

**MECHANICVILLE CITY SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2025**

MECHANICVILLE CITY SCHOOL DISTRICT

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4-11
Basic Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Balance Sheet - Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Equity - Governmental Funds	15
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Equity of the Governmental Funds to the Statement of Activities	16
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	17
Notes to the Basic Financial Statements:	18-57
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Equity Budget and Actual - General Fund	58-59
Schedules of Changes in Total OPEB Liability	60
Schedules of Proportionate Share of the Net Pension Liability (Asset)	61
Schedules of District Contributions	62
Supplementary Information:	
Schedule of Changes from Adopted Budget to Final Budget	63
Schedule of Real Property Tax Law Limit	63
Schedule of Project Expenditures - Capital Projects Fund	64
Schedule of Net Investment in Capital and Lease Assets	65
Compliance Information:	
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 <i>Government Auditing Standards</i>	66-67
Schedule of Findings and Responses	68-71
Summary Schedule of Prior Audit Findings	72



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Mechanicville City School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the fiduciary fund of the Mechanicville City School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and fiduciary fund of the Mechanicville City School District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Changes in Accounting Principle

As described in Note 10 to the financial statements, during the year ended June 30, 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Mechanicville City 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 on pages 4-11, budgetary comparison information on pages 58-59, schedule of changes in total OPEB liability on page 60, schedules of proportionate share of net pension liability (asset) on page 61 and schedules of District contributions on page 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mechanicville City School District's basic financial statements. The supplementary information on pages 63-65 is presented for the purposes of additional analysis and are not a required part of the basic financial statements. These supplementary schedules 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 supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mengel, Metzger, Bar & Co. LLP

Latham, NY
November 21, 2025

**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

The following discussion and analysis of the Mechanicville City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2025. This discussion and analysis are intended to serve as an introduction to the District's basic financial statements; we encourage readers to consider the information presented here, in conjunction with information provided in the financial statements.

Financial Highlights

- The District's financial status changed during the 2024-2025 school year. Total net position increased by \$2,656,750 over the course of the year.
- General fund expenditures of \$31.6 million were less than revenues of \$35.0 million by \$3.4 million prior to interfund transfers. The operating surplus is the result of unrealized expenditures in the area of instruction and employee benefits.

Overview of the Financial Statements

The District's annual report consists of five parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, supplemental information and the single audit section (under separate cover). The basic financial statements include two kinds of statements that present different views of the District:

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

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

District-wide Statements

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

The *statement of net position* presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

The *statement of activities* presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., retirement system liabilities and earned but unused vacation leave).

The District-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, liabilities and deferred inflows of resources were less than assets and deferred outflows of resources by \$7,834,365 at the close of the most recent fiscal year.

**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Net Position

	<u>Governmental Activities</u>		<u>Total Variance</u>
	<u>2025</u>	<u>Restated 2024</u>	
<u>ASSETS:</u>			
Current and Other Assets	\$ 22,180,257	\$ 23,553,352	\$ (1,373,095)
Capital Assets	46,739,230	42,555,560	4,183,670
Total Assets	<u>\$ 68,919,487</u>	<u>\$ 66,108,912</u>	<u>\$ 2,810,575</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	<u>\$ 11,478,329</u>	<u>\$ 6,174,865</u>	<u>\$ 5,303,464</u>
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 61,494,730	\$ 50,142,676	\$ 11,352,054
Other Liabilities	2,195,979	10,983,750	(8,787,771)
Total Liabilities	<u>\$ 63,690,709</u>	<u>\$ 61,126,426</u>	<u>\$ 2,564,283</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	<u>\$ 8,872,742</u>	<u>\$ 5,709,213</u>	<u>\$ 3,163,529</u>
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 26,255,179	\$ 21,971,625	\$ 4,283,554
Restricted	7,851,524	4,249,736	3,601,788
Unrestricted	(26,272,338)	(21,043,746)	(5,228,592)
Total Net Position	<u>\$ 7,834,365</u>	<u>\$ 5,177,615</u>	<u>\$ 2,656,750</u>

The District's 2025 revenue was \$37,387,705. Property taxes and New York State aid accounted for the majority of the revenue by contributing 42% and 48%, respectively, of the total revenue raised. The remainder of the revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$34,730,955 for 2025. 79% of this total represents expenses for the education, supervision and transportation of students, while 16% represents the school district's administrative, business, maintenance and other general support activities.

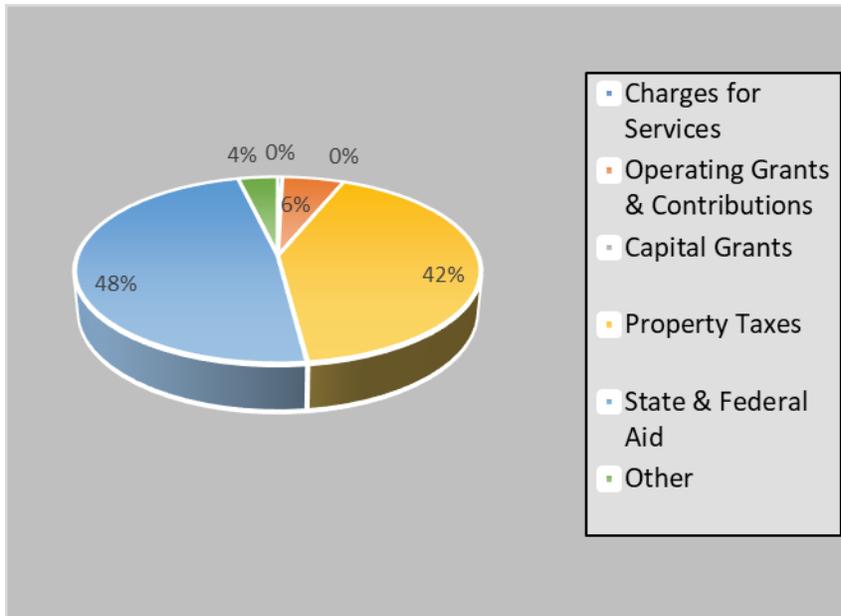
**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Statement of Activities

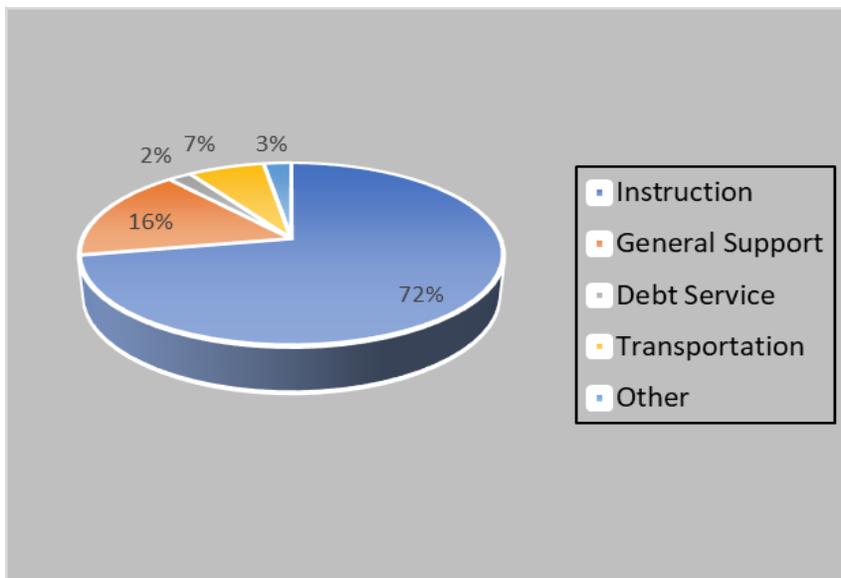
	Governmental Activities		Total Variance
	Restated		
	<u>2025</u>	<u>2024</u>	
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 159,676	\$ 144,845	\$ 14,831
Operating Grants & Contributions	2,131,417	2,731,058	(599,641)
Capital Grants & Contributions	-	(8,596)	8,596
Total Program	<u>\$ 2,291,093</u>	<u>\$ 2,867,307</u>	<u>\$ (576,214)</u>
<u>General -</u>			
Property Taxes and Tax Items	\$ 15,655,206	\$ 15,119,009	\$ 536,197
State and Federal Aid	18,066,173	16,787,069	1,279,104
Investment Earnings	932,027	786,170	145,857
Compensation for Loss	19,517	62,393	(42,876)
Miscellaneous	423,689	397,775	25,914
Total General	<u>\$ 35,096,612</u>	<u>\$ 33,152,416</u>	<u>\$ 1,944,196</u>
TOTAL REVENUES	<u>\$ 37,387,705</u>	<u>\$ 36,019,723</u>	<u>\$ 1,367,982</u>
<u>EXPENSES:</u>			
General Support	\$ 5,720,327	\$ 5,149,114	\$ 571,213
Instruction	25,041,225	23,116,065	1,925,160
Pupil Transportation	2,374,846	5,076,574	(2,701,728)
School Lunch	862,364	852,460	9,904
Interest	732,193	421,055	311,138
TOTAL EXPENSES	<u>\$ 34,730,955</u>	<u>\$ 34,615,268</u>	<u>\$ 115,687</u>
CHANGE IN NET POSITION	<u>\$ 2,656,750</u>	<u>\$ 1,404,455</u>	
NET POSITION, BEGINNING OF YEAR	<u>5,177,615</u>	<u>3,773,160</u>	
NET POSITION, END OF YEAR	<u>\$ 7,834,365</u>	<u>\$ 5,177,615</u>	

**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Sources of Revenue for Fiscal Year 2025



Expenses for Fiscal Year 2025



Financial Analysis of the District's Funds

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

The General Fund is the primary operating fund of the District. At the end of the fiscal year, the total fund balance of this fund was \$11,857,091, of which \$6,611,408 (or 18.11% of the ensuing year's budget) was unassigned.

**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Financial Analysis of The District’s Funds

New York State Law limits the amount of unassigned fund balance that can be retained to 4% of the ensuing year’s budget, exclusive of the amount designated for the subsequent year’s budget. Regarding the amount of unassigned fund balance in excess of the limit allowed by NY State Law.

The District has earmarked funds for the following purposes:

- *Reserve for encumbrances of \$480,609.* These funds are reserved to pay for commitments at June 30 that will be reappropriated during the subsequent fiscal year.
- *Reserve for Employee Benefit Accrued Liabilities of \$389,843.* The District will use these funds to pay accrued employee benefits due upon termination of the employee’s service.
- *Retirement Contribution Reserves of \$1,107,416.* The District will use these funds to pay retirement contributions for the NYS and Local retirement system.
- *Reserve for Debt of \$429,812.* The District will use the funds to pay debt.
- *\$5,839,202 in Capital Projects Fund.* For voter approved projects.
- *\$85,251 for Scholarships.*

General Fund Budgetary Highlights

During the year final revenues were over the revised budgetary estimates by \$1.6 million, primarily due to an increase in interest and receiving more state aid than was budgeted. Expenditures and encumbrances were under revised budgetary estimates by \$4.4 million or 11%, the majority of which was due to instruction and employee benefits.

Capital and Lease Asset and Debt Administration

Capital and Lease Assets

By the end of 2025, the District had invested \$46.7 million, net of accumulated depreciation and amortization, in a broad range of capital and lease assets, including school buildings. Total depreciation expense for the year was \$1.7 million and amortization of \$.3 million.

The following summarizes capital and lease assets, net of accumulated depreciation and amortization, at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
<u>Capital Assets:</u>		
Land	\$ 166,345	\$ 166,345
Construction in progress	-	2,313,978
Buildings and improvements	44,659,825	38,314,249
Furniture and equipment	1,194,093	1,451,522
Total Capital Assets, net	<u>\$ 46,020,263</u>	<u>\$ 42,246,094</u>
<u>Lease Assets:</u>		
Equipment, net	718,967	309,466
Grand Total	<u><u>\$ 46,739,230</u></u>	<u><u>\$ 42,555,560</u></u>

**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Capital Asset and Debt Administration

Long Term Debt

At June 30, 2025, the District had \$61.5 million in general obligation bonds and other long-term debt outstanding, which is increased due to other post-employment benefits payable and a bond issuance in the current year. (More detailed information about the District’s long-term liabilities is presented in Note 3.B. II. to the financial statements).

The following summarizes long-term liabilities at June 30, 2025 and 2024:

<u>Type</u>	<u>2025</u>	<u>Restated 2024</u>
Serial Bonds	\$ 26,030,437	\$ 21,045,088
Lease Liability	373,567	28,328
OPEB	32,937,149	26,692,410
Net Pension Liability	1,534,090	1,995,182
Compensated Absences	619,487	592,860
Total Long-Term Obligations	<u>\$ 61,494,730</u>	<u>\$ 50,353,868</u>

Economic Factors and Next Year’s Budgets and Rates

At the time these financial statements were prepared the school district was aware of the following existing circumstances that could significantly affect the District’s financial position in the future.

Given the unstable economy and rising inflation the District anticipates that this may have a negative impact on the amount of State Aid the District will receive. State aid formulas which provide the majority of funding mechanisms for school districts have been based on antiquated values and have recently been called upon by Gov. Hochul for a thorough review in order to provide an equitable solution to NYS school districts. NYS has commissioned an outside consultant, Rockefeller Institute, to review and provide recommendations of funding formulas to ensure the financial stability of this source funding. The District is uncertain of how these changes will affect District but is planning prudently to ensure direct sustainability of programming and staff.

The District is currently in negotiations with MTA as the current contracts expired on June 30, 2025. The District will be working through negotiations with CSEA as the current contract expires on June 30, 2026.

Positive trends show that the District’s tax base continues to show a slight modest growth spreading school taxes over a larger assessed value, slowing the growth of tax rates. The possibility of new construction developments expected to be completed between late 2025 and early 2026 will continue to have a positive impact for the District.

**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Contacting the District's Financial Management

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

Mechanicville City School District
Attn: Taryn Breen
25 Kniskern Ave
Mechanicville, NY 12118
(518) 664-5727

MECHANICVILLE CITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2025

ASSETS

Cash and cash equivalents	\$ 96,898
Restricted cash and cash equivalents	2,812,304
Investments	9,008,749
Restricted investments	5,204,492
Accounts receivable	3,062,196
Inventories	19,957
Long-term accounts receivable	300,000
Net pension asset	1,675,661
Capital assets, net	46,020,263
Lease assets, net	718,967
TOTAL ASSETS	<u>\$ 68,919,487</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources	<u>\$ 11,478,329</u>
--------------------------------	-----------------------------

LIABILITIES

Accounts payable	\$ 382,199
Accrued liabilities	134,948
Refundable advances	198,239
Due to other governments	5,837
Due to teachers' retirement system	1,219,138
Due to employees' retirement system	163,939
Other liabilities	91,679
Long-Term Obligations:	
Due in one year	3,716,431
Due in more than one year	57,778,299
TOTAL LIABILITIES	<u>\$ 63,690,709</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources	<u>\$ 8,872,742</u>
-------------------------------	----------------------------

NET POSITION

Net investment in capital and lease assets	\$ 26,255,179
Restricted	7,851,524
Unrestricted	(26,272,338)
TOTAL NET POSITION	<u>\$ 7,834,365</u>

MECHANICVILLE CITY SCHOOL DISTRICT

Statement of Activities

For The Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General support	\$ 5,720,327	\$ -	\$ -	\$ -	\$ (5,720,327)
Instruction	25,041,225	105,341	1,379,119	-	(23,556,765)
Pupil transportation	2,374,846	-	-	-	(2,374,846)
School lunch	862,364	54,335	752,298	-	(55,731)
Interest	732,193	-	-	-	(732,193)
Total Functions/Programs	\$ 34,730,955	\$ 159,676	\$ 2,131,417	\$ -	\$ (32,439,862)

General Revenues:

Property taxes	\$ 15,655,206
State and federal aid	18,066,173
Investment earnings	932,027
Compensation for loss	19,517
Miscellaneous	423,689
Total General Revenues	\$ 35,096,612
Changes in Net Position	\$ 2,656,750
Net Position, Beginning of Year, as Originally Reported	5,448,138
Cumulative Effect of Change in Accounting Principle (Note 10)	(270,523)
Net Position, Beginning of Year, as Restated	5,177,615
Net Position, End of Year	\$ 7,834,365

MECHANICVILLE CITY SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2025

	General Fund	Special Aid Fund	School Lunch Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 84,365	\$ 1,455	\$ 11,078	\$ -	\$ -	\$ 96,898
Restricted cash and cash equivalents	90,476	-	-	-	2,721,828	2,812,304
Investments	9,008,749	-	-	-	-	9,008,749
Restricted investments	1,927,071	-	-	85,251	3,192,170	5,204,492
Receivables	2,080,222	872,143	66,675	-	138,156	3,157,196
Inventories	-	-	19,957	-	-	19,957
Due from other funds	1,218,138	54,693	66,869	-	-	1,339,700
TOTAL ASSETS	\$ 14,409,021	\$ 928,291	\$ 164,579	\$ 85,251	\$ 6,052,154	\$ 21,639,296
LIABILITIES AND FUND EQUITY (DEFICIENCY)						
Liabilities -						
Accounts payable	\$ 338,677	\$ 39,804	\$ 1,318	\$ -	\$ 2,400	\$ 382,199
Accrued liabilities	93,901	-	681	-	-	94,582
Due to other funds	122,562	882,032	124,554	-	210,552	1,339,700
Due to other governments	5,295	406	136	-	-	5,837
Due to TRS	1,219,138	-	-	-	-	1,219,138
Due to ERS	163,939	-	-	-	-	163,939
Other liabilities	91,679	-	-	-	-	91,679
Refundable advances	168,285	6,049	23,905	-	-	198,239
TOTAL LIABILITIES	\$ 2,203,476	\$ 928,291	\$ 150,594	\$ -	\$ 212,952	\$ 3,495,313
Deferred Inflows -						
Deferred inflows of resources	\$ 348,454	\$ -	\$ -	\$ -	\$ -	\$ 348,454
Fund Equity (Deficiency) -						
Nonspendable	\$ -	\$ -	\$ 19,957	\$ -	\$ -	\$ 19,957
Restricted	1,927,071	-	-	85,251	5,839,202	7,851,524
Assigned	3,318,612	-	-	-	-	3,318,612
Unassigned	6,611,408	-	(5,972)	-	-	6,605,436
TOTAL FUND EQUITY (DEFICIENCY)	\$ 11,857,091	\$ -	\$ 13,985	\$ 85,251	\$ 5,839,202	\$ 17,795,529
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND EQUITY (DEFICIENCY)	\$ 14,409,021	\$ 928,291	\$ 164,579	\$ 85,251	\$ 6,052,154	

Amounts reported for governmental activities in the

Statement of Net Position are different because:

Capital assets/lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.	46,739,230
Taxes receivable is deferred for those amounts collected after ninety (90) days on fund basis, while those amounts are recorded as revenue on the full accrual basis.	348,454
Amounts due from other governments are not financial resources and therefore not reported in the funds	205,000
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(40,366)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(25,200,000)
Lease liabilities	(373,567)
OPEB	(32,937,149)
Compensated absences	(619,487)
Premium	(830,437)
Net pension asset	1,675,661
Deferred outflow	5,955
Deferred outflow - pension	4,795,915
Deferred outflow - OPEB	6,676,459
Net pension liability	(1,534,090)
Deferred inflow - pension	(2,301,369)
Deferred inflow - OPEB	(6,571,373)
Net Position of Governmental Activities	\$ 7,834,365

See accompanying notes to financial statements.

MECHANICVILLE CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Equity
Governmental Funds
For The Year Ended June 30, 2025

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES						
Real property taxes and tax items	\$ 15,648,156	\$ -	\$ -	\$ -	\$ -	\$ 15,648,156
Charges for services	105,341	-	-	-	-	105,341
Use of money and property	682,132	-	2,003	4,001	243,891	932,027
Sale of property and compensation for loss	19,517	-	-	-	-	19,517
Miscellaneous	417,389	(269)	844	775	100	418,839
Interfund revenues	99,850	-	-	-	-	99,850
State sources	17,917,927	521,006	212,817	-	-	18,651,750
Federal sources	148,246	858,113	539,481	-	-	1,545,840
Sales	-	-	54,335	-	-	54,335
TOTAL REVENUES	\$ 35,038,558	\$ 1,378,850	\$ 809,480	\$ 4,776	\$ 243,991	\$ 37,475,655
EXPENDITURES						
General support	\$ 3,669,462	\$ -	\$ -	\$ -	\$ -	\$ 3,669,462
Instruction	15,997,247	1,106,789	-	-	-	17,104,036
Pupil transportation	1,563,625	51,082	-	-	-	1,614,707
Employee benefits	6,590,635	274,959	112,693	-	-	6,978,287
Debt service - principal	3,060,962	-	-	-	-	3,060,962
Debt service - interest	775,661	-	-	-	-	775,661
Cost of sales	-	713	749,671	-	-	750,384
Other expenses	-	-	-	5,780	-	5,780
Debt issuance costs	-	-	-	-	153,923	153,923
Capital outlay	-	-	-	-	5,981,778	5,981,778
TOTAL EXPENDITURES	\$ 31,657,592	\$ 1,433,543	\$ 862,364	\$ 5,780	\$ 6,135,701	\$ 40,094,980
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 3,380,966	\$ (54,693)	\$ (52,884)	\$ (1,004)	\$ (5,891,710)	\$ (2,619,325)
OTHER FINANCING SOURCES (USES)						
Transfers - in	\$ 243,891	\$ 54,693	\$ 66,869	\$ -	\$ 2,550,000	\$ 2,915,453
Transfers - out	(2,671,562)	-	-	-	(243,891)	(2,915,453)
Proceeds from obligations	-	-	-	-	7,851,201	7,851,201
BAN's redeemed from appropriations	-	-	-	-	40,000	40,000
Premium on obligations issued - Bonds	-	-	-	-	573,754	573,754
TOTAL OTHER FINANCING SOURCES (USES)	\$ (2,427,671)	\$ 54,693	\$ 66,869	\$ -	\$ 10,771,064	\$ 8,464,955
NET CHANGE IN FUND EQUITY	\$ 953,295	\$ -	\$ 13,985	\$ (1,004)	\$ 4,879,354	\$ 5,845,630
FUND EQUITY, BEGINNING OF YEAR	10,903,796	-	-	86,255	959,848	11,949,899
FUND EQUITY, END OF YEAR	\$ 11,857,091	\$ -	\$ 13,985	\$ 85,251	\$ 5,839,202	\$ 17,795,529

MECHANICVILLE CITY SCHOOL DISTRICT
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Equity of the Governmental Funds to the Statement of Activities
For The Year Ended June 30, 2025

NET CHANGE IN FUND EQUITY -
TOTAL GOVERNMENTAL FUNDS \$ 5,845,630

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

Governmental funds report capital and lease outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. The following are the amounts by which capital and lease outlays and additions of assets in excess in the current period depreciation/amortization in the current period:

Capital Outlay, Net of Retainage	\$ 5,619,913	
Lease Additions, net	295,227	
Amortization on Leases	(361,927)	
Depreciation	<u>(1,786,413)</u>	3,766,800

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 2,890,000	
Proceeds from Bond Issuance	(7,375,000)	
Amortization of Bond Premium	73,405	
Proceeds from Bond Premium	(573,754)	
Lease Repayments	<u>130,962</u>	(4,854,387)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (18,665)

Property taxes are reported as revenue in governmental funds when available. Property taxes that are levied but not considered available are reported as deferred inflows, but reported when levied in the statement of activities. 7,050

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (95,000)

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (2,302,963)

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System		246,248
Employees' Retirement System		99,936

Portion of deferred (inflow) / outflow recognized in long term debt (11,272)

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences		<u>(26,627)</u>
----------------------	--	-----------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 2,656,750**

MECHANICVILLE CITY SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2025

	Custodial Funds
ASSETS	
Restricted cash and cash equivalents	\$ 7,277
TOTAL ASSETS	\$ 7,277
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 7,277
TOTAL NET POSITION	\$ 7,277

Statement of Changes in Fiduciary Net Position

For The Year Ended June 30, 2025

	Custodial Funds
ADDITIONS	
Gifts and Contributions	\$ 17,750
Investment earnings	541
TOTAL ADDITIONS	\$ 18,291
DEDUCTIONS	
Scholarships and Awards	\$ 16,550
TOTAL DEDUCTIONS	\$ 16,550
CHANGE IN NET POSITION	\$ 1,741
NET POSITION, BEGINNING OF YEAR	5,536
NET POSITION, END OF YEAR	\$ 7,277

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Mechanicville City School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standards setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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 District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity.

The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of an entity included in the District's reporting entity:

The Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. However, due to administrative involvement defined in Footnote 1 to paragraph 8b of GASB 84, the District accounts for these student organization funds within the General Fund. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office, located at 25 Kniskern Ave, Mechanicville, New York.

B. Joint Venture

The Mechanicville City School District is a component district in the Washington-Saratoga-Warren-Hamilton-Essex Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

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

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

During the year ended June 30, 2025, the District was billed \$3,507,491 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,316,202. Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation

District-wide Statements

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

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

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

Fund Financial Statements

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

The District reports the following major governmental funds:

I. Governmental Funds

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds.

1. General Fund

This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

2. Special Revenue Funds

The special revenue funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

a. Special Aid Fund

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

b. School Lunch Fund

Used to account for transactions of the District's lunch and breakfast programs.

c. Special Revenue Fund

Used to account for revenues legally restricted to expenditures for specified purposes such as scholarships.

3. Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities, and equipment

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

I. Governmental Funds

3. Capital Projects Fund

or the right-to-use capital facilities and other capital and intangible assets.

II. Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District wide financial statements because their resources do not belong to the District and are not available to be used.

There are two classes of fiduciary funds:

- a. Private Purpose Trust Funds: These funds are used to account for trust arrangements under which principal and income benefits individuals, private organizations or other governments. 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. There are no funds that meet this criteria.
- b. Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations.

D. Basis of Accounting/Measurement Focus

General Information

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

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

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting/Measurement Focus

General Information

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 District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, other post-employment benefits, pension 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.

E. Refundable Advances

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

F. Property Taxes

I. Calendar

Real property taxes are levied annually by The Board of Education. The levy was adopted by the Board of Education on August 1, 2024 and became a lien on August 1, 2024. Taxes were collected during the period September 1, 2024 through October 31, 2024.

II. Enforcement

Uncollected real property taxes are subsequently enforced by the City of Mechanicville and the Counties of Saratoga and Rensselaer. An amount representing all uncollected real property taxes must be transmitted by the City and Counties to the District within two years from the return of unpaid taxes to such City and Counties. Real property taxes receivable

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Property Taxes

II. Enforcement

expected to be collected within sixty days subsequent to June 30, 2025, less similar amounts collected during this period in the preceding year, are recognized as revenue; otherwise, real property taxes receivable are offset by deferred inflows of resources.

G. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

1. The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the line item level.
- d. Appropriations established by 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. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations were made for the year ended June 30, 2025:

From Additional Revenues:	
Donations	\$ 22,611
Insurance Recovery	1,400
From Fund Balance Reserves:	
Roof replacement	2,000,000
Total Supplemental Appropriations	<u>\$ 2,024,011</u>

- e. 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.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

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

II. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund equity 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.

III. Budget Basis of Accounting

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

H. Cash and Investments

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

The District investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. 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 Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and School Districts. Investments are stated at fair value. Certain cash balances are restricted by various legal contractual obligations, such as legal reserves or debt agreements.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Accounts Receivable

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

J. Inventories and Prepaid Items

Inventories of food and supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase. Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase, and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund equity in the amount of these non-liquid assets has been identified as not available for other subsequent expenditures.

K. Interfund Transfers

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

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

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

Refer to Note 3.A.III for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

States widely:

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

Net investment in capital and lease assets - consists of net capital assets (cost less accumulated depreciation) and lease assets (less accumulated amortization) plus deferred loss on bond issuance and unspent bond proceeds, reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets, unamortized bond premium, retainage payable, and lease liabilities.

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

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

Fund statements:

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

Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund equity includes the following:

	<u>Total</u>
Inventory in School Lunch	\$ 19,957
Total Nonspendable Fund Equity	<u><u>\$ 19,957</u></u>

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund and classified as restricted fund equity. The District has established the following restricted fund equities:

Reserve for Employee Benefit Accrued Liability

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

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classification

Reserve for Debt

This reserve was established according to General Municipal Law §6-l, and for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from unexpended bond proceeds.

Retirement Contribution Reserve

According to General Municipal Law §6-r, must be used for financing retirement contributions of both ERS and TRS systems. 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. The Board may also authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

Capital Reserve

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

Special Revenue

Restricted for scholarships for students that meet donor specified criteria.

Restricted fund equity includes the following:

	<u>Total</u>
<u>General Fund -</u>	
Retirement Contribution - ERS	\$ 768,837
Retirement Contribution - TRS	338,579
Debt	429,812
Employee Benefit Accrued Liability	389,843
<u>Capital Project Fund -</u>	
Encumbrances	5,839,202
<u>Special Revenue Fund -</u>	
Scholarships	85,251
Total Restricted Fund Equity	<u><u>\$ 7,851,524</u></u>

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classification

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 District has no committed fund equity as of June 30, 2025.

Assigned - Includes amounts that are constrained by the District’s intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund equity represents the residual amount of fund equity. Assigned fund equity also includes an amount appropriated to partially fund the subsequent year’s budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as assigned fund equity in the General Fund.

Assigned fund equity includes the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 480,610
General Fund - Appropriated for Taxes: Future Capital	
Project Work	2,838,002
Capital Projects Fund - Year End Equity	-
Total Assigned Fund Equity	<u><u>\$ 3,318,612</u></u>

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund equity in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Purpose of Encumbrances

<u>General Fund -</u>	
General Support	\$ 138,595
Instruction	15,036
Pupil Transportation	326,978
Total General Fund Encumbrances	<u><u>\$ 480,609</u></u>

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classification

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

NYS Real Property Tax Law Section 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The District exceeded the 4% limit at June 30, 2025 by \$5,151,169.

Net Position/Fund Equity:

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

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

Order of Use of Fund Equity:

The District's policy is to apply expenditures against nonspendable fund equity, restricted fund equity (to the extent appropriated), committed fund equity, assigned fund equity and unassigned fund equity at the end of the fiscal year. For all funds, nonspendable fund equity is determined first and then restricted fund equity for specific purposes is determined. Any remaining fund equity amounts for funds other than the General Fund are classified as either assigned or restricted fund equity. In the General Fund, committed fund equity is determined next then assigned. The remaining amounts are reported as unassigned.

M. Post Employment Benefits

In addition to providing the retirement benefits described in Note 3.B.I., the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-employment benefits is shared between the District and the retired employee. See Note 3.B.VIII.

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Capital Assets and Lease Assets

Capital assets are reported at actual cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Donated assets, if any, are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 2,500	SL	15-40 Years
Machinery and equipment	\$ 1,000-2,500	SL	5-20 Years

Lease Assets

The District-wide financial statements, lease assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 3 and 5 years based on the contract terms and/or estimated replacement of the assets.

O. Short-term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The District did not issue or redeem any revenue or tax anticipation notes during the current year.

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. See Note 3.B.II.1. for details of any BANs issued by the District.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued. The District did not issue or redeem any deficiency notes during the current year.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District may have four items that qualify for reporting in this category. First is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss 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 to the pension systems not included in pension expense. The third is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to pensions and OPEB reporting in the district wide statement of net position. This represents the effects of the net change in the actual and expected experience and change in assumptions.

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 may have two items that qualify related to pensions reported in the district-wide statement of net position. The first represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to pensions and OPEB reported in the district-wide statement of net position. This represents the effect of the net changes of assumptions or other inputs, and the difference between expected and actual differences.

Q. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

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

a. Total fund equity of governmental funds vs. net position of governmental activities:

Total fund equity of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital and lease assets and long-term liabilities, including pensions and other post-employment benefits.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

b. Changes in Fund Equity vs. Statement of Activities:

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

Long-Term Revenue and Expense Differences

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

Capital and Lease Related Differences

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

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, principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension Differences

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

OPEB Differences

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

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

R. Estimates

The preparation of financial statements in conformity with GAAP 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post-employment benefits, potential contingent liabilities, net pension liability/asset, deferred inflows/outflows and the lives of long-term assets.

S. Employee Benefits - Compensated Absences

District employees are granted vacation in varying amounts, based principally 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 contractually receive a payment based on unused accumulated sick leave based on contractual provisions. Unused sick leave for teachers is converted to a dollar amount and can be applied to their share of the premium of health insurance plan at retirement.

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

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

T. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full, from current financial resources. Claims and judgments, other post-employment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the governmental funds 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 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 after one year in the statement of net position.

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. Implementation of New Accounting Standards

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

GASB has issued Statement 101, *Compensated Absences*, effective for the year ending June 30, 2025, which had a significant impact, see Note 10.

GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for the year ending June 30, 2025, which had no significant impact.

V. Future Changes in Accounting Standards

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

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026.

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending June 30, 2026.

2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. Unassigned Fund Balance

The District's unassigned fund balance in the general fund was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year, by \$5,151,169.

B. Deficit Fund Balance

There were no deficit fund equities reported at June 30, 2025.

3. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Deposits

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

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amounts of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

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

Credit Risk

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

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

Custodial Credit Risk

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

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

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Restricted Cash and Investments

Restricted cash and investments consist of the following:

	<u>Total</u>
<u>General Fund -</u>	
Retirement Contribution-ERS	\$ 768,837
Retirement Contribution-TRS	338,579
Debt	429,812
Employee Benefit Accrued Liability	389,843
Extraclassroom Activity	90,476
<u>Special Revenue Fund -</u>	
Scholarships	85,251
<u>Capital Projects Fund -</u>	
Expenditures for voter approved projects	5,913,998
<u>Fiduciary Fund -</u>	
Scholarships	7,277
Total	\$ 8,024,073

Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Investments

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. All of the District's investments are valued based on Level 2 of the hierarchy.

The District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2025, the District held \$14,213,241 in investments consisting of various investments in securities issued by the United States and its agencies. The following valuation inputs are included as investments:

Total investments of the NYCLASS cooperative as of June 30, 2025, based on unaudited numbers, are \$14,132,078,788, which consisted of \$3,825,553,728 in repurchase agreements, \$450,813,313 in collateralized bank deposits, \$128,601,917 in FDIC Insured Bank Deposits, and \$9,727,109,830 in U.S. Government Treasury Securities.

<u>Investments in Securities at Fair Value</u>	<u>Valuation Inputs</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
General Fund	\$ -	\$ 10,935,820	\$ -	\$ 10,935,820
Special Revenue Fund	-	85,251	-	85,251
Capital Fund	-	3,192,170	-	3,192,170
Total	<u>\$ -</u>	<u>\$ 14,213,241</u>	<u>\$ -</u>	<u>\$ 14,213,241</u>

The above amounts represent the fair value of the investment pool shares. For the year ended June 30, 2025, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Risks and Uncertainties with Investments

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of net position.

II. Receivables

Receivable balances for the year ended June 30, 2025 are:

<u>Description</u>	<u>Governmental Activities</u>				<u>Total</u>
	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>School</u>	
	<u>Fund</u>	<u>Aid</u>	<u>Projects</u>	<u>Lunch</u>	
Accounts Receivable	\$ 20,870	\$ -	\$ -	\$ 1,649	\$ 22,519
Due From State and Federal	1,628,664	872,143	138,156	65,026	2,703,989
Taxes Receivable, net	430,688	-	-	-	430,688
Total Receivables	\$ 2,080,222	\$ 872,143	\$ 138,156	\$ 66,675	\$ 3,157,196

III. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transactions and balances are as follows:

	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,218,138	\$ 122,562	\$ 243,891	\$ 2,671,562
Special Aid Fund	54,693	882,032	54,693	-
School Lunch Fund	66,869	124,554	66,869	-
Capital Projects Fund	-	210,552	2,550,000	243,891
Total	\$ 1,339,700	\$ 1,339,700	\$ 2,915,453	\$ 2,915,453

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

A. Assets

III. Interfund Transactions

The General Fund transferred \$2,550,000 to the Capital Fund for payment for capital projects, \$66,869 to the School Lunch Fund to supplement any deficits in that fund, and \$54,693 to the Special Aid Fund for the District's share of the special education summer school program. The Capital Fund transferred \$243,891 to the General Fund debt service reserve for future use toward payment of debt obligations.

IV. Capital Assets

Capital asset balances for the year ended June 30, 2025, are as follows:

<u>Type</u>	<u>Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 166,345	\$ -	\$ -	\$ 166,345
Construction in progress	2,254,647	-	2,254,647	-
<i>Total Nondepreciable</i>	<u>\$ 2,420,992</u>	<u>\$ -</u>	<u>\$ 2,254,647</u>	<u>\$ 166,345</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 58,702,433	\$ 7,760,226	\$ -	\$ 66,462,659
Machinery and equipment	7,476,872	114,334	-	7,591,206
<i>Total Depreciated Assets</i>	<u>\$ 66,179,305</u>	<u>\$ 7,874,560</u>	<u>\$ -</u>	<u>\$ 74,053,865</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 20,388,184	\$ 1,414,650	\$ -	\$ 21,802,834
Machinery and equipment	6,025,350	371,763	-	6,397,113
<i>Total Accumulated Depreciation</i>	<u>\$ 26,413,534</u>	<u>\$ 1,786,413</u>	<u>\$ -</u>	<u>\$ 28,199,947</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 39,765,771</u>	<u>\$ 6,088,147</u>	<u>\$ -</u>	<u>\$ 45,853,918</u>
Total Capital Assets	<u><u>\$ 42,186,763</u></u>	<u><u>\$ 6,088,147</u></u>	<u><u>\$ 2,254,647</u></u>	<u><u>\$ 46,020,263</u></u>

Depreciation expense for the year ended June 30, 2025, was allocated to specific functions as follows:

General Support	\$ 303,218
Instruction	1,355,252
Pupil Transportation	127,943
Total	<u><u>\$ 1,786,413</u></u>

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

General Information

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

Plan Descriptions

Teachers' Retirement System

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

Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). 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 System is included in the state's financial report as a pension trust fund. That report including information with regard to benefits provided, may

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Plan Descriptions

Employees' Retirement System

be found 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.

Contributions

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

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ 443,308	\$ 1,046,600
2024	\$ 408,865	\$ 1,095,689
2023	\$ 327,268	\$ 1,095,320

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

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

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Pension Liabilities

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Net pension assets/(liability)	\$ (1,534,090)	\$ 1,675,661
District's portion of the Plan's total net pension asset/(liability)	0.0089474%	0.056162%

Pension Expense (Credit)

For the year ended June 30, 2025, the District recognized its proportionate share of pension expense of \$921,648 for TRS and \$335,806 for ERS.

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 380,771	\$ 1,804,380	\$ 17,961	\$ -
Changes of assumptions	64,337	1,002,385	-	168,611
Net difference between projected and actual earnings on pension plan investments	120,360	-	-	1,861,803
Changes in proportion and differences between the District's contributions and proportionate share of contributions	73,848	89,257	12,488	240,506
Subtotal	\$ 639,316	\$ 2,896,022	\$ 30,449	\$ 2,270,920
District's contributions subsequent to the measurement date	163,939	1,096,638	-	-
Grand Total	\$ 803,255	\$ 3,992,660	\$ 30,449	\$ 2,270,920

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Pension Liabilities

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

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ -	\$ (921,364)
2026	293,163	2,006,282
2027	414,004	(375,609)
2028	(114,239)	(401,805)
2029	15,939	226,918
Thereafter	-	90,680
Total	<u><u>\$ 608,867</u></u>	<u><u>\$ 625,102</u></u>

Actuarial Assumptions

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

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

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

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

For ERS, the actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, to June 30, 2020. Additionally, for TRS, assumptions are computed by the TRS Office of the Actuary and adopted by the TRS. The actuarial assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS annual actuarial valuation report.

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.

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 weighing 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 the measurement date are summarized below:

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
<u>Asset Type -</u>		
Domestic equity	3.54%	6.60%
International equity	6.57%	7.40%
Global equity	0.00%	6.90%
Private equity	7.25%	10.00%
Real estate	4.95%	6.30%
Opportunistic/ARS portfolio	5.25%	0.00%
Real assets	5.55%	0.00%
Cash equivalents	0.25%	0.50%
Private debt	0.00%	5.90%
Real estate debt	0.00%	3.90%
High-yield fixed income securities	0.00%	4.80%
Domestic fixed income securities	0.00%	2.60%
Global fixed income securities	0.00%	2.50%
Credit	5.40%	0.00%
Fixed income	2.00%	0.00%

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Discount Rate

The discount rate used to calculate the total pension (liability)/asset was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, as 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 (liability)/asset.

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

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

<u>ERS</u>	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	\$ (4,439,848)	\$ (1,534,090)	\$ 892,221
		Current Assumption (6.95%)	1% Increase (7.95%)
<u>TRS</u>	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	\$ (7,739,976)	\$ 1,675,661	\$ 9,594,465

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits for the period during which the changes occurred. Differences between projected and actual earnings on pension plan investments are amortized over a closed five-year period.

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Collective Pension Expense

Collective pension expenses include certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2025 is \$390,859 for ERS and \$856,528 for TRS.

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$163,939.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amounted to \$1,219,138.

Other Benefits

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

II. Indebtedness

1. Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

1. Short-Term Debt

Bond Anticipation Notes

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

Interest Paid	\$ 352,544
Less: Interest Accrued in the Prior Year	(4,111)
Plus: Interest Accrued in the Current Year	-
Total Short-Term Interest Expense	<u><u>\$ 348,433</u></u>

Changes in short-term debt at June 30, 2025 are summarized as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>
BAN Construction	6/25/2025	3.83%	\$ 7,834,831	\$ -	\$ 7,834,831	\$ -
Total Short-Term Debt			<u><u>\$ 7,834,831</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,834,831</u></u>	<u><u>\$ -</u></u>

2. Long-Term Debt

a. Serial and Statutory Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

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

Interest Paid	\$ 423,117
Less: Interest Accrued in the Prior Year	(17,590)
Plus: Interest Accrued in the Current Year	40,366
Plus: Amortization of Deferred Expenses	11,272
Less: Amortization of Bond Premium	(73,405)
Total Long-Term Interest Expense	<u><u>\$ 383,760</u></u>

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

2. Long-Term Debt

b. Long-term Obligations

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

3. Changes

The changes in bonds and other long-term indebtedness during the year ended June 30, 2025 are summarized as follows:

	Restated Balance <u>7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2025</u>	Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 20,715,000	\$ 7,375,000	\$ 2,890,000	\$ 25,200,000	\$ 3,480,000
Unamortized loss on refunding*	(17,227)	-	(11,272)	(5,955)	-
Unamortized bond premium	330,088	573,754	73,405	830,437	120,181
Lease Liability (see Note 7)	28,328	476,201	130,962	373,567	88,125
Total Bonds and Notes Payable	<u>\$ 21,056,189</u>	<u>\$ 8,424,955</u>	<u>\$ 3,083,095</u>	<u>\$ 26,398,049</u>	<u>\$ 3,688,306</u>
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 1,995,182	\$ 198,225	\$ 659,317	\$ 1,534,090	\$ -
OPEB	26,692,410	6,787,420	542,681	32,937,149	-
Retainage Payable	59,331	-	59,331	-	-
Compensated Absences	592,860	26,627	-	619,487	28,125
Total Other Liabilities	<u>\$ 29,339,783</u>	<u>\$ 7,012,272</u>	<u>\$ 1,261,329</u>	<u>\$ 35,090,726</u>	<u>\$ 28,125</u>
Total Long-Term Obligations	<u>\$ 50,395,972</u>	<u>\$ 15,437,227</u>	<u>\$ 4,344,424</u>	<u>\$ 61,488,775</u>	<u>\$ 3,716,431</u>

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

*This item is recorded as a deferred outflow on the Statement of Net Position.

The above liabilities are liquidated by the General Fund.

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

4. Maturity

The following is a summary of maturity of indebtedness:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2025</u>
Construction/Reconstruct	\$ 10,000,000	6/2/2020	6/15/2035	1.83%	\$ 6,885,000
2006 Refunding Bond	\$ 3,925,000	3/22/2016	6/15/2026	1.0%-4.0%	425,000
2021 Serial Bonds	\$ 13,185,138	6/16/2021	6/15/2035	1.66%	9,685,000
2021 Refunding	\$ 4,750,000	6/16/2021	6/15/2027	1.0%-2.0%	830,000
2025 Construction	\$ 7,375,000	6/17/2025	6/15/2040	5.00%	7,375,000
Total Serial Bonds					<u><u>\$ 25,200,000</u></u>

The following is a summary of maturing debt service requirements:

<u>Year</u>	Serial Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>
2026	\$ 3,480,000	\$ 715,575	\$ 120,181
2027	2,055,000	625,250	102,689
2028	2,000,000	573,575	94,328
2029	2,045,000	522,550	86,631
2030	2,100,000	470,050	78,719
2031-35	10,620,000	1,501,775	265,247
2036-40	2,900,000	392,125	82,642
Total	<u><u>\$ 25,200,000</u></u>	<u><u>\$ 4,800,900</u></u>	<u><u>\$ 830,437</u></u>

III. Deferred Inflows of Resources

Deferred inflow of resources arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period and is contingent on future outcomes not expected to occur within the availability period. Amounts on the Balance Sheet reflect real property taxes not available at June 30, 2025.

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

IV. Deferred Outflows and Inflows of Resources

The deferred outflows and inflows reported on the statement of net position consist of the following:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 4,795,915	\$ 2,301,369
Bonds	5,955	-
OPEB	6,676,459	6,571,373
Total	<u>\$ 11,478,329</u>	<u>\$ 8,872,742</u>

V. Constitutional Debt Limit

The constitution of the State of New York limits the amounts of indebtedness which may be issued by the District. The District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the average full valuation of taxable real estate within the District. At June 30, 2025, the District has exhausted 25.11% of its constitutional debt limit.

The voters have authorized the following debt which was unissued at June 30, 2025: \$375,000 for the acquisition of school buses and \$550,000 to finance capital improvements at the District.

VI. Workers' Compensation Insurance

The District participates in the Southern Adirondack Public Schools Workers' Compensation plan administered by the Board of Director which is composed of the chief executive officer or other designated officer of the districts participating in Washington-Saratoga-Warren-Hamilton-Essex BOCES. Participant of the plan are required to make their current year contributions on July 15 and October 15 of each plan year. The plan year is July 1 through June 30. The Board may retain surplus to establish and maintain a claim contingency fund. If sufficient funds are not available, the Board will determine the amount to be assessed to the participants. For the year ended June 30, 2025, \$122,027 was paid to the plan for workers' compensation premiums.

VII. Health Insurance Trust

The District participates in the WSWHE Health Insurance Consortium, a 501(c)9 not-for-profit trust. The Health Insurance Consortium Trust is operated for the benefit of School District/BOCES Members located in the counties of Washington, Saratoga, Warren, Hamilton and Essex, New York. The purpose of the Health Insurance Consortium Trust is to enable the member School/BOCES Districts to purchase group health insurance pursuant to New York State Insurance Law Section 4235.

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

VIII. Post Employment Benefits

Plan Description

The District administers the post-employment benefits as a single-employer defined benefit plan (the Plan), through which retirees and their spouses receive benefits. The Plan provides for continuation of medical and/or dental/vision benefits for certain retirees and their survivors and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of Statement No. 75.

Funding Policy

The obligations of the Plan members, employer and other contributing entities are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when they retire and their applicable agreement.

The District provides post-employment (health insurance) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District’s contractual agreement. The contribution requirements of the plan are negotiated between the District and union representatives. The required contribution is based on projected pay-as-you-go financing requirements. For retirees, the District contributes 75% of the premium cost for individual coverage. For spouses/dependents of retirees, the District contributes 35% of the premium cost in excess of what was billed for the retiree’s individual coverage.

Employees Covered by Benefit Terms - At the valuation date of July 1, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	133
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	210
Total	343

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

VIII. Post Employment Benefits

Net OPEB Liability

The District's total OPEB liability was measured as of July 1, 2024; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Salary Increases	3.00 percent, average, including inflation
Discount Rate	3.96 percent
Healthcare Cost Trend Rates	Initial rate of 7.00% decreasing to an ultimate rate of 5.00% over 55 years
Retirees' Share of Benefit-Related Costs	Varies depending on contract

Mortality rates were based on RP-2014 Mortality Table projected to the current year with Scale MP-2024 with experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2024 (generational mortality).

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit. Marriage assumption, it was assumed that participants will keep their marital status upon retirement. For current retirees, actual census information was used. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

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

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

VIII. Post Employment Benefits

Changes in the Net OPEB Liability

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

Balance at June 30, 2024	\$ 26,692,410
<u>Changes for the Year -</u>	
Service cost	\$ 909,421
Interest	980,966
Changes of benefit terms	-
Differences between expected and actual experience	9,381,768
Changes in assumptions or other inputs	(4,484,735)
Benefit payments	(542,681)
Net Changes	<u>\$ 6,244,739</u>
Balance at June 30, 2025	<u><u>\$ 32,937,149</u></u>

Changes of assumptions and other inputs includes a change in the discount rate from 3.65% to 3.96% in 2025.

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

The following presents the District’s total OPEB liability, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.96%) or 1 percentage point higher (4.96%) than the current discount rate:

	1% Decrease	Discount	1% Increase
	<u>(2.96%)</u>	<u>(3.96%)</u>	<u>(4.96%)</u>
Total OPEB Liability	\$ 37,998,808	\$ 32,937,149	\$ 28,430,178

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

VIII. Post Employment Benefits

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

The following presents the District's total OPEB liability, 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 (6.0% decreasing to 4.0%) or 1 percentage point higher (8.0% decreasing to 6.0%) than the current healthcare cost trend rate:

	1% Decrease (6.00% Decreasing to 4.00%)	Healthcare Cost Trend Rates (7.00% Decreasing to 5.00%)	1% Increase (8.00% Decreasing to 6.00%)
Total OPEB Liability	\$ 28,443,606	\$ 32,937,149	\$ 37,886,637

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$2,932,473. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,046,949	\$ -
Changes of assumptions	-	6,571,373
Contributions after measurement date	629,510	-
Total	\$ 6,676,459	\$ 6,571,373

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

<u>Year</u>	
2026	\$ (20,606)
2027	(175,297)
2028	(175,297)
2029	(389,518)
2030	(406,530)
Thereafter	642,824
Total	\$ (524,424)

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. COMMITMENTS AND CONTINGENCIES

A. Litigation

Various tax certiorari actions are pending against the District for reductions in the assessed value of various properties. While the ultimate results of these claims cannot be presently determined, management does not expect that these matters will have a material adverse effect on the financial position of the District.

B. Risk Financing and Related Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. 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 three years.

C. Other Items

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

5. TAX ABATEMENTS

The City of Mechanicville entered into various property tax abatement programs for the purpose of economic development. The District property tax revenue was reduced by \$86,798. The District received payment in Lieu of Tax (PILOT) payment totaling \$48,911.

The City of Mechanicville Town of Stillwater Industrial Development Agency, entered into various property tax abatement programs for the purpose of economic development. The District property tax revenue was reduced by \$4,694. The District received payment in Lieu of Tax (PILOT) payment totaling \$217,630.

6. DUE FROM OTHER GOVERNMENT

The District levies taxes on behalf of the library and retains the debt service obligation. The District has outstanding serial bonds totaling \$285,000 at June 30, 2025 (included in the 2021 refunding) that were issued on behalf of the Mechanicville Public Library, the proceeds of which were used by the Library for a capital project that was administered by, and was the responsibility of, the Library. The Library is responsible for reimbursing the District for all debt service payments pertaining to this obligation. As a result, an amount totaling \$205,000 is also reflected as accounts receivable and long-term accounts receivable on the statement of net position. During the fiscal year ended June 30, 2025, the District received \$99,850 as reimbursement for bond principal (\$95,000) and interest (\$4,850) payments.

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

7. LEASE ASSET AND OBLIGATIONS

Lease Assets

A summary of the lease asset activity during the year ended June 30, 2025 is as follows:

<u>Type</u>	<u>Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>
<u>Lease Assets:</u>				
Furniture and equipment	\$ 1,001,776	\$ 771,428	\$ -	\$ 1,773,204
<i>Total Lease Assets</i>	<u>\$ 1,001,776</u>	<u>\$ 771,428</u>	<u>\$ -</u>	<u>\$ 1,773,204</u>
<u>Less Accumulated Amortization -</u>				
Furniture and equipment	\$ 692,310	\$ 361,927	\$ -	\$ 1,054,237
<i>Total Accumulated Amortization</i>	<u>\$ 692,310</u>	<u>\$ 361,927</u>	<u>\$ -</u>	<u>\$ 1,054,237</u>
<i>Total Lease Assets, Net</i>	<u><u>\$ 309,466</u></u>	<u><u>\$ 409,501</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 718,967</u></u>

Amortization expense is allocated to instruction on the statement of activities.

Lease agreements are summarized as follows:

	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30, 2025</u>
Furniture and equipment	11/22/2024	5 years	49,846	4.110%	\$ 230,314	\$ 180,467
Furniture and equipment	9/13/2024	5 years	52,787	3.672%	245,887	193,100
Total Lease Agreements						<u><u>\$ 373,567</u></u>

The computer equipment and printers were leased for the District with the terms noted above. This lease is not renewable, and the District will not acquire the equipment at the end of the lease term.

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 88,125	\$ 14,508
2027	91,546	11,086
2028	95,102	7,531
2029	98,794	3,837
2030	-	-
	<u><u>\$ 373,567</u></u>	<u><u>\$ 36,962</u></u>

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

8. DEFEASED DEBT

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$865,000 of bonds outstanding are considered defeased.

9. EMPLOYEE BENEFIT ALLOCATION

Employee benefits expense for the year ended June 30, 2025 was allocated to specific functions as follows:

General Support	\$	1,483,615
Instruction		6,467,912
Pupil Transportation		632,196
Total	<u>\$</u>	<u>8,583,723</u>

10. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. The implementation of the statement changes the calculation of compensated absences based on estimates and rates defined in the standard. The adjustment recorded to the opening net position is summarized below:

		Government-Wide Statements
Net position beginning of year, as originally reported	\$	5,448,138
Adjustment for compensated absences		<u>(270,523)</u>
Net position beginning of year, as restated	<u>\$</u>	<u>5,177,615</u>

11. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 21, 2025, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2025, have been incorporated into these financial statements.

Required Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Equity -
Budget and Actual - General Fund
For The Year Ended June 30, 2025

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Revenues</u>	<u>Over (Under)</u> <u>Revised</u> <u>Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 15,350,681	\$ 14,394,907	\$ 14,381,621	\$ (13,286)
Real property tax items	242,878	1,198,652	1,266,535	67,883
Charges for services	5,000	5,000	105,341	100,341
Use of money and property	200,000	200,000	682,132	482,132
Sale of property and compensation for loss	500	1,900	19,517	17,617
Miscellaneous	562,000	572,995	417,389	(155,606)
Interfund revenues	95,000	95,000	99,850	4,850
State Sources -				
Basic formula	15,732,908	15,732,908	13,348,251	(2,384,657)
Lottery aid	-	-	3,074,769	3,074,769
BOCES	1,325,000	1,325,000	1,316,202	(8,798)
Textbooks	79,977	79,977	80,094	117
All Other Aid -				
Computer software	19,878	19,878	7,874	(12,004)
Library loan	8,924	8,924	8,293	(631)
Other aid	21,034	32,649	82,444	49,795
Federal Sources	25,000	25,000	148,246	123,246
TOTAL REVENUES	\$ 33,668,780	\$ 33,692,790	\$ 35,038,558	\$ 1,345,768
Other Sources -				
Transfer - in	\$ -	\$ -	\$ 243,891	\$ 243,891
TOTAL REVENUES AND OTHER SOURCES	\$ 33,668,780	\$ 33,692,790	\$ 35,282,449	\$ 1,589,659
Appropriated reserves	\$ -	\$ 2,000,000		
Appropriated fund equity	\$ 3,149,160	\$ 3,149,161		
Prior year encumbrances	\$ 414,980	\$ 414,980		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND EQUITY	\$ 37,232,920	\$ 39,256,931		

Required Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Equity-
Budget and Actual - General Fund
For The Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balances</u>
EXPENDITURES					
General Support -					
Board of education	\$ 52,653	\$ 47,889	\$ 29,678	\$ -	\$ 18,211
Central administration	285,707	271,707	265,631	325	5,751
Finance	485,258	499,293	424,793	24,717	49,783
Staff	167,448	142,706	78,022	10,266	54,418
Central services	2,724,358	2,645,875	2,459,724	103,287	82,864
Special items	404,624	413,785	411,614	-	2,171
Instructional -					
Instruction, administration and improvement	873,518	834,361	743,065	-	91,296
Teaching - regular school	8,391,432	8,483,116	7,339,942	4,526	1,138,648
Programs for children with handicapping conditions	5,940,036	6,211,914	4,955,237	375	1,256,302
Occupational education	670,600	670,600	630,768	-	39,832
Teaching - special schools	9,936	9,936	650	-	9,286
Instructional media	1,289,590	1,337,863	945,125	10,135	382,603
Pupil services	1,503,508	1,573,152	1,382,460	-	190,692
Pupil Transportation	2,080,382	2,130,173	1,563,625	326,978	239,570
Employee Benefits	7,882,927	7,381,689	6,590,635	-	791,054
Debt service - principal	2,940,000	3,070,962	3,060,962	-	10,000
Debt service - interest	780,943	781,910	775,661	-	6,249
TOTAL EXPENDITURES	<u>\$ 36,482,920</u>	<u>\$ 36,506,931</u>	<u>\$ 31,657,592</u>	<u>\$ 480,609</u>	<u>\$ 4,368,730</u>
Other Uses -					
Transfers - out	\$ 750,000	\$ 2,750,000	\$ 2,671,562	\$ -	\$ 78,438
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 37,232,920</u>	<u>\$ 39,256,931</u>	<u>\$ 34,329,154</u>	<u>\$ 480,609</u>	<u>\$ 4,447,168</u>
NET CHANGE IN FUND EQUITY	\$ -	\$ -	\$ 953,295		
FUND EQUITY, BEGINNING OF YEAR	<u>10,903,796</u>	<u>10,903,796</u>	<u>10,903,796</u>		
FUND EQUITY, END OF YEAR	<u>\$ 10,903,796</u>	<u>\$ 10,903,796</u>	<u>\$ 11,857,091</u>		

Required Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedules of Changes in Total OPEB Liability
For The Year Ended June 30, 2025

TOTAL OPEB LIABILITY								
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 909,421	\$ 866,116	\$ 1,275,407	\$ 1,214,673	\$ 944,113	\$ 899,155	\$ 1,030,156	\$ 1,030,156
Interest	980,966	918,045	711,776	697,706	1,170,604	1,194,744	802,668	
Changes in benefit terms	-	-	-	-	(5,000,000)	-	-	671,706
Differences between expected and actual experiences	9,381,768	-	(3,385,424)	-	(94,539)	-	7,965,174	-
Changes of assumptions or other inputs	(4,484,735)	(349,886)	(4,820,496)	136,100	1,808,313	1,082,831	(526,328)	(2,391,070)
Benefit payments	(542,681)	(484,538)	(706,970)	(686,378)	(801,369)	(639,883)	(621,246)	(544,952)
Net Change in Total OPEB Liability	\$ 6,244,739	\$ 949,737	\$ (6,925,707)	\$ 1,362,101	\$ (1,972,878)	\$ 2,536,847	\$ 8,650,424	\$ (1,234,160)
Total OPEB Liability - Beginning	\$ 26,692,410	\$ 25,742,673	\$ 32,668,380	\$ 31,306,279	\$ 33,279,157	\$ 30,742,310	\$ 22,091,886	\$ 23,326,046
Total OPEB Liability - Ending	\$ 32,937,149	\$ 26,692,410	\$ 25,742,673	\$ 32,668,380	\$ 31,306,279	\$ 33,279,157	\$ 30,742,310	\$ 22,091,886
Covered Employee Payroll	\$ 10,186,071	\$ 11,977,353	\$ 10,328,946	\$ 10,318,880	\$ 9,046,527	\$ 9,845,344	\$ 9,407,881	\$ 8,993,697
Total OPEB Liability as a Percentage of Covered Employee Payroll	323.35%	222.86%	249.23%	316.59%	346.06%	338.02%	326.77%	245.64%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedules of Proportionate Share of the Net Pension Liability (Asset)
For The Year Ended June 30, 2025

NYSERS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.0089474%	0.0090727%	0.0086691%	0.0082840%	0.0077647%	0.0069452%	0.0073234%	0.0076218%	0.0074670%	0.0074608%
Proportionate share of the net pension liability (assets)	\$ 1,534,090	\$ 1,335,869	\$ 1,859,006	\$ (677,184)	\$ 7,732	\$ 1,839,138	\$ 518,888	\$ 245,988	\$ 701,619	\$ 1,197,472
Covered-employee payroll	\$ 3,150,830	\$ 3,195,884	\$ 3,025,093	\$ 2,888,739	\$ 2,631,703	\$ 2,681,134	\$ 2,470,909	\$ 2,396,643	\$ 2,239,654	\$ 2,189,738
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	48.688%	41.800%	61.453%	-23.442%	0.294%	68.596%	21.000%	10.264%	31.327%	54.686%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

NYSTRS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.056162%	0.057653%	0.057895%	0.051765%	0.053638%	0.052557%	0.051245%	0.050648%	0.050111%	0.049215%
Proportionate share of the net pension liability (assets)	\$ (1,675,661)	\$ 659,317	\$ 1,110,949	\$ (8,970,356)	\$ 1,482,149	\$ (1,365,436)	\$ (926,637)	\$ 384,972	\$ (536,713)	\$ 5,111,902
Covered-employee payroll	\$ 10,861,822	\$ 10,879,894	\$ 10,767,766	\$ 10,424,040	\$ 8,870,726	\$ 9,263,447	\$ 8,838,630	\$ 8,025,977	\$ 7,731,509	\$ 7,451,879
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-15.427%	6.060%	10.317%	-86.055%	16.708%	-14.740%	-10.484%	4.797%	-6.942%	68.599%
Plan fiduciary net position as a percentage of the total pension liability	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

Required Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedules of District Contributions
For The Year Ended June 30, 2025

NYSERS Pension Plan

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 443,308	\$ 375,732	\$ 296,718	\$ 373,034	\$ 354,930	\$ 348,706	\$ 359,789	\$ 356,199	\$ 339,682	\$ 419,803
Contributions in relation to the contractually required contribution	<u>(443,308)</u>	<u>(375,732)</u>	<u>(296,718)</u>	<u>(373,034)</u>	<u>(354,930)</u>	<u>(348,706)</u>	<u>(359,789)</u>	<u>(356,199)</u>	<u>(339,682)</u>	<u>(419,803)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered-employee payroll	\$ 3,150,830	\$ 3,195,884	\$ 3,025,093	\$ 2,888,739	\$ 2,631,703	\$ 2,681,134	\$ 2,470,909	\$ 2,396,643	\$ 2,239,654	\$ 2,189,738
Contributions as a percentage of covered-employee payroll	14.07%	11.76%	9.81%	12.91%	13.49%	13.01%	14.56%	14.86%	15.17%	19.17%

NYSTRS Pension Plan

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 1,046,600	\$ 1,095,689	\$ 1,005,119	\$ 837,321	\$ 806,613	\$ 931,653	\$ 818,023	\$ 940,645	\$ 1,025,353	\$ 1,295,959
Contributions in relation to the contractually required contribution	<u>(1,046,600)</u>	<u>(1,095,689)</u>	<u>(1,005,119)</u>	<u>(837,321)</u>	<u>(806,613)</u>	<u>(931,653)</u>	<u>(818,023)</u>	<u>(940,645)</u>	<u>(1,025,353)</u>	<u>(1,295,959)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 10,861,822	\$ 10,879,894	\$ 10,767,766	\$ 10,424,040	\$ 8,870,726	\$ 9,263,447	\$ 8,838,630	\$ 8,025,977	\$ 7,731,509	\$ 7,451,879
Contributions as a percentage of covered-employee payroll	9.64%	10.07%	9.33%	8.03%	9.09%	10.06%	9.26%	11.72%	13.26%	17.39%

Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedule of Changes From Adopted Budget To Final Budget
And The Schedule of Real Property Tax Law Limit
For The Year Ended June 30, 2025

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget		\$ 36,817,940
Prior year's encumbrances		414,980
Original Budget		<u>\$ 37,232,920</u>
Budget revisions -		
Donations		22,611
Insurance recovery		1,400
Roof replacement		<u>2,000,000</u>
FINAL BUDGET		<u><u>\$ 39,256,931</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2025-26 voter approved expenditure budget		\$ 36,505,968
<u>Unrestricted fund equity:</u>		
Assigned fund equity	\$ 3,318,612	
Unassigned fund equity	<u>6,611,408</u>	
Total Unrestricted fund equity	<u>\$ 9,930,020</u>	
<u>Less adjustments:</u>		
Appropriated fund equity	\$ 2,838,002	
Encumbrances included in assigned fund equity	<u>480,610</u>	
Total adjustments	<u>\$ 3,318,612</u>	
General fund fund equity subject to Section 1318 of		
Real Property Tax Law		<u>6,611,408</u>
ACTUAL PERCENTAGE		<u><u>18.11%</u></u>

Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedule of Project Expenditures
Capital Projects Fund
For The Year Ended June 30, 2025

<u>Project Title</u>	<u>Expenditures</u>					<u>Unexpended Balance</u>	<u>Methods of Financing</u>			<u>Fund Equity</u>
	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Proceeds of Obligations</u>	<u>Local Sources</u>	<u>Total</u>	
Phase II SED 010-006	\$ 940,338	\$ 940,338	\$ 98,220	\$ 739,585	\$ 837,805	\$ 102,533	\$ 837,805	\$ -	\$ 837,805	\$ -
Phase III SED 010-007	-	2,400,000	86,165	2,084,510	2,170,675	229,325	670,675	1,500,000	2,170,675	-
Phase II SED 5005-004	325,962	325,962	356,370	34,184	390,554	(64,592)	390,554	-	390,554	-
Phase II SED 006-020	6,454,048	6,454,048	889,123	2,270,178	3,159,301	3,294,747	3,159,301	-	3,159,301	-
Phase I SED 014-001	290,713	293,335	293,335	-	293,335	-	281,750	11,585	293,335	-
Smartschool Project	884,252	884,252	851,559	-	851,559	32,693	-	860,155	860,155	8,596
Elementary Roof SED 0010-008	3,000,000	3,000,000	-	-	-	3,000,000	550,000	2,450,000	3,000,000	3,000,000
No SED Project Yet	7,700	502,030	847,576	531,043	1,378,619	(876,589)	2,629,013	1,580,212	4,209,225	2,830,606
Lease costs	-	-	169,120	476,201	645,321	(645,321)	-	645,321	645,321	-
Bus purchases	1,480,000	1,451,220	1,451,220	-	1,451,220	-	1,280,051	171,169	1,451,220	-
TOTAL	\$ 13,383,013	\$ 16,251,185	\$ 5,042,688	\$ 6,135,701	\$ 11,178,389	\$ 5,072,796	\$ 9,799,149	\$ 7,218,442	\$ 17,017,591	\$ 5,839,202

Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedule of Net Investment in Capital and Lease Assets
June 30, 2025

Capital and lease asset, net		\$ 46,739,230
 Add:		
Cash and Investments	\$ 5,913,998	
Deferred loss on refunding	<u>5,955</u>	
		5,919,953
 Deduct:		
Bond payable	\$ 25,200,000	
Unamortized bond premium	830,437	
Lease Liability	<u>373,567</u>	
		<u>26,404,004</u>
 Net Investment in Capital and Lease Assets		 <u><u>\$ 26,255,179</u></u>



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

To the President and Members
of the Board of Education of the
Mechanicville City School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund and fiduciary fund of the Mechanicville City School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2025.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-002 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as 2025-003 and 2025-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as item 2025-001.

District's Response to Findings

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

Purpose of this Report

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

Mengel, Metzger, Barw & Co. LLP

Latham, NY
November 21, 2025

**MECHANICVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
• Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Noncompliance Material to the Financial Statements

2025-001 Compliance with New York State Real Property Tax Law

Statement of Condition: The unassigned fund balance of the general fund exceeds 4% of the 2025-26 general fund budget by \$5,151,169.

Criteria: NYS Real Property Tax Law Section 1318 limits the amount of unassigned fund balance a District can have to no more than 4% of the general fund budget for the ensuing fiscal year.

Cause of Condition: The cumulative effect of expenditures being under budget for numerous years.

Effect of Condition: The District was not in compliance with NYS Real Property Tax Law.

Recommendation: The District should continue to implement the plan to address and use the excess in future years.

Context: As part of our audit procedures compliance with the NYS Real Property Tax Law Limit Section 1318 is reviewed.

Views of the Responsible Officials and Planned Corrective Actions: The District recognizes that it has a fund balance in excess of RPTL 1318. As noted, we are higher than 4% but our current fund balance reflects a significant change/reduction than the prior year. The District will continue to monitor the use of fund balance and use it to ensure fiscal stability and a balanced budget, as well as ensuring reserves are properly funded. As we face reduced financial resources from state aid and grants, the District has the fiscal responsibility to monitor these funds appropriately. The District will also be utilizing fund balance to complete the roof project at the Elementary School.

**MECHANICVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Material Weakness

2025-002 Adjustments

Statement of Condition: Several adjusting journal entries were proposed as part of the audit process to reflect actual year end balances of fund equity, accounts receivable, revenues, deferred revenues, and interfund revenue and expenditures.

Criteria: To accurately present the financial position of the District, general ledger accounts should be reconciled and monitored throughout the year and at year end by management. The accuracy of financial data is crucial to the budget process and monthly report monitoring.

Context: The adjustments were identified as part of our auditing procedures.

Cause of Condition: The adjusting journal entries identified during the audit appear to be caused by transactions being inaccurately recorded and no periodic reconciliations during the year.

Effect of Condition: As it relates to the adjusting journal entries proposed as part of the audit process, the following accounts were over or understated by the respective amounts: in the general fund, unassigned fund equity understated \$902,609, restricted fund equity overstated \$452,609 including \$235,373 that was included as an encumbrance but did not meet the criteria to be encumbered, accounts receivable understated \$277,688, revenue understated \$33,797, and interfund revenue understated \$243,891. In the school lunch fund, deferred revenue overstated \$14,032 and revenue understated \$14,032. In the capital projects fund, revenue understated \$397,814, interfund expenditures understated \$243,891, and expenditures understated \$153,923.

Recommendation: As it relates to preventing future audit adjustments, general ledger accounts should be reconciled by management throughout the year, or at a minimum at the end of the year, to ensure the balances accurately reflect the activity that occurred.

Views of Responsible Officials and Planned Corrective Actions: The Business Manager will monitor journal entries throughout the year and the Treasurer will perform quarterly reconciliations.

Significant Deficiencies

2025-003 Computer Controls Access and Review

Statement of Condition: The Business Manager has administrative rights within the general ledger software, as well as transactional rights within the software.

Criteria: There should be proper segregation of duties in regard to functions in the business office, including within the general ledger software.

**MECHANICVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Significant Deficiencies

2025-003 Computer Controls Access and Review

Cause of Condition: Access within the software has not been restricted and there are limited compensating controls that would identify if incorrect changes were made.

Effect of Condition: Inappropriate, unauthorized or incorrect changes could be made to data and not detected.

Recommendation: The District should designate someone without transactional rights, typically someone in the IT department, to have administrator rights and develop a process to ensure that only necessary permissions are granted to each user based on job functions.

Context: As part of our audit procedures, we review access levels within the general ledger software in addition to evaluation of internal controls including compensating controls. Due to training and shifting of responsibilities the District has not completed their evaluation of rights within the general ledger software.

Views of the Responsible Officials and Planned Corrective Actions: The District recognizes the need for oversight and segregation with regards to access and rights within the financial program. This was discussed with our audit firm during on-site review, and it was explained that providing IT with the rights to assign permissions was not a viable solution due to the complexity and understanding of what and who can have what rights, etc. It was proposed and stated that compensating controls is to run an audit report which displays what has been changed, entered, etc. We will implement a quarterly review by an independent reviewer to ensure that the Business Manager's access and activities are compliant with District policies, etc. The District also ensures that all JE's are entered by a separate individual and JE's are reviewed and approved by another.

2025-004 Budget Transfer Approval

Statement of Condition: One of the budget transfers selected for testing was effective for the fiscal year ended June 30, 2025, was approved by the Superintendent in August 2025, but as of October 2025, was still not presented to and approved by the Board of Education.

Criteria: Per District policy, all budget transfers are to be presented to and approved by the Board of Education.

Cause of Condition: Due to turnover in a key position, the budget transfer was not presented to the Board for approval.

**MECHANICVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Significant Deficiencies

2025-004 Budget Transfer Approval

Effect of Condition: The District is not in compliance with their policy, and unauthorized budget transfers could be processed.

Recommendation: The District should ensure that each budget transfer is presented to and approved by the Board in a timely manner.

Context: We reviewed a sample of budget transfers for proper approvals.

Views of the Responsible Officials and Planned Corrective Actions: The Business Manger will ensure all budget transfers are presented monthly to the Board of Education in compliance with District policy.

**MECHANICVILLE CITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

- 2024-001 Compliance with New York State Real Property Tax Law
- Condition:* The unassigned fund balance of the general fund exceeds 4% of the 2024-25 general fund budget by \$1,552,563.
- Status:* This comment is repeated as item 2025-001.
- 2024-002 Compliance with New York State Regulations
- Condition:* District payroll was not certified for all pay periods of the 2023/2024 fiscal year.
- Status:* This was corrected and therefore not repeated.
- 2024-003 Computer Controls Access and Review
- Condition:* The Business Manager has administrative rights within the general ledger software, as well as transactional rights within the software.
- Status:* This comment is repeated as item 2025-003.
- 2024-004 Payroll Change Report Review
- Condition:* Two out of twenty-seven payroll change reports were not reviewed and signed off on.
- Status:* This was corrected and therefore not repeated.