UNATEGO CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AND

BASIC FINANCIAL STATEMENTS

For the Year Ended
June 30, 2026

UNATEGO CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
BASIC FINANCIAL STATEMENTS	
District-Wide Financial Statements	
• Statement of Net Position	11
• Statement of Activities	12
Fund Financial Statements	
• Balance Sheet – Governmental Funds	13
• Reconciliation of the Governmental Fund Balances to the District – Wide Net Position	14
• Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Funds	15
• Reconciliation of the Statement of Revenues and Expenditures of the Governmental Funds to the Statement of Activities	16
Fiduciary Fund Financial Statements	
• Statement of Fiduciary Net Position	17
• Statement of Changes in Fiduciary Net Position	18
Notes to Basic Financial Statements	19-46
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	47
Notes to Budgetary Comparison Schedules	48
Schedules of Changes in the District's Total OPEB Liability and Related Ratios	49
Schedules of District Pension Contributions	50
Schedules of the District's Proportionate Share of the Net Pension Liability/Asset	51
OTHER SUPPLEMENTARY INFORMATION	
Schedules of Change from Original Budget to Revised Budget and Real Property Tax Limit – General Fund	52
Schedule of Project Expenditures – Capital Projects Fund	53
Net Investment in Capital Assets	54
Combining Balance Sheet – Non-Major Governmental Funds	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	56
GOVERNMENT AUDITING STANDARDS REPORT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	57

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Auditor's Report

Board of Education
Unatego Central School District

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Unatego Central School District, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Unatego 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 Unatego Central School District, as of June 30, 2026, 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 financials audits contained in *Government Auditing Standards* issued by the Comptroller 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 Unatego Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Unatego Central School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unatego 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 and other required supplementary information, as listed in the table of contents, 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Unatego Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and other supplementary information are the responsibility of management and were derived from and relate 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 information is 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 14, 2026, on our consideration of the Unatego 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 Unatego 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 Unatego Central School District's internal control over financial reporting and compliance.

D'Arcangelo & Co., LLP

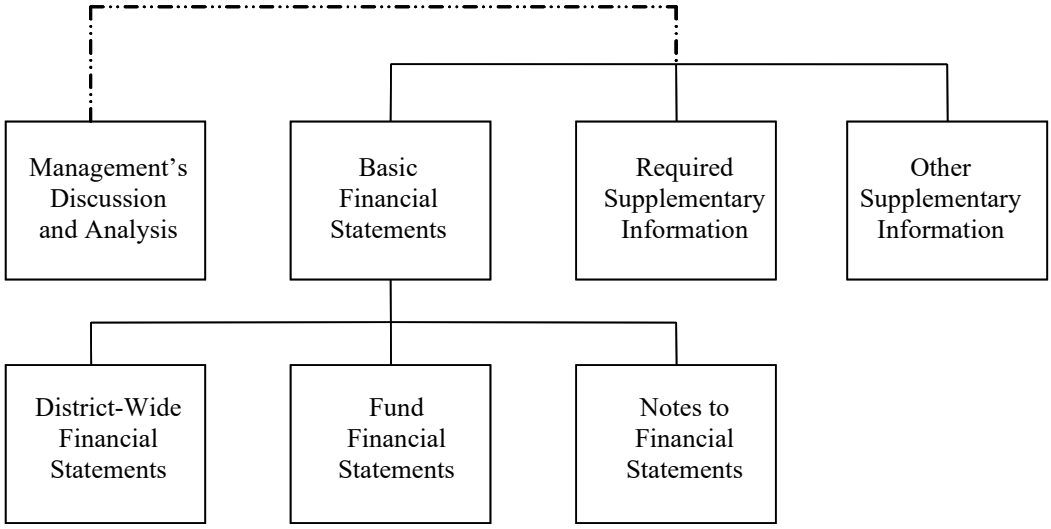
October 14, 2026

Rome, New York

The Unatego Central School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2026 and 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

1. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements is as follows:



A. District-wide Financial Statements

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference as net position. Increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in Net Position during the fiscal year. All changes in Net Position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds: General Fund, School Lunch Fund, Special Aid Fund, Miscellaneous Special Revenue Fund, Debt Service Fund, and Capital Projects Fund. The General Fund, Special Aid Fund, and Capital Projects Fund are reported as major government funds and are presented separately in the governmental fund statements. The School Lunch Fund, Miscellaneous Special Revenue Fund, and Debt Service Fund are reported collectively as non-major governmental funds.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations

2. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total Net Position increased by $2,860,542 between fiscal year 2025 and 2026. A summary of the District's Statement of Net Position for June 30, 2026 and 2025 is as follows:

	2026	2025	Increase (Decrease)	Percentage Change
Current and Other Assets	$ 15,495,500	$ 13,537,021	$ 1,958,479	14.5%
Net Pension Asset - Proportionate Share	2,102,377	1,057,452	1,044,925	98.8%
Right to Use Leased Assets, Net	651,989	1,076,747	(424,758)	(39.4%)
Capital Assets, Net	49,133,316	46,247,778	2,885,538	6.2%
Total Assets	67,383,182	61,918,998	5,464,184	8.8%
Deferred Outflows of Resources	4,019,381	3,746,502	272,879	7.3%
Current Liabilities	26,555,258	21,591,422	4,963,836	23.0%
Net Pension Liability - Proportionate Share	430,175	1,374,534	(944,359)	(68.7%)
Non-Current Liabilities	20,599,951	20,162,007	437,944	2.2%
Total Liabilities	47,585,384	43,127,963	4,457,421	10.3%
Deferred Inflows of Resources	10,976,488	12,557,388	(1,580,900)	(12.6%)
Net Investment in Capital Assets	23,009,986	24,473,607	(1,463,621)	(6.0%)
Restricted	8,395,254	8,009,255	385,999	4.8%
Unrestricted (Deficit)	(18,564,549)	(22,502,713)	3,938,164	(17.5%)
Total Net Position	$ 12,840,691	$ 9,980,149	$ 2,860,542	28.7%

Current and other assets increased by $1,958,479, as compared to the prior year. This increase is primarily due to a increase in the District's cash balances.

The District's net pension asset – proportionate share increased by $1,044,925 as compared to the prior year, as reported to the District by the NYS Teachers' Retirement System.

Capital assets, net of accumulated depreciation, increased by $2,885,538, as compared to the prior year. This increase is primarily due to current year capital outlays and leased assets exceeding depreciation and amortization expense as the Capital Project neared completion.

Deferred Outflows decreased by $272,879 as compared to the prior year due to changes in assumptions used by the State's pension system actuaries.

Current liabilities increased by $4,963,836, as compared to the prior year. This increase is primarily the result of an increase of $4,832,651 in Bond Anticipation Notes payable in the current year.

The Net Pension Liability - Proportionate Share decreased by $944,359, as compared to the prior year due to changes in the District's proportionate share of the total pension liability of the retirement systems.

Non-current liabilities increased by $437,944 as compared to the prior year. This increase is due to the increase in the OPEB Liability from $13,966,350 in 2025 to $14,729,824 in 2026.

Deferred Inflows decreased by $1,580,900 over the prior year due to amounts relating to the Other Postemployment Benefit valuation.

The Net Investment in Capital Assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support District operations.

The restricted Net Position at June 30, 2026 is $8,395,254 which represents the amount of the District's reserves and other restricted funds in the Debt Service, Miscellaneous Special Revenue and General Funds.

The unrestricted Net Position at June 30, 2026, is a deficit of $18,564,549, which represents the amount by which the District's liabilities and deferred inflows of resources, excluding debt related to capital construction, exceeded the District's assets other than capital assets and deferred outflows of resources, and excluding restricted amounts. This deficit is due to the recognition of the $13,966,350 liability for other postemployment benefits.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2026 and 2025 is as follows:

Revenues	2026	Percentage of Total	2025	Percentage of Total	Increase (Decrease)	Percentage Change
Program Revenues						
Charges for Services	$ 312,412	1.1%	$ 286,732	1.1%	$ 25,680	9.0%
Operating Grants	1,673,054	6.1%	1,664,322	6.2%	8,732	0.5%
General Revenues						
Property Taxes and STAR	8,009,607	29.1%	7,860,300	29.1%	149,307	1.9%
State and Federal Sources	16,508,966	59.9%	16,201,729	60.0%	307,237	1.9%
Miscellaneous	1,054,763	3.8%	981,170	3.6%	73,593	7.5%
Total Revenues	27,558,802	100.0%	26,994,253	100.0%	564,549	2.1%
Expenses						
General Support	6,491,794	26.3%	3,676,960	15.9%	2,814,834	76.6%
Instruction	13,718,267	55.5%	15,017,015	65.1%	(1,298,748)	(8.6%)
Pupil Transportation	2,564,248	10.4%	2,296,542	10.0%	267,706	11.7%
Community Service	63,436	0.3%	66,087	0.3%	(2,651)	(4.0%)
Debt Service-Unallocated Interest	984,552	4.0%	1,125,656	4.9%	(141,104)	(12.5%)
Food Service Program	875,963	3.5%	883,148	3.8%	(7,185)	(0.8%)
Total Expenses	24,698,260	100.0%	23,065,408	100.0%	1,632,852	7.1%
Total Change in Net Position	$ 2,860,542		$ 3,928,845		$ (1,068,303)	(27.2%)

The District's total revenue increased by $564,549 in 2026 or 2.1%. The major factors that contributed to the increase are an increase in Charges for Services as a result in increased out of district student tuition, and an increase in State and Federal Sources as a result of changes in the New York State budget.

The District's expenses for the year increased by $1,632,852 or 7.1%. These expenses increased primarily due to the allocation of employee benefit costs related to pension and other post-employment benefits.

3. FINANCIAL ANALYSIS OF THE MAJOR GOVERNMENTAL FUNDS

The District reports three major governmental funds separately in the governmental fund financial statements: the General Fund, Special Aid Fund, and Capital Fund. Much of the governmental activities discussion also applies to these funds. However, certain factors affecting the District's current financial position are more clearly shown in the fund financial statements than in the District-wide financial statements.

A summary of the major funds for the years ended June 30, 2026 and 2025 is as follows:

	Major Funds					
	General Fund		Special Aid Fund		Capital Fund	
	2026	2025	2026	2025	2026	2025
Revenues						
Total Revenue	$ 25,631,712	$ 25,057,548	$ 1,003,700	$ 1,016,045	$	$
Expenditures						
Total Expenditures	25,475,887	24,313,887	1,003,700	1,016,045	4,438,157	13,136,672
Excess (Deficit) Revenues Over Expenditures	155,825	743,661			(4,438,157)	(13,136,672)
Other Financing Sources (Uses)						
Premium on Obligations						
BANs Redeemed from Appropriations					1,160,000	555,000
Proceeds of Leases						563,231
Transfers from Other Funds	103,737	241,480				
Transfers to Other Funds						(17,015)
Total Other Financing Sources (Uses)	103,737	241,480			1,160,000	1,101,216
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	259,562	985,141			(3,278,157)	(12,035,456)
Fund Balances (Deficit), Beginning of Year	11,157,053	10,171,912			(19,875,287)	(7,839,831)
Fund Balances (Deficit), End of Year	$ 11,416,615	$ 11,157,053	$	$	$ (23,153,444)	$ (19,875,287)

- **General Fund**

  The General Fund is the primary operating fund of the District. General Fund revenues increased by approximately $574,000 or 2.3%, from $25.0 million in 2025 to $25.6 million in 2026. The increase was mainly due to an overall increase in State Aid of $337,000, from $16.1 million in 2025 to $16.5 million in 2026. Other contributing factors were the refund of a prior year expense for $200,000 and an increase in out of district tuition revenues of $79,000 over the prior year. These increases were offset by a reduction in revenue from other districts of $53,000 as a shared employment agreement ended during the current fiscal year. General Fund expenditures increased by approximately $1.2 million, or 4.8% over the previous fiscal year. This increase was a result of increased salaries and employee benefits totaling $730,000, out of district student placements increasing $275,000, and the purchase of a new transportation vehicle for $117,300.

- **Special Aid Fund**

  The Special Aid Fund is used to account for various federal and State grant programs. Revenues and expenditures vary year to year based on the timing, availability, and level of grant-funded programs. Grant revenues are generally recognized to the extent that eligible expenditures have been incurred. Accordingly, revenues and expenditures are generally equal. The revenues for the other programs are dependent on demand. Differences between grant expenditures incurred and amounts received are reflected as grant receivables or deferred inflows/unearned revenues, as applicable.

- **Capital Fund**

  During 2026, the District issued approximately $23.9 million of bond anticipation notes which will result in permanent financing. As a result of the timing of project expenditures and related financing, fund balance decreased by approximately $3.3 million, from a deficit of $19,875,287 at June 30, 2025 to a deficit of $23,153,444 at June 30, 2026.

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2026, the District's governmental funds reported combined fund balance (deficit) of $11,022,557, which is a decrease of $2,968,156 from the prior year. This decrease is due to expenditures exceeding revenues for the year, primarily in the Capital Fund. A summary of the change in fund balance by fund is as follows:

General Fund	2026	2025	Increase (Decrease)
Restricted			
Workers' Compensation	$ 407,267	$ 407,267	$
Unemployment Insurance	91,700	91,700	
Retirement Contribution Reserve - ERS	2,117,835	1,909,835	208,000
Retirement Contribution Reserve - TRS	880,200	780,200	100,000
Liability	45,000	45,000	
Employee Benefit Accrued Liability Reserve	515,253	501,893	13,360
Capital Reserve	3,350,000	3,350,000	
Repairs Reserve	499,299	499,299	
Total Restricted	7,906,554	7,585,194	321,360
Assigned			
Appropriated for Subsequent Year's Budget	825,000	825,000	
General Support	1,050	5,957	(4,907)
Instruction		367	(367)
Pupil Transportation	875	68,111	(67,236)
Total Assigned	826,925	899,435	(72,510)
Unassigned			
Unassigned	2,683,136	2,672,424	10,712
Total General Fund	11,416,615	11,157,053	259,562
Capital Fund			
Assigned	476,016	476,016	
Unassigned (Deficit)	(23,629,460)	(20,351,303)	(3,278,157)
Total Capital Fund	(23,153,444)	(19,875,287)	(3,278,157)
Non-Major Funds			
School Lunch Fund	225,572	239,772	(14,200)
Miscellaneous Special Revenue Fund	89,353	89,137	216
Debt Service Fund	399,347	334,924	64,423
Total Non-Major Funds	714,272	663,833	(13,984)
Total Fund Balance (Deficit)	$ (11,022,557)	$ (8,054,401)	$ (2,968,156)

Note 14 to the Financial Statements provides additional information on the Reserves.

General Fund

The increase in General Fund fund balance was primarily attributable to revenues exceeding expenditures during the year due to favorable budgetary variances.

Capital Fund

The decrease in the Capital Fund fund balance was primarily attributable to expenses exceeding revenues as they are working to complete the $27.695 million capital project.

5. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital and Leased Assets

At June 30, 2026, the District had invested in a broad range of capital and leased assets, including land, buildings and improvements, and equipment. The net increase in capital assets is due to capital outlays exceeding depreciation expense for the year ended June 30, 2026. A summary of the District's capital and leased assets, net of accumulated depreciation and amortization at June 30, 2026 and 2025, is detailed in Note 6 of the financial statements.

B. Debt Administration

As detailed in the notes to the financial statements, the District long-term debt mainly consists of an Energy Performance Contract (EPC). The EPC at June 30, 2026, totaled $2,763,963, with no new issues and $140,274 in principal payments during the year.

Further details on the District's long-term debt activity can be found in Note 8 of the financial statements.

6. CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

- The district sold $22,895,000 in bonds during the summer of 2026, as part of the three-phase capital project which was approved by the voters in May 2021.
- The voters of the Unatego Central School District approved a budget for $27,898,736 with overwhelming support for the 2026-2027 school year.
- The district participated in a bond rating review with S & P Global Ratings in June, 2026. As a result of its continued fiscally responsible decision-making, the District has maintained its A+ rating.
- Two Collective Bargaining Unit Agreements, Administrative and Teachers, will expire at the end of the 2026-2027 fiscal year. Negotiations are expected to start in early 2027.
- Due to the retirement of the District's Superintendent, of more than 14 years, in January 2027, they are actively searching for their next Superintendent.

7. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District's Business Office, Unatego Central School District, 2641 State Highway 7, Otego, New York 13825.

UNATEGO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2026

Assets		
Cash and Cash Equivalents	$	4,016,705
Restricted Cash and Cash Equivalents		8,392,217
Receivables		
Other Governments		2,913,715
Other Receivables		149,340
Inventory		27,197
Net Pension Asset-Proportionate Share		2,102,377
Right to Use Leased Assets (Net of Accumulated Amortization)		651,989
Capital Assets (Net of Accumulated Depreciation)		49,133,316
Total Assets		67,386,857
Deferred Outflows of Resources		
Deferred Outflow-Pensions		3,152,230
Deferred Outflow-OPEB		829,950
Total Deferred Outflows of Resources		4,019,381
Total Assets and Deferred Outflows of Resources	$	71,406,238
Liabilities		
Accounts Payable	$	581,308
Accrued Liabilities		306,901
Accrued Interest Payable		855,472
Due To		
Other Governments		28
Teachers' Retirement System		760,840
Employees' Retirement System		126,733
Short-Term Notes Payables		
Bond Anticipation Notes		23,927,651
Noncurrent Liabilities		
Due Within One Year		649,648
Due in More Than One Year		20,380,478
Total Liabilities		47,589,059
Deferred Inflows of Resources		
Deferred Inflow-Pensions		2,486,536
Deferred Inflow-OPEB		8,489,952
Total Deferred Inflows of Resources		10,976,488
Total Liabilities and Deferred Inflows of Resources		58,565,547
Net Position		
Net Investment in Capital Assets		23,009,986
Restricted		8,395,254
Unrestricted (Deficit)		(18,564,549)
Total Net Position (Deficit)		12,840,691
Total Liabilities, Deferred Inflows of Resources and Net Position	$	71,406,238

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
General Support	$ 6,491,794	$	$	$ (6,491,794)
Instruction	13,718,267	281,161	1,003,700	(12,433,406)
Pupil Transportation	2,564,248			(2,564,248)
Community Service	63,436			(63,436)
Food Service Program	875,963	31,251	669,354	(175,358)
Debt Service-Unallocated Interest	984,552			(984,552)
Total Functions/Programs	$ 24,698,260	$ 312,412	$ 1,673,054	(22,712,794)
General Revenues				
Real Property Taxes				7,088,740
STAR and Other Real Property Tax Items				920,867
Use of Money and Property				508,007
Sale of Property and Compensation for Loss				39,451
State and Federal Sources				16,508,966
Miscellaneous				507,305
Total General Revenues				25,573,336
Change in Net Position				2,860,542
Net Position, Beginning of Year				9,980,149
Net Position, End of Year				$ 12,840,691

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2026

	Major Funds			Non-Major	
	General	Special Aid	Capital	Funds	Total
Assets					
Cash and Cash Equivalents	$ 2,654,279	$ 66,700	$ 1,247,632	$ 48,094	$ 4,016,705
Restricted Cash and Cash Equivalents	7,906,554			485,663	8,392,217
Receivables					
Other Governments	2,605,064	226,357		82,294	2,913,715
Due from Other Funds	293,321		46,368	83,076	422,765
Other Receivables	178,947			3,919	182,866
Inventory				27,197	27,197
Other Assets		3,675			3,675
Total Assets	$ 13,638,165	$ 296,732	$ 1,294,000	$ 730,243	$ 15,959,140
Liabilities					
Payables					
Accounts Payable	$ 279,399	$ 1,785	$ 287,807	$ 12,317	$ 581,308
Accrued Liabilities	74,325		228,950	3,626	306,901
Accrued Interest	855,472				855,472
Due To					
Other Governments				28	28
Other Funds	124,781	294,947	3,036		422,764
Teachers' Retirement System	760,840				760,840
Employees' Retirement System	126,733				126,733
Bond Anticipation Notes			23,927,651		23,927,651
Total Liabilities	2,221,550	296,732	24,447,444	15,971	26,981,697
Deferred Inflows of Resources					
Unavailable - Real Property Taxes					
Fund Balance					
Nonspendable				27,197	27,197
Restricted	7,906,554			488,700	8,395,254
Assigned	826,925		476,016	198,375	1,501,316
Unassigned (Deficit)	2,683,136		(23,629,460)		(20,946,324)
Total Fund Balance (Deficit)	11,416,615		(23,153,444)	714,272	(11,022,557)
Total Liabilities and Fund Balance	$ 13,638,165	$ 296,732	$ 1,294,000	$ 730,243	$ 15,959,140

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE DISTRICT-WIDE NET POSITION
June 30, 2026

Total Governmental Fund Balances		$ (11,022,557)
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The cost of building, acquiring, and leasing capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital and right to use leased assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.		
	Original Cost of Right to Used Leased Assets	3,876,574
	Accumulated Amortization	(3,224,585)
	Original Cost of Capital Assets	70,901,870
	Accumulated Depreciation	(21,885,866)
		49,667,993
Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until that time. Deferred outflows of resources at year end consisted of:		
	Deferred Outflows - OPEB	
	Deferred Outflows - Pensions	3,152,230
	Deferred Outflows - OPEB	829,950
		3,982,180
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 until that time. Deferred inflows of resources at year end consisted of:		
	Deferred Inflows - Pensions	(2,486,536)
	Deferred Inflows - OPEB	(8,489,952)
		(10,976,488)
Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds.		
	Net Pension Asset - Proportionate Share	2,102,377
	Net Pension Liability - Proportionate Share	(430,175)
		1,672,202
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:		
	Energy Performance Contract	(2,763,963)
	Lease Liability	(654,663)
	Other Postemployment Liabilities	(14,729,824)
	Compensated Absences Payable	(2,451,501)
		(20,599,951)
Total Net Position (Deficit)		$ 12,723,379

UNATEGO CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	General	Special Aid	Capital	School Lunch	Miscellaneous Special Revenue	Debt Service	Non-Major Funds	Total
Revenues								
Real Property Taxes	$ 7,088,740	$	$	$	$	$	$	$ 7,088,740
STAR and Other Real Property Tax Items	920,867							920,867
Charges for Services	281,161							281,161
Use of Money and Property	339,840						74,130	413,970
Sale of Property and Compensation for Loss	39,451							39,451
Miscellaneous	452,687						54,618	507,305
State Aid	16,480,987	464,423					123,453	17,068,863
Federal Aid	27,979	539,277					545,901	1,113,157
School Lunch Sales							31,251	31,251
Total Revenues	25,631,712	1,003,700					829,353	27,464,765
Expenditures								
General Support	4,008,320							4,008,320
Instruction	11,635,992	1,003,700					7,778	12,647,470
Pupil Transportation	1,737,699							1,737,699
Community Service	63,436							63,436
Food Service Program							679,921	679,921
Employee Benefits	5,303,206						81,515	5,384,721
Capital Outlay			4,438,157					4,438,157
Debt Service - Principal	1,705,481							1,705,481
Debt Service - Interest	1,021,753							1,021,753
Total Expenditures	25,475,887	1,003,700	4,438,157				769,214	31,686,958
Excess (Deficit) Revenues Over Expenditures	155,825		(4,438,157)				60,139	(4,222,193)
Other Financing Sources (Uses)								
Premium on Obligations							94,037	94,037
BAN's Redeemed from Appropriations			1,160,000					1,160,000
Transfers from Other Funds	103,737						17,015	120,752
Transfers to Other Funds							(120,752)	(120,752)
Total Other Financing Sources (Uses)	103,737		1,160,000				(9,700)	1,254,037
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	259,562		(3,278,157)				50,439	(2,968,156)
Fund Balance (Deficit), Beginning of Year	11,157,053		(19,875,287)	239,772	89,137	334,924		(8,054,401)
Reclassification of Major Funds to Non-Major				(239,772)	(89,137)	(334,924)	663,833	
Fund Balance (Deficit), Beginning of Year (Restated)	11,157,053		(19,875,287)				663,833	(8,054,401)
Fund Balance (Deficit), End of Year	$ 11,416,615	$	$ (23,153,444)	$	$	$	$ 714,272	$ (11,022,557)

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES AND EXPENDITURES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2026

Net Changes in Fund Balance - Total Governmental Funds		$ (2,968,156)
Capital Outlays to purchase, lease or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of Net Position and allocated over their useful lives as depreciation and amortization expenses in the statement of activities. This is the amount by which capital and leased asset additions exceeded depreciation and amortization expense in the period.		
Amortization Expense	(424,758)	
Depreciation Expense	(1,704,034)	
Capital Additions	4,456,121	2,327,329
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of Net Position. Repayments of bond and lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position. This is the amount of prinicpal repayments that exceeded proceeds of leases and a serial bond during the period.		
Repayment of Lease Principal	405,207	
Repayment Bond Principal	140,274	545,481
Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Other Postemployment Liabilities (including deferred inflows)	2,328,468	
Change in Compensated Absences	(219,951)	
Change in Pension Expense	730,059	2,838,576
Change in Net Position Governmental Activities		$ 2,743,230

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2026

	Custodial Fund
Assets	
Cash and Cash Equivalents - Restricted	$ 183,094
Liabilities	
Accrued Liabilities	97,279
Net Position	
Restricted for Extraclassroom Activities	85,815
Total Liabilities and Net Position	$ 183,094

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2026

	Custodial Fund
Additions	
Charges for Services, Sale of Property, and Miscellaneous	$ 98,502
Deductions	
Club Activities	108,947
Change in Net Position	(10,445)
Net Position, Beginning of Year	96,260
Net Position, End of Year	$ 85,815

The Accompanying Notes are an Integral Part of These Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Unatego Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the School District are described below:

Reporting Entity

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

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

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another 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 description of certain entities included in the School District's reporting entity.

(a) Extraclassroom Activity Funds

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

Joint Venture

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

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

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

Basis of Presentation

(a) District-Wide Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits and depreciation expense for the year, are allocated to functional areas in proportion to their expenditures. 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.

(b) Fund Financial Statements

The fund statements provide information about the School 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 School District reports the following governmental funds:

General Fund: This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

Special Revenue Funds:

Special Aid Fund: This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

Capital Project Fund: This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

Special Revenue Funds:

School Lunch Fund: This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

Miscellaneous Special Revenue Fund: This fund is used to account for and report transactions of the Districts' scholarship funds. The District has both custody and administrative control over the various scholarships. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Debt Service Fund: This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

Change in Major Funds – Effective July 1, 2025, the School District reclassified the School Lunch, Miscellaneous Special Revenue, and Debt Service funds from major to nonmajor governmental funds. This reclassification is reported as a change within the financial reporting entity and is reflected as an adjustment to beginning fund balance of both fund's columns and the aggregate nonmajor governmental funds column in the governmental fund financial statements

(c) Fiduciary Funds

This fund is used to account for and report fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District, and are not available to be used. There is one class of fiduciary funds:

Custodial Fund: These funds are strictly custodial in nature. Assets are held by the School District as agent for various student groups or extraclassroom activity funds.

Measurement Focus and Basis of Accounting

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

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

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

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

Estimates

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

Cash and Cash Equivalents

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1. Taxes are collected during the period September 1 to November 1. Uncollected real property taxes are subsequently enforced by the Counties of Otsgeo and Delaware in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

Receivables

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

Interfund Transactions and Transfers

The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services. Such transfers are made in accordance with state and local laws.

The amounts reported on the Statement of Net Position for due to and due 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 interfund transactions for governmental funds throughout the year is shown in Note 15 to the financial statements.

Capital Assets

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

The School District uses capitalization thresholds of $3,500 (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Lives	Depreciation Method
Land Improvements	20 Years	Straight Line
Buildings and Improvements	20-40 Years	Straight Line
Furniture, Equipment, and Vehicles	5-15 Years	Straight Line

Right to Use Leased Assets

The School District has recorded right to use lease assets as a result of implementing GASB No. 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease, which range from 3-5 years.

Unearned Revenue

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

Deferred Outflow 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. First is the deferred charge on refunding of debt reported in the District-Wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions not included in pension expense. The third item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

Inventories

The inventory, which consists of surplus food, purchased food and supplies in the School Lunch Fund, is recorded at cost on a first-in, first-out basis, 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, and year-end balances are not maintained.

Accrued Liabilities and Long-Term Obligations

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

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

Compensated Absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

In accordance with GASB, a liability is recognized in the district-wide financial statements for vacation, sick leave, and other compensated absences when the benefit is earned by the employee and it is more likely than not that the leave will be used or paid. The compensated absences liability is measured using the pay rates in effect at year-end, and includes salary-related payments such as applicable employer payroll taxes.

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

Retirement Plans

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

Postemployment Benefits

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 10).

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. First is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability or asset and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Equity Classifications

(a) District-Wide Financial Statements

In the District-Wide statements there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets and right to use assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

(b) Fund Statements

The following classifications describe the relative strength of the spending constraints:

Non-Spendable

This category includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. This category consists of the inventories in the School Lunch Fund.

Restricted Resources

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements. The School District has established the following restricted fund balances:

- ***Capital Reserve***

  According to Education Law §3651, the Capital Reserve Fund is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of reserve, the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The reserve is accounted for in the General Fund.

- ***Reserve for Repairs***

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

- ***Reserve for Employee Benefit Accrued Liability***

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

- ***Reserve for Retirement Contribution***

  According to General Municipal Law §6-r, the Reserve for Retirement Contribution must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. Board established use of the Teacher's Retirement System reserve as of April 1, 2019.

- ***Reserve for Workers' Compensation***

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

- ***Reserve for Unemployment Insurance***

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

Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

- ***Committed*** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2026.

- ***Assigned*** – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the District's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than in the Capital Fund, are classified as Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year's budget of the General fund is also classified as Assigned Fund Balance in the General Fund.

- ***Unassigned*** – Includes all other fund resources that do not meet the definition of the above classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

(c) Reserve for Endowment and Scholarships

This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the miscellaneous special revenue fund.

(d) Debt Service Fund

This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds. This reserve is accounted for in the Debt Service Fund.

(e) Capital Projects Fund

This fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities.

(f) Order of Use of Fund Balance

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of application of expenditures to which the fund balance classification will be charged.

New Accounting Standards

Effective for the fiscal year ended June 30, 2026, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. This standard establishes changes to certain components of the financial reporting model, including management's discussion and analysis, the presentation of unusual or infrequent items, proprietary fund reporting, major component unit information, and budgetary comparison information.

For the School District, the implementation of GASB 103 resulted primarily in changes to the presentation and content of management's discussion and analysis and budgetary comparison information. Budgetary comparison schedules for the General Fund are presented as required supplementary information and include separate original-to-final budget and final budget-to-actual variances, with significant variances explained in the accompanying notes. The implementation did not result in a material change to the School District's reported net position or fund balance.

Effective for the fiscal year ended June 30, 2026, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 104, *Disclosure of Certain Capital Assets*. This standard requires certain types of capital assets, including lease assets and subscription assets, and related accumulated amortization to be disclosed separately within the capital asset note. The School District applied the provisions of GASB 104 retroactively, as applicable and practicable. The implementation of this standard resulted in changes to the presentation of the School District's capital asset disclosures but did not have a material effect on total capital assets or net position.

Future Changes in Accounting Standards

GASB Statement No. 105, *Subsequent Events*, effective for the year ending June 30, 2027. This Statement's primary objective is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

The District will evaluate the impact this pronouncement may have on its financial statements and will implement it if applicable and when material.

2. EXPLANATION OF 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 resource management focus of the Statement of Activities, compared with the current financial resource management focus of the governmental funds.

Total Fund Balances of Governmental Funds Compared to Net Position of Governmental Activities

A total fund balance of the School 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.

Statement of Revenues, Expenditures, and Changes in Fund Balance Compared to 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 six broad categories.

(a) 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.

(b) 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 or lease of capital items in the governmental fund statements and depreciation and amortization expense on those items as recorded in the Statement of Activities.

(c) 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.

(d) Employee Benefit Allocation

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and changes in fund equity based on the requirements of New York State. These costs have been allocated based on total salary for each function.

(e) Pension Differences

Pension differences occur as a result of changes in the School 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.

(f) OPEB Differences

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

General Fund – Statutory Unassigned Fund Balance Limit

The School District's unassigned fund balance was over the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the School District's budget for the upcoming school year. At June 30, 2026, the School District's unassigned fund balance was 9.62% of the 2026-2027 budget, which is not in compliance with laws and regulations.

Statutory Debt Limit

At June 30, 2026, the School District was in compliance with the statutory debt limit.

Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. During the year ended June 30, 2026, the District did not make any supplemental appropriations.

Change from Adopted Budget to Revised Budget

Adopted Budget	$ 26,324,065
Add: Prior Year's Encumbrances	74,435
Original Budget	26,398,500
Final Budget	$ 26,398,500

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

Encumbrances

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

NYS Real Property Tax Cap

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments including school districts can levy. The tax levy for the 2025-2026 school year was in compliance with the NYS Tax Cap Limit.

4. CASH AND CASH EQUIVALENTS

Custodial Credit Risk

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

As of June 30, 2026, the School District's bank balances of $2,701,212 were fully covered by FDIC or collateralized with securities held by an agent of the pledging financial institutions in the School District's name and not exposed to custodial credit risk.

Investment Pool

The School District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, as amended, and Article 3-A of the General Municipal Law (Chapter 623 of the Laws of 1998), whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

The School District has $10,207,708 included as portions of unrestricted and restricted cash equivalents. This amount represents the cost of the investment pool share and is considered to approximate market value.

The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of NYCLASS.

Restricted Cash and Cash Equivalents

Restricted Cash and Cash Equivalents of $8,392,217 in the Governmental Funds represent the following:

	General	Micellaneous Special Revenue	Debt Service	Total
Restricted Cash				
Retirement Contribution- ERS	$ 2,117,835	$	$	$ 2,117,835
Unemployment Insurance	91,700			91,700
Retirement Contribution- TRS	880,200			880,200
Employee Benefit Accrued Liability	515,253			515,253
Capital Reserve	3,350,000			3,350,000
Workers Compensation	407,267			407,267
Liability Reserve	45,000			45,000
Debt Service			396,310	396,310
Repair Reserve	499,299			499,299
Scholarships and Donations		89,353		89,353
Total Restricted	$ 7,906,554	$ 89,353	$ 396,310	$ 8,392,217

5. PARTICIPATION IN BOCES

During the year, the School District was billed $4,805,972 for BOCES' administrative and program costs.

During the year ended June 30, 2026, the School District issued no debt on behalf of BOCES. However, during 2008, the BOCES issued $47,755,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). These bonds will be repaid by the component districts of the BOCES as a lease payment included in the administrative budget of the BOCES over the term of the bonds.

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

6. CAPITAL AND RIGHT TO USE LEASED ASSETS

Capital asset activity for the year ended June 30, 2026, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 223,535	$	$	$ 223,535
Construction in Progress	11,229,192	4,438,157	13,843,643	1,823,706
Total	11,452,727	4,438,157	13,843,643	2,047,241
Capital Assets Being Depreciated				
Buildings and Improvements	50,088,703	13,843,643		63,932,346
Improvements Other than Buildings	2,337,423			2,337,423
Furniture, Equipment and Vehicles	2,573,006	151,415	22,249	2,702,172
Total	54,999,132	13,995,058	22,249	68,971,941
Accumulated Depreciation				
Buildings and Improvements	16,760,102	1,521,755		18,281,857
Improvements Other than Buildings	2,568,063	30,491		2,598,554
Furniture, Equipment and Vehicles	875,916	151,788	22,249	1,005,455
Total	20,204,081	1,704,034	22,249	21,885,866
Net Capital Assets Being Depreciated	34,795,051	12,291,024		47,086,075
Net Capital Assets	$ 46,247,778	$ 16,729,181	$ 13,843,643	$ 49,133,316

Depreciation expense and loss on disposal were allocated and charged as follows based on estimated usage by function:

Function/Program	
General Support	$ 407,481
Instruction	1,129,604
Pupil Transportation	134,943
School Lunch	32,006
Total Depreciation	$ 1,704,034

Right to use leased asset activity for the year ended June 30, 2026, is as follows:

	Beginnning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets				
Leased Equipment	$ 3,876,574	$	$	$ 3,876,574
Accumulated Amortization				
Leased Equipment	2,799,827	424,758		3,224,585
Net Right to Use Leased Assets	$ 1,076,747	$ (424,758)	$	$ 651,989

Amortization expense of $424,758 is charged to instruction.

7. SHORT TERM DEBT

Summary of short term debt is as follows:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
General Fund					
Bond Anticipation Note - Capital Project	07/25	$ 23,927,651	07/26	3.75	$ 23,927,651

Interest Paid	$ 859,275
Less: Interest Accrued in the Prior Year	(819,254)
Plus: Interest Accrued in the Current Year	855,472
Total Interest Expense on Short -Term Debt	$ 895,493

8. NONCURRENT LIABILITIES

Summary of Noncurrent Liabilities

Noncurrent liability balances and activity are as follows:

Description	Beginning Balance	Issued	Paid	Ending Balance	Due Within One Year
Governmental Activities					
Energy Performance Contract	$ 2,904,237	$	$ (140,274)	$ 2,763,963	$ 146,514
	2,904,237			2,763,963	146,514
Other Liabilities					
Lease Liability	1,059,870		(405,207)	654,663	327,811
Net Pension Liability	1,374,534		(944,359)	430,175	
OPEB Liability	13,966,350	2,096,360	(1,332,886)	14,729,824	
Compensated Absences	2,231,550	219,951		2,451,501	220,324
Total Governmental Activities	$ 21,536,541	$ 2,316,311	$ (2,682,452)	$ 21,030,126	$ 474,325

Serial Bonds

The School District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment on construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term debt is recorded as expenditure when such amounts are due.

Other Debt – Energy Performance Contract

The Unatego Central School District entered into an energy performance contract during the year ended June 30, 2024. The contract is defined in Section 9-102(4) of the New York State Energy Law as: "an agreement for the provision of energy

services, including but not limited to electricity, heating, ventilation, cooling, steam, or hot water, in which a person agrees to install, maintain, or manage energy systems or equipment to improve the energy efficiency of, or produce energy in connection with a building or facility in exchange for a portion of the energy savings or revenues." The contract is accounted for as a capital lease. The total net present value of the lease at June 30, 2026, is $2,763,963.

The following is a statement of the District's energy performance contract with corresponding maturity schedules:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Energy Performance Contract	03/21/24	$ 2,904,237	06/15/40	4.40%	$ 2,763,963

Principal and interest payments due on the energy performance contract are as follows:

For the Year Ending June 30,	Energy Performance Contract		
	Principal	Interest	Total
2027	146,514	120,020	266,534
2028	153,032	113,503	266,535
2029	159,839	106,695	266,534
2030	166,802	99,240	266,042
2031-2035	910,388	420,282	1,330,670
2036-2040	1,227,388	207,017	1,434,405
Total	$ 2,763,963	$ 1,066,757	$ 3,830,720

Debt Limit

Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten percent of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as State aid for building purposes. The Constitutional and statutory method for determining full valuation consist of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority. At June 30, 2026, the School District exhausted 46.4% of its Statutory Debt Limit.

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

Interest Paid	$ 126,260
Less: Interest Accrued in the Prior Year	(37,201)
Total Interest Expense on Long-Term Debt	$ 89,059

Lease Liability

The District has entered into agreements with the BOCES and other vendors to lease certain equipment such as vehicles, copiers and other technology equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreements.

The following is a schedule of District leases:

Description	Lease Inception Date	Term	Interest Rate	Annual Payment	Lease Liability
SCH484	08/01/24	5	5.50%	$ 34,232	$ 95,597
SCH462	08/01/23	5	5.00%	36,684	68,098
SCH460	03/01/23	5	5.00%	23,828	34,773
SCH446	06/30/21	5	5.00%	33,357	32,213
Bus #14	08/15/22	5	3.85%	89,388	86,015
Bus #15	08/15/24	5	5.50%	92,101	337,967
					$ 654,663

Future lease payments are as follows:

For the Year Ending June 30,	Lease Liability Principal	Interest	Total
2027	282,630	24,625	307,255
2028	217,789	19,118	236,907
2029	154,244	8,450	162,694
Total	$ 654,663	$ 52,193	$ 706,856

9. PENSION PLANS

A. New York State and Local Employees' Retirement System (ERS)

(a) Plan Description

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee 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. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2022, he was reelected for a new term commencing January 1, 2023. 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 School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. 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.

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 must contribute at a specific percentage of earnings (between 3 and 6%) for their entire career. Subsequent to the fiscal year ended March 31, 2026, the approved fiscal year 2027 New York State Budget includes new laws which reduce contribution rates for Tier 6 members. Effective October 1, 2026, the new contribution rate varies from 3% to 5.75% depending on salary. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2026, were paid.

The required contributions for the current year and two preceding years were:

	Amount
2024	$ 376,542
2025	$ 430,670
2026	$ 494,246

(c) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2026, the School District reported a liability of $430,175 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2026, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2025. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2026, the School District's proportion was .0076249 percent which represents a decrease of .0003919 from the District's proportion at June 30, 2025.

For the year ended June 30, 2026, the School District recognized pension expense of $482,934. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 246,171	$
Change of Assumptions	73,842	
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments		771,328
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	62,811	38,045
Contributions Subsequent to the Measurement Date	126,733	
Total	$ 509,557	$ 809,373

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

Year ended June 30:		
2027	$	182,927
2028	$	(272,912)
2029	$	(156,814)
2030	$	(179,750)

(d) Actuarial Assumptions

The total pension liability at March 31, 2026 was determined by using an actuarial valuation as of April 1, 2025, with update procedures used to roll forward the total pension liability to March 31, 2026. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2025 valuation were as follows:

Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of Living Adjustments	1.50%
Salary scale	5.20%
Inflation rate	2.90%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021.

The actuarial assumptions used in the April 1, 2025 valuation are based on the results of an actuarial experience study for the period April 1, 2015- March 31, 2020.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2026 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	25%	3.29%
International equity	14%	5.85%
Private equity	15%	7.00%
Real estate	12%	5.20%
Opportunistic/Absolute Return Strategy	3%	5.13%
Credit	4%	5.10%
Real Assets	4%	5.54%
Fixed Income	22%	1.75%
Cash	1%	0.25%
	100%	

The real rate of return is net of the long-term inflation assumption of 2.50%

(e) Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

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

The following presents the School District's proportionate share of the net pension asset/liability calculated using the discount rate of 5.9 percent, as well as what the School 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 percent) or 1-percentage-point higher (6.9 percent) than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Proportionate Share of the Net Pension (Asset) Liability	$ 2,937,978	$ 430,175	$ (1,666,459)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in amount of $126,733 at June 30, 2026. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2026-2027 billing cycle and has been accrued as an expenditure in the current year.

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org.

(b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute

between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The required employer contributions for the current year and two preceding years were:

	Amount	
2024	$	660,479
2025	$	704,845
2026	$	664,423

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

At June 30, 2026, the School District reported an asset of $2,102,377 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2025, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2024. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2025, the School District's proportion was .035442 percent, which was a decrease of .000065 percent from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the School District recognized a pension credit of $95,130. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 1,102,114	$
Changes of Assumptions	832,266	22,667
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments		1,641,951
Changes in Proportion and Differences Between Contributions		
Changes in proportion	52,576	22,996
Contributions Subsequent to the Measurement Date	760,840	
Total	$ 2,747,796	$ 1,687,614

At June 30, 2026, $760,840 was reported as a deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date, and, will be recognized as a reduction of the net pension asset or liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2026	$ 1,064,227
2027	$ (432,377)
2028	$ (463,919)
2029	$ (91,894)
2030	$ 184,287
Thereafter	$ 39,018

(d) Actuarial Assumptions

The total pension liability at the June 30, 2025 measurement date was determined by using an actuarial valuation as of June 30, 2024, with update procedures used to roll forward the total pension asset to June 30, 2025.

Significant actuarial assumptions used in the June 30, 2024 valuation were as follows:

Investment Rate of Return	6.95 % compounded annually, net of pension plan investment expense, including inflation.
Salary scale	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	5.80%
15	3.66%
25	2.68%
35	2.04%

Projected COLAs	1.40% compounded annually.
Inflation rate	2.50%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP 2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2021.

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2025 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equities	33.0%	6.7%
International equities	15.0%	7.4%
Global equities	4.0%	7.0%
Real estate equities	11.0%	6.5%
Private Equities	9.0%	9.8%
Domestic fixed income	16.0%	2.6%
Global bonds	2.0%	2.4%
High-yield bonds	1.0%	4.7%
Private debt	2.0%	6.1%
Real estate debt	6.0%	3.8%
Cash Equivalents	1.0%	0.6%
	100%	

** Real rates of return are net of pension plan investment expenses and long-term inflation expectations.*

(e) Discount Rate

The discount rate used to measure the pension liability (asset) was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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

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

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate Share of the Net Pension Liability (Asset)	$ 4,039,744	$ (2,102,377)	$ (7,270,651)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS, including the employee share, in amount of $793,407 in the General Fund at June 30, 2026. This amount represents the contribution for the 2025-2026 fiscal year that will be made in 2026-2027 and has been accrued as an expenditure in the current year.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(a) Plan Descriptions

The District provides post-employment health insurance coverage to retired employees in accordance with provisions of various employment contracts. The Benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

(b) Benefits Provided

Unatego Central School District provides medical and prescription drug insurance benefits for retirees, spouses and their covered dependents while contributing a portion of the expenses. Such post-employment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during post-employment. Nevertheless, both types of benefits constitute compensation for employee services. The contribution requirements of plan members and the District are established by the Board of Education. The required contribution is based on projected pay-as-you-go financing requirements. Employees are required to reach age 55 and have 10 years of service to qualify for the plan. The District pays various percentages of the retiree's benefits depending on the employees group. Surviving spouses are required to pay 100% of the cost following the death of the retiree.

(c) Employees Covered by Benefit Terms

	Total
Inactive employees currently receiving benefit payments	122
Active employees	161
Total	283

(d) Total OPEB Liability

The District's total OPEB liability of $14,729,824 was measured as of June 30, 2026 and was determined by an actuarial valuation as of July 1, 2025.

(e) Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balances, June 30, 2025	$ 13,966,350
Changes recognized for the year:	
Service cost	516,704
Interest on Total OPEB Liability	736,079
Effect of plan changes	
Effect of demographic gains or losses	(669,106)
Effect of assumptions changes or inputs	843,577
Benefit payments	(663,780)
Net changes	763,474
Balances, June 30, 2026	$ 14,729,824

(f) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2025 rolled forward to June 30, 2026, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Valuation Date	July 1, 2025
Measurement Date	June 30, 2026
Reporting Date	June 30, 2026
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Wage Inflation	2.40%
Medical Trend Rates	5.9% to 3.8% over 48 years
Discount Rate	4.67%

Discount Rate – The selected discount rate of 4.67% is based on the prescribed discount interest rate methodology under GASB 75 based on an average of three 20-year bond indices (S&P-20 Municipal Bond Index) as of June 30, 2026.

Cash Flows – The cash flows into and out of the Plan are expected to be consistent with the above assumptions and Plan descriptions of participant contributions.

(g) 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 (3.67 percent) or 1 percentage point higher (5.67 percent) than the current discount rate:

	1% Decrease (3.67%)	Current Assumption (4.67%)	1% Increase (5.67%)
Total OPEB liability	$ 16,715,010	$ 14,729,824	$ 13,096,865

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

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 (4.9 declining to 2.8 percent) or 1 percentage point higher (6.9 declining to 4.8 percent) than the current healthcare cost trend rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB liability	$ 12,787,969	$ 14,729,824	$ 17,160,190

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

(i) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the District recognized OPEB expense of $2,275,128. At June 30, 2026, the District reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (5,925,165)	$
Changes of assumptions	(2,564,787)	829,950
Total	$ (8,489,952)	$ 829,950

Contributions subsequent to the measurement date will be recognized in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Amount
2027	$ (2,987,277)
2028	(2,408,703)
2029	(854,821)
2030	(844,102)
2031	(601,828)
Thereafter	36,729

11. RISK MANAGEMENT

General Information

The School District is exposed to various risks of loss related to tax certioraris, torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. Except for tax certiorari, 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.

(a) Worker's Compensation Insurance Plan

The District participates in Worker's Compensation Alliance, a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The District's share of the liability for unbilled and open claims is unknown.

12. CONTINGENCIES AND COMMITMENTS

Construction Commitments

The School District had various open capital projects during the year ended June 30, 2026, with a total authorization of $32,107,465.

Grantors

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

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2026, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. The General Fund encumbrances are reflected as part of the assigned fund balance. The other encumbrances are not reflected on the fund financial statements because the assignment would result in a negative unassigned fund balance. At June 30, 2026, there were no significant encumbrances outstanding.

14. FUND BALANCE

(a) The following is a summary of the change in General Fund restricted fund balances during the year ended June 30, 2026:

	General	Micellaneous Special Revenue	Debt Service	Total
Restricted Cash				
Retirement Contribution- ERS	$ 2,117,835	$	$	$ 2,117,835
Unemployment Insurance	91,700			91,700
Retirement Contribution- TRS	880,200			880,200
Employee Benefit Accrued Liability	515,253			515,253
Capital Reserve	3,350,000			3,350,000
Workers Compensation	407,267			407,267
Liability Reserve	45,000			45,000
Debt Service			396,310	396,310
Repair Reserve	499,299			499,299
Scholarships and Donations		89,353		89,353
Total Restricted	$ 7,906,554	$ 89,353	$ 396,310	$ 8,392,217

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2026:

	General	Capital	Non-Major Funds	Total
Nonspendable	$	$	$ 27,197	$ 27,197
Restricted				
Unemployment Insurance	91,700			91,700
Retirement Contribution- ERS	2,117,835			2,117,835
Retirement Contribution- TRS	515,253			515,253
Employee Benefit Accrued Liability	880,200			880,200
Workers Compensation	407,267			407,267
Liability Reserve	45,000			45,000
Capital Reserve	3,350,000			3,350,000
Repair Reserve	499,299			499,299
Scholarships and Donations			89,353	89,353
Debt Service			399,347	399,347
Total Restricted	7,906,554		488,700	8,395,254
Assigned				
General Support	1,050	476,016		477,066
Instruction				0
Pupil Transportation	875			875
School Lunch			198,375	198,375
Appropriated for Subsequent Year's Budget	825,000			825,000
Total Assigned	826,925	476,016	198,375	1,501,316
Unassigned				
Unassigned	2,683,136	(23,629,460)		(20,946,324)
Total Unassigned (Deficit)	2,683,136	(23,629,460)		(20,946,324)
Total Fund Balances	$ 11,416,615	$ (23,153,444)	$ 714,272	$ (11,022,557)

15. INTERFUND TRANSACTIONS – GOVERNMENTAL AND FIDUCIARY FUNDS

Fund Type	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General	$ 293,321	$ 124,781	$ 103,737	$
School Lunch	80,039			
Special Aid		294,947		
Debt Service	3,037			103,737
Capital Fund	46,368	3,037		
Total	$ 422,765	$ 422,765	$ 103,737	$ 103,737

- The School District transferred a total of $103,737 from the Debt Service Fund to the General Fund for payment of obligations.
- Interfund receivables and payables are considered temporary. The School District intends to repay the amounts within the next fiscal year.

16. FUND DEFICIT

The Capital Fund had a deficit fund balance of $23,153,444. This will be funded when the District obtains permanent financing for its current capital project.

17. DEFICIT NET POSITION

At June 30, 2026, the District Wide Statement of Net Position had an unrestricted deficit of $18,564,549. The deficit is primarily the result of the recognition of GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which required the recognition of an unfunded liability of $14,729,824 at June 30, 2026. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance between Original Budget and Final Budget	Actual	Final Budget Variance With Actual
Revenues					
Local Sources					
Real Property Taxes	$ 7,983,852	$ 6,722,471	$ 1,261,381	$ 7,088,740	$ 366,269
Other Real Property Tax Items	24,300	1,285,681	(1,261,381)	920,867	(364,814)
Charges for Services	165,000	165,000		281,161	116,161
Use of Money and Property	232,000	232,000		339,840	107,840
Sale of Property and Compensation for Loss				39,451	39,451
Miscellaneous	204,000	204,000		452,687	248,687
State Aid	16,096,676	16,096,676		16,480,987	384,311
Federal Aid	40,000	40,000		27,979	(12,021)
Total Revenues	24,745,828	24,745,828		25,631,712	885,884
Other Financing Sources					
Transfers from Other Funds				103,737	103,737
Appropriated Reserve	753,237	753,237			(753,237)
Appropriated Fund Balance	899,435	899,435			(899,435)
Total Revenues and Other Financing Sources	$ 26,398,500	$ 26,398,500	$	25,735,449	$ (663,051)

	Original Budget	Final Budget	Variance between Original Budget and Final Budget	Actual	Final Budget Variance With Actual
Expenditures					
General Support					
Board of Education	$ 36,715	$ 31,715	$ 5,000	$ 24,500	$ 7,215
Central Administration	245,098	252,499	(7,401)	249,948	2,551
Finance	593,603	574,503	19,100	556,821	17,682
Staff	205,032	193,859	11,173	182,844	11,015
Central Services	2,388,049	2,433,951	(45,902)	2,357,009	76,942
Special Items	645,988	642,832	3,156	637,198	5,634
Total General Support	4,114,485	4,129,359	(14,874)	4,008,320	121,039
Instruction					
Instruction, Administration, and Improvement	729,850	743,654	(13,804)	728,889	14,765
Teaching - Regular School	5,194,993	5,071,432	123,561	4,657,263	414,169
Programs for Children With Special Needs	3,733,156	4,232,633	(499,477)	4,176,030	56,603
Occupational Education	693,497	693,497		693,321	176
Teaching - Special School	12,306	13,885	(1,579)	13,885	
Instructional Media	411,742	415,042	(3,300)	390,169	24,873
Pupil Services	1,179,966	1,012,335	167,631	976,435	35,900
Total Instruction	11,955,510	12,182,478	(226,968)	11,635,992	546,486
Pupil Transportation	1,832,368	1,867,695	(35,327)	1,737,699	129,996
Community Services	83,600	83,722	(122)	63,436	20,286
Employee Benefits	5,708,912	5,839,564	(130,652)	5,303,206	536,358
Debt Service - Principal	1,115,274	1,300,274	(185,000)	1,705,481	(405,207)
Debt Service - Interest	1,588,351	995,408	592,943	1,021,753	(26,345)
Total Expenditures	26,398,500	26,398,500		25,475,887	922,613
Other Financing Uses					
Total Expenditures and Other Financing Uses	$ 26,398,500	$ 26,398,500	$	25,475,887	$ 922,613
Net Change in Fund Balance				259,562	
Fund Balance - Beginning of Year				11,157,053	
Fund Balance - End of Year				$ 11,416,615	

UNATEGO CSD
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2026

SIGNIFICANT BUDGETARY POLICIES

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The budget is adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

BUDGETARY REVENUES VARIANCES	Variance Over/ (Under)
Differences- Original Budget to Final Budget:	
Real Property Taxes: The budget was adjusted to account for the portion of tax levy covered by STAR revenue	$ 1,261,381
Other Real Property Tax Items: The budget was adjusted to account for the portion of tax levy covered by STAR revenue	$ (1,261,381)
Differences- Final Budget to Actual:	
Charges for Services: Actual amount exceeded budgeted amount due to after school and summer program revenue	$ 116,161
Use of Money and Property: Budgeted conservatively, anticipating possible interest rate decreases	$ 107,840
BUDGETARY EXPENDITURES VARIANCES	
Differences- Original Budget to Final Budget:	
Debt Service - Principal: Additional principal paid on BAN	$ (185,000)
Debt Service - Interest: Portion of interest expense was accrued and booked in prior year	$ 592,943

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2026

	2026 *	2025 *	2024 *	2023 *	2022 *	2021 *	2020 *	2019 *	2018 *
Measurement Date	6/30/2026	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability									
Service cost	$ 516,704	$ 639,299	$ 669,101	$ 716,822	$ 806,481	$ 1,378,638	$ 1,090,195	$ 1,186,138	$ 1,151,590
Interest on Total OPEB Liability	736,079	629,970	699,758	673,427	693,016	682,513	979,351	864,839	824,264
Effect of plan changes			5,965				172,419		
Effect of demographic gains or losses	(669,106)		(3,347,749)		(12,873,775)		(1,848,480)		(102,952)
Effect of assumption changes or inputs	843,577	(2,404,586)	(593,372)	(653,955)	(1,075,560)	258,532	2,789,268	(2,225,253)	
Benefit payments	(663,780)	(572,113)	(519,921)	(560,799)	(483,934)	(608,094)	(530,135)	(622,438)	(488,378)
Net change in total OPEB Liability	763,474	(1,707,430)	(3,086,218)	175,495	(12,933,772)	1,711,589	2,652,618	(796,714)	1,384,524
Total OPEB Liability - Beginning	13,966,350	15,673,780	18,759,998	18,584,503	31,518,275	29,806,686	27,154,068	27,950,782	26,566,258
Total OPEB Liability - Ending	$ 14,729,824	$ 13,966,350	$ 15,673,780	$ 18,759,998	$ 18,584,503	$ 31,518,275	$ 29,806,686	$ 27,154,068	$ 27,950,782
Covered payroll	$ 9,135,113	$ 8,411,475	$ 8,411,475	$ 7,179,144	$ 7,179,144	$ 7,674,676	$ 7,674,676	$ 8,151,822	$ 8,151,822
Total OPEB Liability as a percentage of covered payroll	161.24%	166.04%	186.34%	261.31%	258.87%	410.68%	388.38%	333.10%	342.88%

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

Notes to Required Supplementary Information:

The District's net OPEB liability is not funded. Therefore, the liability is the net position of the plan. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Actuarial Assumptions

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 9 to the financial statements.

Changes to Assumptions -

Discount rate decreased from 5.20% to 4.67%.

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULES OF DISTRICT CONTRIBUTIONS
For the Year Ended June 30, 2026

ERS Pension Plan
Last 10 Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 494,246	$ 430,670	$ 376,542	$ 295,807	$ 261,055	$ 245,044	$ 230,878	$ 231,939	$ 231,163	$ 320,829
Contributions in Relation to the Contractually Required Contribution	494,246	430,670	376,542	295,807	261,055	245,044	230,878	231,939	231,163	320,829
Contribution Deficiency (Excess)	$	$	$	$	$	$	$	$	$	$
School District's Covered-ERS Employee Payroll	$ 2,975,287	$ 2,788,994	$ 2,665,905	$ 2,429,258	$ 2,156,716	$ 1,739,540	$ 1,621,489	$ 1,624,965	$ 1,640,160	$ 1,696,808
Contributions as a Percentage of Covered-Employee Payroll	16.61%	15.44%	14.12%	12.18%	12.10%	14.09%	14.24%	14.27%	14.09%	18.91%

TRS Pension Plan
Last 10 Fiscal Years

	2025	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 664,423	$ 704,845	$ 660,479	$ 677,841	$ 636,900	$ 595,533	$ 548,962	$ 634,228	$ 597,153	$ 738,259
Contributions in Relation to the Contractually Required Contribution	664,423	704,845	660,479	677,841	636,900	595,533	548,962	634,228	597,153	738,259
Contribution Deficiency (Excess)	$	$	$	$	$	$	$	$	$	$
School District's Covered-TRS Employee Payroll	$ 6,928,290	$ 6,971,761	$ 6,767,203	$ 6,587,376	$ 6,498,980	$ 6,249,035	$ 6,195,959	$ 5,972,015	$ 6,093,398	$ 6,299,138
Contributions as a Percentage of Covered-Employee Payroll	9.59%	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET
For the Year Ended June 30, 2026

ERS Pension Plan
Last 10 Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension liability	0.0076249%	0.0080168%	0.0075693%	0.0073099%	0.0061410%	0.0059144%	0.0052400%	0.0055239%	0.0061180%	0.0064010%
District's proportionate share of the net pension asset (liability)	$ (430,175)	$ (1,374,534)	$ (1,114,508)	$ (1,567,529)	$ 501,999	$ (5,889)	$ (1,387,587)	$ (391,386)	$ (197,455)	$ (601,455)
District's covered-employee payroll	$ 2,975,287	$ 2,788,994	$ 2,665,905	$ 2,429,258	$ 2,156,716	$ 1,739,540	$ 1,621,489	$ 1,624,965	$ 1,640,160	$ 1,696,808
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-14.5%	-49.3%	-41.8%	-64.5%	23.3%	-0.3%	-85.6%	-24.1%	-12.0%	-35.4%
Plan fiduciary net position as a percentage of total pension liability	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.20%	94.70%

TRS Pension Plan
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's Proportion of the net pension asset/liability	0.035507%	0.035442%	0.035667%	0.036426%	0.036817%	0.038076%	0.035779%	0.037408%	0.039750%	0.041431%
District's proportionate share of the net pension asset (liability)	$ 2,102,377	$ 1,057,452	$ (407,882)	$ (698,979)	$ 6,380,023	$ (1,052,136)	$ 929,528	$ 676,441	$ 302,143	$ (443,746)
District's covered-employee payroll	$ 6,971,761	$ 6,767,203	$ 6,587,376	$ 6,498,980	$ 6,249,035	$ 6,195,959	$ 5,972,015	$ 6,093,398	$ 6,299,138	$ 6,383,971
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	30.16%	15.63%	-6.19%	-10.76%	102.10%	-16.98%	15.56%	11.10%	4.80%	-6.95%
Plan fiduciary net position as a percentage of total pension asset/liability	104.00%	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND REAL PROPERTY TAX LIMIT - GENERAL FUND
For the Year Ended June 30, 2026

Change from Adopted Budget to Revised Budget

Adopted Budget	$ 26,324,065
Add: Prior Year's Encumbrances	74,435
Original Budget	26,398,500
Final Budget	$ 26,398,500

Section 1318 of Real Property Tax Law Limit Calculation

2026-27 Voter-Approved Expenditure Budget		$ 27,898,736
Maximum Allowed (4% of 2026-2027 budget)		**$ 1,115,949**
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law :		
Unrestricted Fund Balance:		
Assigned Fund Balance	$ 826,925	
Unassigned Fund Balance	2,683,136	
Total Unrestricted Fund Balance		3,510,061
Less:		
Appropriated Fund Balance	825,000	
Encumbrances Included in Committed and Assigned Fund Balance	1,925	
Total adjustments	826,925	826,925
General Fund's Fund Balance Subject to Section 1318 of Real Property Tax Law		**$ 2,683,136**
Actual Percentage		**9.62%**

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2026

			Expenditures				Methods of Financing				Fund
	Original Authorization	Revised Authorization	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	Federal and State Aid	Local Sources	Total	Balance June 30, 2026
PROJECT TITLE											
2018-19 Small Project	$ 100,000	$ 100,000	$ 98,648	$	$ 98,648	$ 1,352	$	$	$ 100,000	$ 100,000	$ 1,352
Smart Schools Bonds	942,233	1,093,795	1,093,795		1,093,795			1,686,989	942,333	2,629,322	1,535,527
MS/HS Renovations	27,695,000	27,695,000	22,114,085	4,438,157	26,552,242	1,142,758			2,072,667	2,072,667	(24,479,575)
Bus Lift	314,433	314,433	314,433		314,433				100,200	100,200	(214,233)
Energy Performance Contract	2,904,237	2,904,237	2,883,737		2,883,737	20,500	2,904,237			2,904,237	20,500
Total	31,955,903	32,107,465	26,504,698	4,438,157	30,942,855	1,164,610	2,904,237	1,686,989	3,215,200	7,806,426	(23,136,429)
Totals	$ 31,955,903	$ 32,107,465	$ 26,504,698	$ 4,438,157	$ 30,942,855	$ 1,164,610	$ 2,904,237	$ 1,686,989	$ 3,215,200	$ 7,806,426	$ (23,136,429)
									Transfer to Debt Service		(17,015)
											$ (23,153,444)

UNATEGO CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2026

Capital Assets, Net	$	49,133,316
Right to Use Assets, Net		651,989
		49,785,305
Add:		
Unamortized Bond Issuance Costs		37,201
Capital Fund Unspent BAN Proceeds		533,757
		570,958
Deduct:		
Bond Anticipation Notes		23,927,651
Energy Perfoormance Contract Payable		2,763,963
Lease Liability		654,663
		27,346,277
Net Investment in Capital Assets	$	23,009,986

UNATEGO CSD
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2026

	School Lunch	Miscellaneous Special Revenue	Debt Service	Total Non-Major Funds
Assets				
Cash and Cash Equivalents	$ 48,094	$	$	$ 48,094
Restricted Cash and Cash Equivalents		89,353	396,310	485,663
Receivables				
Due From Other Governments	82,294			82,294
Due From Other Funds	80,039		3,037	83,076
Other Receivables	3,919			3,919
Inventory	27,197			27,197
Total Assets	$ 241,543	$ 89,353	$ 399,347	$ 730,243
Liabilities				
Payables				
Accounts Payable	$ 12,317	$	$	$ 12,317
Accrued Liabilities	3,626			3,626
Due To				
Other Governments	28			28
Total Liabilities	15,971			15,971
Fund Balance				
Non-Spendable	27,197			27,197
Restricted		89,353	399,347	488,700
Assigned	198,375			198,375
Total Fund Balance (Deficit)	225,572	89,353	399,347	714,272
Total Liabilities and Fund Balance	$ 241,543	$ 89,353	$ 399,347	$ 730,243

UNATEGO CSD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	School Lunch	Miscellaneous Special Revenue	Debt Service	Total Non-Major Funds
Revenues				
Use of Money and Property	$ 7	$	$ 74,123	$ 74,130
Miscellaneous	46,624	7,994		54,618
State Aid	123,453			123,453
Federal Aid	545,901			545,901
School Lunch Sales	31,251			31,251
Total Revenues	747,236	7,994	74,123	829,353
Expenditures				
Instruction		7,778		7,778
Food Service Program	679,921			679,921
Employee Benefits	81,515			81,515
Total Expenditures	761,436	7,778		769,214
Excess (Deficit) Revenues Over Expenditures	(14,200)	216	74,123	60,139
Other Financing Sources (Uses)				
Premium on Obligations			94,037	94,037
Transfers from Other Funds			17,015	17,015
Transfers to Other Funds			(120,752)	(120,752)
Total Other Financing Sources (Uses)			(9,700)	(9,700)
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources	(14,200)	216	64,423	50,439
Fund Balances, Beginning of Year				
Reclassification of Major Funds to Nonmajor	239,772	89,137	334,924	663,833
Fund Balances (Deficit), Beginning of Year (Restated)	239,772	89,137	334,924	663,833
Fund Balances, End of Year	$ 225,572	$ 89,353	$ 399,347	$ 714,272

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants
200 East Garden Street, P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

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

Board of Education
Unatego Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Unatego Central School District, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Unatego Central School District's basic financial statements, and have issued our report thereon dated October 14, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Unatego 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 Unatego Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Unatego Central School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the school district'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 school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo & Co., LLP

October 14, 2026
Rome, New York

UNATEGO CENTRAL
SCHOOL DISTRICT

EXTRACLASSROOM
ACTIVITY FUND

FINANCIAL STATEMENTS

For the Year Ended
June 30, 2026

UNATEGO CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS

	Page
EXTRACLASSROOM ACTIVITY FUND	
Independent Auditor's Report	1-2
Statement of Assets, Liabilities, and Fund Equity – Cash Basis	3
Statement of Revenues, Expenditures, and Changes in Fund Equity – Cash Basis	4
Notes to Financial Statements	5
Supplemental Schedule of Cash Receipts and Disbursements – Cash Basis	6

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Auditor's Report

Board of Education
Unatego Central School District

Report on Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the Extraclassroom Activity Fund of Unatego Central School District, which comprise the statement of assets, liabilities, and fund equity cash basis as of June 30, 2026, and the related statement of revenues, expenditures, and changes in fund equity cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund equity of the Extraclassroom Activity Fund of Unatego Central School District as of June 30, 2026, and its revenues, expenditures, and changes in fund equity for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Extraclassroom Activity Fund of Unatego 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 qualified audit opinion. Insufficient accounting controls are exercised over cash receipts at the point of collection to the time of submission to the central treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Extraclassroom Activity Fund of Unatego Central School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Extraclassroom Activity Fund of Unatego 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on page 6 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the opinion paragraphs, the information is fairly stated in all material respects in relation to the financial statements as a whole.

D'Arcangelo & Co., LLP

October 14, 2026

Rome, New York

UNATEGO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY - CASH BASIS
For the Year Ended June 30, 2026

Assets	
Cash	$ 85,815
Total Assets	$ 85,815
Fund Equity	
Assigned	$ 85,815
Total Fund Equity	$ 85,815

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY - CASH BASIS
For the Year Ended June 30, 2026

Revenues	
Charges for Services, Sale of Property, and Miscellaneous	$ 98,502
Expenditures	
Instruction - Club Activities	108,947
Surplus Revenues Over Expenditures	(10,445)
Fund Equity, Beginning of Year	96,260
Fund Equity, End of Year	$ 85,815

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

The transactions of the Extraclassroom Activity Fund are considered part of the reporting entity of the Unatego Central School District. The related year-end cash balances are shown as part of the Custodial Fund with the respective offset being shown as restricted net position.

The Board of Education makes rules and regulations for the conduct, operation, and maintenance of the Extraclassroom Activity Fund and for the safeguarding, accounting, and auditing of all monies received and derived therefrom.

Basis of Accounting

The books and records of the School District's Extraclassroom Activity Fund are maintained on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recognized when cash is received, and expenditures are recognized when cash is disbursed.

Fund Equity Assigned

Fund equity includes amounts that are constrained by the Extraclassroom Activity Funds of Unatego Central School District's intent to be used for specific purposes of the respective activity, but are neither restricted nor committed.

Cash and Cash Equivalents

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

2. CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. As of June 30, 2026, the School District's Extraclassroom bank balances of $88,604 were covered by FDIC.

UNATEGO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
For the Year Ended June 30, 2026

Activities	Cash and Fund Equity 7/1/2025	Cash Receipts	Disbursements	Cash and Fund Equity 6/30/2026
Chargeback/Bank Fees	$ (18)	$ 0	$ 0	$ (18)
Class of 2026	8,530	16,151	24,147	534
Class of 2027	5,432	4,786	151	10,067
Class of 2028	1,422	2,210	1,198	2,434
Class of 2029	0	1,187	0	1,187
Cue & Curtain (HS Drama)	11,100	6,292	9,309	8,083
FBLA	15,354	24,563	28,791	11,126
Interest Earned	0	11	11	0
MS Drama Club	10,356	685	479	10,562
MS Student Council	1,053	415	0	1,468
MS Yearbook	90	1,102	841	351
National Junior Honor Society	4,543	0	270	4,273
National Senior Honor Society	1,226	0	371	855
SADD	10,483	3,675	6,073	8,085
Sales Tax	24	312	152	184
Ski & Snowboard	2,028	4,324	4,012	2,340
Spanish Club	706	1,247	1,270	683
Stage Band/Senior Band	11,287	25,601	26,467	10,421
HS Student Council	1,775	1,286	1,360	1,701
Student Council Project Fund	5,417	18	176	5,259
Unategan Yearbook	5,452	4,637	3,869	6,220
Total	$ 96,260	$ 98,502	$ 108,947	$ 85,815

See Independent Auditor's Report.