102	\$ 1,866,292	\$ 1,750,241	\$ 1,632,563	\$ 1,570,155
Contributions as a percentage of District's covered-employee payroll	13.92%	12.21%	10.87%	15.06%	13.34%	13.15%	13.52%	14.94%	15.06%	17.98%

See accompanying independent auditor's report.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY) – NYSTRS AND DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - NYSLERS
FOR THE YEARS ENDED JUNE 30, 2016 THROUGH JUNE 30, 2025

New York State Teachers' Retirement System - Net Pension Asset (Liability)

As of the measurement date of June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset (liability)	n/a	0.039364%	0.039692%	0.038532%	0.037882%	0.037935%	0.037948%	0.038092%	0.037887%	0.038582%
District's proportionate share of the net pension asset (liability)	n/a	\$ 1,174,457	\$ (453,912)	\$ (453,912)	\$ (739,381)	\$ 6,564,582	\$ (1,048,232)	\$ 985,896	\$ 688,799	\$ 287,978
District's covered-employee payroll	n/a	\$ 7,515,922	\$ 7,328,756	\$ 7,695,194	\$ 7,019,381	\$ 6,916,005	\$ 5,370,603	\$ 6,865,031	\$ 5,188,242	\$ 5,306,538
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	15.63%	-6.19%	-5.90%	-10.53%	94.92%	-19.52%	14.36%	13.28%	-5.43%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%

New York State Local Employees' Retirement System - Net Pension Asset (Liability)

As of the measurement date of March 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset (liability)	0.0067823%	0.0077125%	0.0066077%	0.0065672%	0.0063841%	0.0059127%	0.0058735%	0.0061909%	0.0060622%	0.0061023%
District's proportionate share of the net pension asset (liability)	\$ (1,162,867)	\$ (1,135,594)	\$ (1,416,953)	\$ 536,844	\$ (6,357)	\$ (1,565,716)	\$ (416,152)	\$ (199,809)	\$ (569,617)	\$ (979,442)
District's covered-employee payroll	\$ 2,491,215	\$ 2,375,666	\$ 2,238,741	\$ 2,027,216	\$ 2,082,298	\$ 2,015,102	\$ 1,866,292	\$ 1,750,241	\$ 1,632,563	\$ 1,570,155
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	46.68%	47.80%	63.29%	-26.48%	0.31%	77.70%	22.30%	11.42%	34.89%	62.38%
Plan fiduciary net position as a percentage of the total pension asset (liability)	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

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

**To the President and
Members of the Board of Education
Cuba-Rushford Central School District
Cuba, 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 and each major fund of *Cuba-Rushford Central School District* as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise *Cuba-Rushford Central School District's* basic financial statements and have issued our report thereon dated October 8, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item II.A.2025-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Cuba-Rushford Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2025-002.

District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on *Cuba-Rushford Central School District's* responses to the internal controls over compliance finding and compliance and other matters finding identified in our audit described in the accompanying schedule of findings and questioned costs. *Cuba-Rushford Central School District's* responses were not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 8, 2025**

**CUBA-RUSHFORD CENTRAL 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(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes

 x no

Significant deficiency(ies) identified?

 x yes

 none reported

Noncompliance material to financial statements noted?

 x yes

 no

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2025-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2025

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting to the full accrual method for government-wide financial statement purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

Cause and Effect: AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

Auditors' Recommendation: Although auditors may continue to provide such assistance both now and in the future, under the pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

2025-002 Unassigned Fund Balance

Year ended June 30, 2025

Conditions and criteria: **Cuba-Rushford Central School District's** unassigned fund balance, less tax reduction reserve, as of June 30, 2025 amounted to approximately \$3,776,000. This amount constitutes approximately 13.9% of the 2025-2026 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Auditors' Recommendation: **Cuba-Rushford Central School District** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation of fund balance.

District's Response: The District will continue to closely monitor its fund balance in the future and will review all options with regards to reservation of fund balance.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2024-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2024

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly effect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements in was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2025 as finding 2025-001.

B. COMPLIANCE AND OTHER MATTERS

2024-002 Unassigned Fund Balance

Year Ended June 30, 2024

Summary of Prior Year Finding: The District's unassigned fund balance as of June 30, 2024 amounted to approximately \$4,386,000. This amount constituted approximately 16.6% of the 2024-2025 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2025 as finding 2025-002.

**To the President and Members of the
Board of Education
and School Administration
Cuba-Rushford Central School District
Cuba, New York**

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2025 of the District's financial statements and have issued our reports thereon dated October 8, 2025. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Cuba-Rushford Central School District* for the year ended June 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2021 through June 30, 2025. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Cuba-Rushford Central School District* has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

The analysis of the use of the District's fund equity shows that the District maintains a number of reserves. The reserves presented here are only those that are reported in the General Fund. The uses and legal restrictions of each of these reserve categories are listed in the footnotes to the financial statements. These reserves reduce the amount of the District's unassigned fund equity.

We have reviewed the financial statements extensively with the Audit Committee, School Superintendent and the Business Manager. We believe these individuals have a good understanding of the financial condition of the District as well as the comments expressed in our annual report. We have enjoyed working with the District this year, and wish to thank all of the staff who have assisted us during the audit.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 8, 2025**

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
REVENUE AND EXPENDITURES COMPARISON AND ANALYSIS OF FUND
EQUITY - GENERAL FUND (AMOUNTS IN \$1,000)

	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Revenue and other sources					
Property taxes	\$ 6,542	\$ 6,322	\$ 6,405	\$ 6,149	\$ 6,150
State aid	16,428	16,333	15,758	15,173	13,982
All other	1,222	1,131	1,016	863	1,241
	<u>24,192</u>	<u>23,786</u>	<u>23,179</u>	<u>22,185</u>	<u>21,373</u>
Expenditures and other uses					
General support	4,103	3,977	3,723	4,044	3,429
Instruction	12,651	11,619	11,537	10,851	9,952
Transportation	1,240	1,175	1,187	1,106	1,155
Benefits	5,177	4,457	4,199	4,045	3,809
Debt	1,837	1,720	1,852	1,554	896
Transfers	129	1,081	229	143	781
	<u>25,137</u>	<u>24,029</u>	<u>22,727</u>	<u>21,743</u>	<u>20,022</u>
Excess (deficiency) of revenue over expenditures	(945)	(243)	452	442	1,351
Fund equity					
Beginning of year	<u>11,670</u>	<u>11,913</u>	<u>11,461</u>	<u>11,019</u>	<u>9,668</u>
End of year	<u>\$ 10,725</u>	<u>\$ 11,670</u>	<u>\$ 11,913</u>	<u>\$ 11,461</u>	<u>\$ 11,019</u>
Analysis of fund equity					
Restricted					
Reserve for repairs	\$ 205	\$ 203	\$ 200	\$ 200	\$ 200
Reserve for retirement system	1,420	1,407	1,388	1,388	1,388
Reserve for teachers' retirement system	127	125	124	124	124
Reserve for employee benefits	1,625	1,610	1,587	1,587	1,588
Reserve for liability	26	25	25	25	25
Reserve for unemployment insurance	458	465	463	463	463
Reserve for workers' compensation	445	441	435	435	435
Reserve for property loss	15	15	15	15	15
Assigned					
Reserve for encumbrances	10	100	357	213	290
Next year's budget	2,605	2,880	2,312	2,092	1,944
Unassigned	<u>3,789</u>	<u>4,399</u>	<u>5,007</u>	<u>4,919</u>	<u>4,547</u>
	<u>\$ 10,725</u>	<u>\$ 11,670</u>	<u>\$ 11,913</u>	<u>\$ 11,461</u>	<u>\$ 11,019</u>

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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Reconciliation of Capital Projects Fund

We recommend the District complete a reconciliation of its capital project fund equity on an annual basis. This reconciliation will allow the District to monitor the status of ongoing capital projects. In addition, we recommend that such transfers are approved by the Board of Education.

District's response: The District will implement a procedure to prepare and review a capital project reconciliation fund equity on an annual basis. Any transfers related to the close out will be included in Board of Education motions for approval.

Smart Schools Bond Act

The Smart Schools Bond Act (SSBA) was passed in November 2014 and provided funding to finance improved educational technology and infrastructure to facilitate improved learning opportunities. The District was allocated \$1,249,000 in SSBA funds. As part of the reimbursement process, the State requires several assurances related to project and detailed information of costs incurred. In addition, it is our understanding that payment of funds from the State once reimbursement forms have been filed can take considerable time in some cases. We recommend that the District continue to follow-up with the New York State with regards to timing reimbursement.

District's response: The SSBA project has been approved and started during the 2020-21 school year. The District is working closely with the SWBR Architectural firm to submit for reimbursement for the expended amounts.

Budgeting and Forecasting

During the fiscal years ended June 30, 2025, 2024, 2023, 2022, 2021 and 2020, the District's actual revenue and expenditures, including encumbrances was different from the budget by approximately \$2,242,000, \$3,525,000, \$2,503,000, \$2,463,000 \$2,779,000 and \$2,783,000, respectively. The District should continue to prepare projections of future revenue and expenditures and should consider incorporating into a three-year forecast of revenue and expenditures in the general fund. We realize that such a forecast will require the use of estimates and assumptions of information such as the amount of expected State Aid, expected rate increase in health insurance, potential increase in salaries, etc. However, we believe a forecast is a very useful tool that the District can utilize when negotiating employee contracts, setting future tax rates, and purchasing future equipment. The forecast would also be beneficial in the budgeting process, whereby the District would have an indication as to whether current year operations are running at an overall surplus or deficit.

In addition, the District should consider reducing its appropriated fund balance, which is the amount of fund balance it is utilizing to balance its general fund budget.

District response: The District utilizes the Comptroller's tools available to districts to forecast expenditures and revenues out 5 years. These tools provide the necessary financial outlook that incorporates expected state aid, health insurance costs, salaries, etc. However, the fiscal year 2019-2020 and 2020-2021 were embedded during a pandemic. During this time, the District made every effort to cut expenditures to prepare for future uncertainties based on the State's announcement and partial practice of withholding 20% of the District's aid. The District's goal of ensuring stabilization in the region and specifically within the academic setting for students during the pandemic led to the differences between expenditures and revenues.

Positive Pay

The District should consider implementing a positive pay service from their financial institution. Positive pay is a fraud deterrent service offered by banks that allows customers to monitor and control the payment of checks. It also provides assurance that presented items have not been fraudulently altered. The customer provides the bank with an electronic listing of all disbursements. Each check presented for payment is compared to this database (check number, amount, payee, date, etc.) and any checks that do not match are placed on an exception listing. The exceptions are available to the District to review daily, usually online, so they can may make a final determination of payment.

District response: The District will explore this feature with its banking institutions and determine whether it will be a cost effective tool for the District's needs.

General Fund Budget

As noted on page 35 of the financial statements, certain actual expenditure line items exceed that of the final budget. We recommend that District consider recording budget transfers that would account for the overages.

District response: District officials will ensure that Board of Education approval is obtained at the end of each year, and budget transfers are recorded for account overages.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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Reserve Funds

The District currently maintains reserve fund balances in two deposit bank accounts, a checking and certificate of deposit. During the year, the balances in the reserve funds within the general ledger were not reconciled to the bank accounts. In addition, interest earned on the reserve funds were not correctly allocated to the reserve funds. We recommend that the District perform monthly reconciliations of reserve funds in the general ledger to that within the deposit accounts.

District response: While the District does perform a monthly reconciliation of the reserve cash balance, it acknowledges the need to also reconcile the individual reserve balances. Moving forward, the District will establish a process to perform monthly reconciliations of reserve fund balances within the general ledger to the deposit accounts. Additionally, we will ensure that all interest earned on reserve funds is allocated to the appropriate reserve accounts in a timely manner. These corrective actions will be fully implemented for the 2024 fiscal year, and the District will monitor compliance through regular review by the Business Office.

Interfund Receivable and Payable

During the fiscal year, many transactions require an initial use of interfund loans. Such transactions include but are not limited to: State and Federal aid directly wired to the District's General Fund checking account related to basic state aid, Federal and State grants recorded in the Special Aid fund and free and reduced breakfast and lunch reimbursements recorded in the Food Service Fund; salaries and fringe benefits paid for through the General Fund related to the Food Service Fund and Special Aid Fund; Debt Service Fund transfers to and from the General Fund; and interest earned on cash and investments balances in the capital projects related to serial bonds issues and bond anticipation notes which must be utilized for future debt service and therefore, accumulated in the Debt Service Fund. As a result of these circumstances, large due to and due from balances may exist at certain times during the year in the General Fund, Special Aid Fund, Food Service Fund, Capital Projects Fund and Debt Service Fund. We recommend that the District closely monitor these outstanding interfund loan balances on a regular basis and where appropriate pay down these loan balances.

District's response: The largest interfund receivable/payable exists between the General Fund and Capital Fund. In early 2024-25, the District issued a \$5 million bond anticipation note which will allow the Capital Fund to pay back the General Fund in full. The District will implement a procedure for regular review and monitoring of these balances between the General Fund, Special Aid Fund, Food Service Fund, Capital Projects Fund, and Debt Service Fund. We will prioritize timely payments and reconciliation of interfund loans when appropriate to maintain clear and accurate financial records. The Business Office will ensure that these transactions are reviewed at the end of each fiscal quarter to minimize any unnecessary large interfund payable and receivable balances.

Equipment and Inventory

The District reports approximately \$36 million of capital assets. The District utilizes a third-party to maintain depreciation records which include listing of fixed asset owned by the District, the date and amount of the purchase and depreciation and accumulated depreciation for each asset. Each year, the District accumulates equipment purchases and capital improvements and submits information to its third-party to be included in an annual report. We recommend that the District ensure all purchases/disposals and capital improvements during the year are submitted to the third-party. At year-end, the District should review contractual and equipment accounts within its general ledger and verify that all purchases over the capitalization threshold are accounted for. Lastly, the current year purchases/additions on the annual report should be reconciled to the District's listing of current year additions/disposals.

District response: The District agrees on the importance of maintaining accurate and up-to-date records of its capital assets. Different District Departments maintain inventory of their asset acquisition and disposals. The District will ensure that these assets (equipment purchases, disposals, and capital improvements) are submitted to our third-party provider in a timely manner throughout the fiscal year. At year-end, we will conduct a thorough review of contractual and equipment accounts within the general ledger to ensure that all transactions exceeding the capitalization threshold are properly accounted for. Finally we will reconcile the current year purchases and additions reported in the annual report with the District's internal listing of additions and disposals ensuring full compliance with the audit recommendations.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

***EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT***

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

***WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS***

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND**

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INDEPENDENT AUDITOR'S REPORT

**To the President and
Members of the Board of Education
Cuba-Rushford Central School District
Cuba, New York**

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the *Cuba-Rushford Central School District* for the year ended June 30, 2025, and the related notes to the financial statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of *Cuba-Rushford Central School District* for the year ended June 30, 2025 on the basis of accounting described in Note 1.

Basis for Opinion

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

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Extraclassroom Activity Fund of *Cuba-Rushford Central School District's* internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Extraclassroom Activity Fund of *Cuba-Rushford Central School District's* ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2025, on our consideration of the *Cuba-Rushford Central School District's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the *Cuba-Rushford Central School District's* internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering *Cuba-Rushford Central School District's* internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 8, 2025**

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
JULY 1, 2024 THROUGH JUNE 30, 2025

	Balances July 1, 2024	Total Receipts 2024-25	Total Receipts & Balances	Total Payments 2024-25	Balances June 30, 2025
Art Club	\$ 143	\$ -	\$ 143	\$ -	\$ 143
Class of 2024	5,851	-	5,851	5,851	-
Class of 2025	8,922	29,343	38,265	32,383	5,882
Class of 2026	5,748	13,182	18,930	9,515	9,415
Class of 2027	1,624	8,486	10,110	3,362	6,748
Class of 2028	-	559	559	-	559
Drama Club	3,325	-	3,325	1,198	2,127
ESS	(623)	-	(623)	-	(623)
Future Farmers	2,315	19,970	22,285	19,713	2,572
Future Farmers Grant	1,419	5,000	6,419	-	6,419
French Club	-	-	-	-	-
MS Spirit Club	6,404	9,573	15,977	9,142	6,835
MS Trip	40	25,130	25,170	24,865	305
Band	936	5,832	6,768	3,560	3,208
Choir	604	6,239	6,843	2,987	3,856
National Honor Society	732	-	732	74	658
Rebel one Stop Shop	342	-	342	-	342
Spanish Club	3,098	-	3,098	333	2,765
Student Council	8,465	5,567	14,032	4,429	9,603
TBD Café/C&G	2,597	-	2,597	-	2,597
Yearbook	5,107	1,530	6,637	1,029	5,608
Difference			-	664	(664)
Total activity fund	\$ 57,049	\$ 130,411	\$ 187,460	\$ 119,105	\$ 68,355

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are included in the financial statements of the School District. Cash balances of \$69,926 are included in the Miscellaneous Special Revenue Fund as cash, with a corresponding amount recorded as committed fund balance.

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

**To the President and Members of the
Board of Education
and School Administration
Cuba-Rushford Central School District
Cuba, New York**

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of **Cuba-Rushford Central School District** as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered **Cuba-Rushford Central School District's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Cuba-Rushford Central School District's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Cuba-Rushford Central School District's** internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in internal control to be material weaknesses:

Point of Sale Records

We noted several instances where the receipt of cash lacked point of sale records. Each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer or teacher advisor, and be verified or reviewed by the central treasurer.

District's response: The Business Manager has developed a procedural manual for the extracurricular funds and met with Student Advisors to review recordkeeping processes. We will continue to request improved point of sale records from the classes and clubs. We have also appointed a District Treasurer who is working closely with Student Treasurers and Advisors to improve practices.

Internal Profit Margin Analysis

During our testing of cash receipts, we reviewed documentation to determine whether or not internal profit margin analyses are being performed on fundraisers. Margin analysis is an excellent tool for analyzing the profitability of a fundraiser, and also identifying any potential errors in record keeping or potential fraud. None of the receipts selected for testing had evidence that an internal profit margin analysis was performed. We recommend that the Central Treasurer monitor the completion of such analysis and follow-up with activities that are not turning over forms for review.

District response: The Clubs have been provided with sample forms for various activities to complete margin analysis for fundraisers. The Central Treasurer will be working closely with them and monitoring that the forms are being completed.

Reconciliations

Student activity worksheets were provided during audit that did not reconcile to cash balances. We recommend that balances in the student activity fund are reconciled to cash balances throughout the year.

District Response: While the District does complete bank reconciliations each month as well as a reconciliation between the Business Office's balances and each individual class and club, a procedure will be added to ensure the activity balances in total reconcile to the cash balance.

This communication is intended solely for the information and use of management, Board of Education, and others within **Cuba-Rushford Central School District**, and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 8, 2025**

October 8, 2025

To the Audit Committee
and Board of Education
Cuba-Rushford Central School District
5476 Route 305
Cuba, New York 14727

We have audited the financial statements of Cuba-Rushford Central School District as of and for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing Standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 1, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cuba-Rushford Central School District are described in Note 1 to the financial statements. During the current year, the District implemented GASB 101, *Compensated Absences*, which resulted in a prior period adjustment to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

Management's estimate of the depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension liability (ERS), a net pension asset (TRS) and an other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its' reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3V to the financial statements due to their significance.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has indicated to us that it has accepted the journal entries as proposed. During the current year, the District did not record lease assets and subscription-based information technology arrangement assets totaling approximately \$109,000. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 8, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, schedule of changes in District's net OPEB liability and related ratios, schedule of District's contributions - OPEB, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, including combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the information and use of the Board and management of Cuba-Rushford Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.