Rye Neck Schools

RYE NECK UNION FREE SCHOOL DISTRICT, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2025

RYE NECK UNION FREE SCHOOL DISTRICT
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NawrockiSmith
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Rye Neck Union Free School District, New York:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 and required supplementary information, on pages 4-14 and 50-53, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information required by the New York State Education Department is 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 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.

Change in Accounting Principle

As described in Note 3 to the financial statements, in fiscal 2025 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The effect of GASB Statement No. 101 required a restatement to the financial statements. Our opinion is not modified with respect to this matter.

Hauppauge, New York
October 7, 2025

Nawrocki Smith LLP

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: required supplementary information including management's discussion and analysis (this section), the basic financial statements, and other supplementary information. The basic financial statements include two kinds of financial statements that present different views of the District:

- The first two financial statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.

- The remaining financial statements are *governmental fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide financial statements. The *governmental fund financial 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.

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

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

Table A-1: Major Features of the District-Wide and Fund Financial Statements		
	District-Wide Financial Statements	Fund Financial Statements Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/ deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

District-Wide Financial Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial status is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has Governmental funds, which are described as follows:

- 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 financial 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 financial statements, reconciliations of the District-wide and governmental funds financial statements are provided which explain the relationship (or differences) between them.

FINANCIAL HIGHLIGHTS

- The General Fund's total fund balance, as reflected in the fund financial statements, was $17,740,407 which is a decrease of $256,966 (see pages 17 and 19).

- The District's expenses, on the full accrual basis of accounting, for the year, totaled $51,753,370 (see page 16). Of this amount, $1,404,627 was offset by program charges for services, operating grants and contributions. General revenues of $51,606,343 amount to 97% of total revenues.

- The District's net position, as reflected in the District-wide financial statements, shows a deficit of $53,544,417. The driver of this deficit is the District's Other Post Employment Benefit liability (OPEB) of $70,998,332. The recognition of this liability is mandated by GASB Statement No. 75, which requires the District to report (based on actuarial assumptions) the cumulative total of its other post-employment benefits. Another driver of the deficit in net position is attributable to the recognition of a liability for compensated absences as mandated by GASB Statement No. 101 of $6,062,829. This accounting standard became effective for the fiscal year June 30, 2025 and updates the recognition and measurement guidance for compensated absences. As a result, the District was required to recognize a liability for the cost of unused leave earned as of year-end that will be used by employees as time off in future years, despite the fact that the District does not pay out for the value of unused sick or personal time at the time of employee separation.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position increased by 2.3% from the year before to a net deficit balance of $53,544,417 as detailed in Tables A-2 and A-3.

The restricted net position balance of $16,594,937 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2025, the District has an unrestricted net deficit position of $84,711,896. This deficit is driven by the District's required recognition of the total other post-employment benefits ("OPEB") liability of $70,998,332 as required by GASB Statement No. 75.

For the year ended June 30, 2025, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. As a result, the District reported a restatement to the prior year financial statements in the amount of $6,395,743 (see Note 14 to the financial statements).

Table A-2: Condensed Statements of Net Position - Governmental Activities

	6/30/2025	(As Restated) 6/30/2024	$ Change	% Change
Current and other assets	$ 26,638,500	$ 23,055,063	$ 3,583,437	15.5
Capital assets, net	42,864,149	43,048,003	(183,854)	(0.4)
Total assets	69,502,649	66,103,066	3,399,583	5.1
Deferred outflows of resources	19,966,258	24,526,821	(4,560,563)	(18.6)
Current liabilities	8,524,372	7,840,552	683,820	8.7
Long-term liabilities	102,083,331	115,724,997	(13,641,666)	(11.8)
Total liabilities	110,607,703	123,565,549	(12,957,846)	(10.5)
Deferred inflows of resources	32,405,621	21,866,355	10,539,266	48.2
Net position:				
Net investment in capital assets	14,572,542	13,261,698	1,310,844	9.9
Restricted	16,594,937	13,916,860	2,678,077	19.2
Unrestricted (deficit)	(84,711,896)	(81,980,575)	(2,731,321)	(3.3)
Total net position	$ (53,544,417)	$ (54,802,017)	$ 1,257,600	2.3

The District's current and other assets increased $3,583,437 mainly due to increases in unrestricted and restricted cash and cash equivalents.

Long-term liabilities decreased $13,641,666 primarily due to the net change in the total OPEB liability, the District's proportionate share of pension assets/liabilities and repayment of debt obligations.

Changes in Net Position

The District's revenues on the full accrual basis of accounting increased $628,914 or 1.2% to $53,010,970 (See Table A-3). Property, other tax items and non-property tax items and State sources accounted for most of the District's revenue by contributing 84 cents and 10 cents, respectively, of every dollar raised (See Table A-4). The remainder came from fees charged for services, operating grants, use of money and property, sale of property and compensation for loss and other miscellaneous sources.

- Real property taxes and other tax items increased $932,818, or 2.2%, as a result of the budgeted increase in the tax levy.

The District's fiscal year 2025 expenses totaled $51,753,370 (See Table A-3). These expenses (78 percent) are predominantly related to instruction (See Table A-6). The District's administrative, business and operational activities accounted for 17 percent of total costs.

Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only

	6/30/2025	6/30/2024	$ Change	% Change
Revenues				
Program revenues:				
Charges for services	$ 532,109	$ 547,879	$ (15,770)	(2.9)
Operating grants and contributions	732,156	956,089	(223,933)	(23.4)
General revenues:				
Real property taxes	42,276,003	41,257,534	1,018,469	2.5
Other tax items	1,184,275	1,269,926	(85,651)	(6.7)
Non-property tax items	951,871	950,894	977	0.1
Unrestricted State sources	5,252,249	5,110,393	141,856	2.8
Use of money and property	1,259,302	1,384,919	(125,617)	(9.1)
Sale of property and compensation for loss	65,156	312,022	(246,866)	(79.1)
Miscellaneous	757,849	592,400	165,449	27.9
Total revenues	53,010,970	52,382,056	628,914	1.2
Expenses				
General support	8,943,231	9,350,955	(407,724)	(4.4)
Instruction	40,550,718	43,594,302	(3,043,584)	(7.0)
Pupil transportation	799,327	817,701	(18,374)	(2.2)
Food service program	782,005	1,005,347	(223,342)	(22.2)
Debt service - interest	678,089	829,785	(151,696)	(18.3)
Total expenses	51,753,370	55,598,090	(3,844,720)	(6.9)
Increase (decrease) in net position	1,257,600	(3,216,034)	4,473,634	139.1
Net position, beginning of year	(54,802,017)	(45,190,240)	(9,611,777)	(21.3)
Prior period adjustment (see Note 14)	-	(6,395,743)	6,395,743	(100.0)
Net position, end of year	$ (53,544,417)	$ (54,802,017)	$ 1,257,600	2.3

Table A-4: Revenues for Fiscal Year 2025

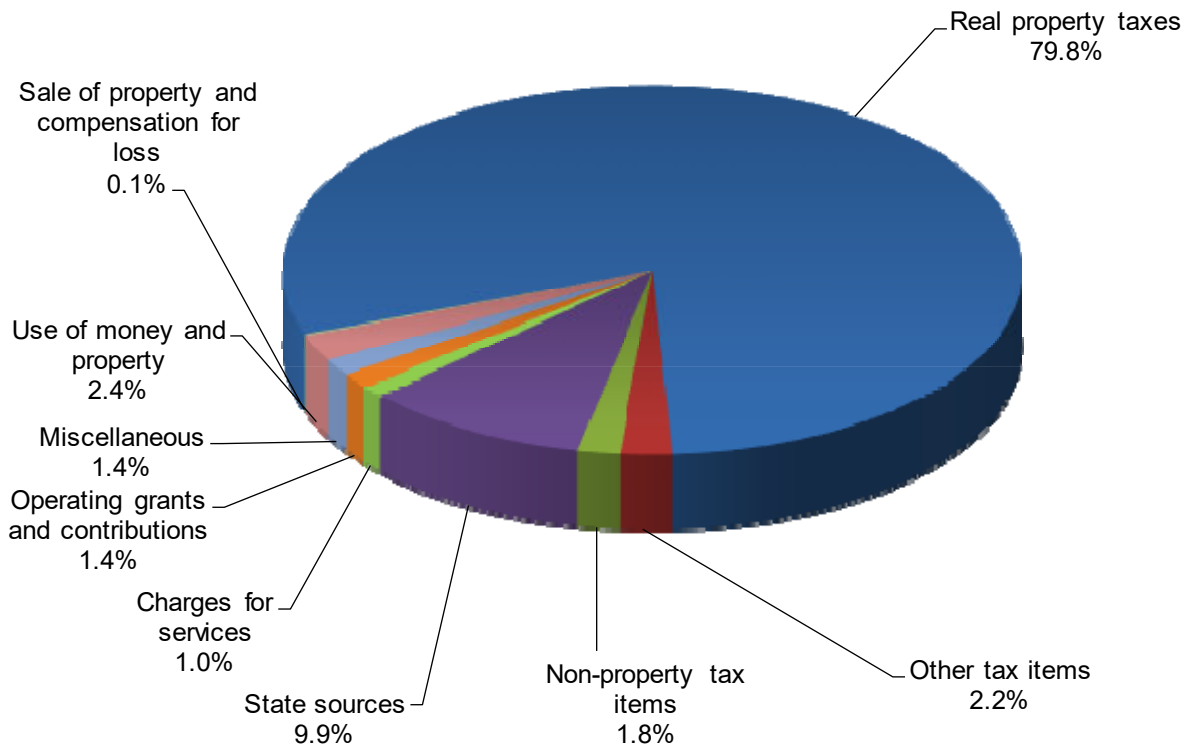


Table A-5: Revenues for Fiscal Year 2024

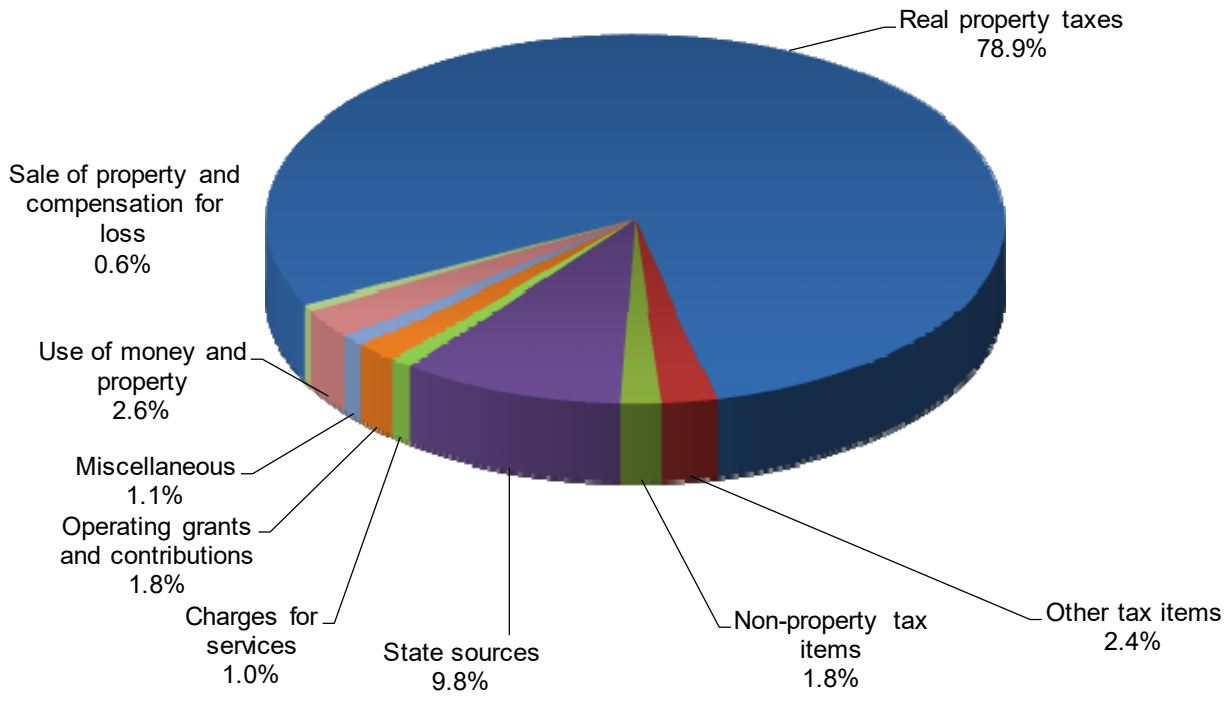


Table A-6: Expenses for Fiscal Year 2025

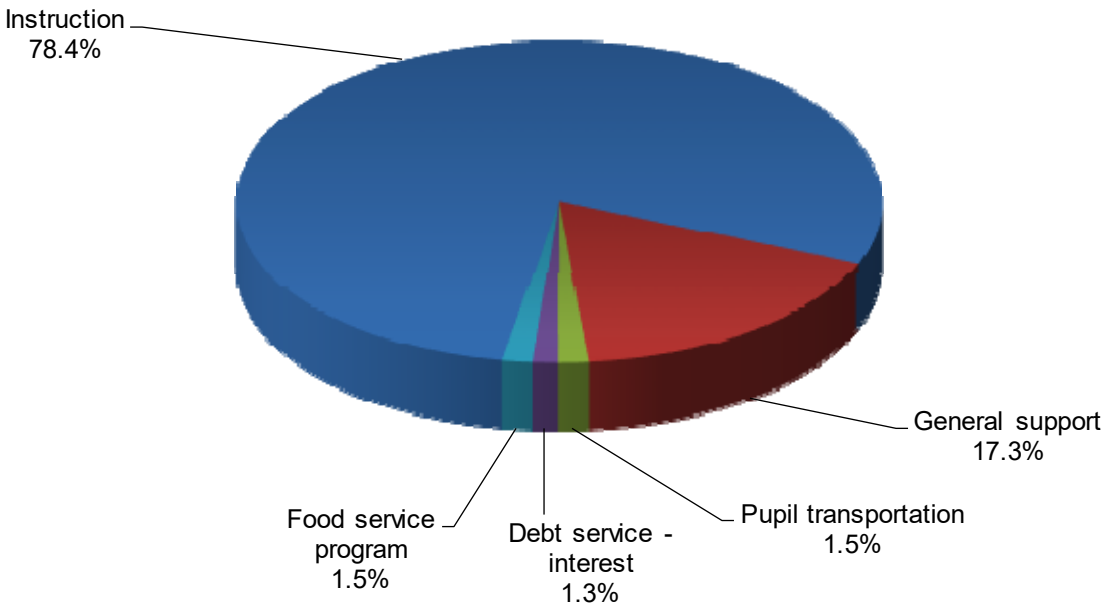
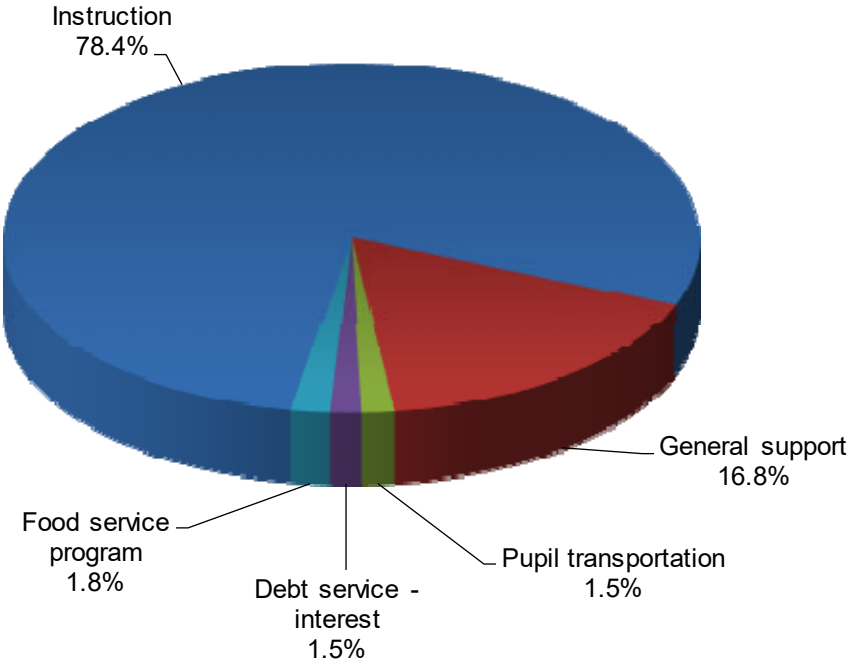


Table A-7: Expenses for Fiscal Year 2024



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

At June 30, 2025, the District's governmental funds reported a combined fund balance of $19,940,131, which is an decrease of $11,672 from June 30, 2024. Fund balances for the District's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds

	6/30/2025	6/30/2024	$ Change	% Change
General Fund				
Nonspendable:				
Prepaid expenses	$ 11,549	$ 7,631	$ 3,918	51.3
Restricted:				
Debt Service	986,368	1,077,235	(90,867)	(8.4)
Insurance	2,374,017	2,266,135	107,882	4.8
Retirement Contributions				
Employees' Retirement System	3,492,248	3,417,237	75,011	2.2
Teachers' Retirement System	1,882,810	1,888,179	(5,369)	(0.3)
Tax Certiorari	2,436,814	2,364,073	72,741	3.1
Unemployment	51,597	50,000	1,597	3.2
Capital	1,840,983	2,595,893	(754,910)	(29.1)
Assigned:				
Designated for subsequent year's expenditures	1,405,000	1,295,000	110,000	8.5
Encumbrances	1,157,085	990,901	166,184	16.8
Unassigned	2,101,936	2,045,089	56,847	2.8
Total General Fund	17,740,407	17,997,373	(256,966)	(1.4)
School Lunch Fund				
Nonspendable:				
Inventory	8,438	5,248	3,190	60.8
Assigned:				
Food service operations	164,964	206,374	(41,410)	(20.1)
Total School Lunch Fund	173,402	211,622	(38,220)	(18.1)
Other Miscellaneous Special Revenue Fund				
Nonspendable:				
Prepaid expenses	-	1,180	(1,180)	(100.0)
Restricted:				
Scholarships and student activities	321,497	258,108	63,389	24.6
Total Other Miscellaneous Special Revenue Fund	321,497	259,288	62,209	24.0
Capital Projects Fund				
Restricted:				
Capital Improvements	1,704,825	1,483,520	221,305	14.9
Total Capital Projects Fund	1,704,825	1,483,520	221,305	14.9
Total fund balance	$ 19,940,131	$ 19,951,803	$ (11,672)	(0.1)

General Fund

The General Fund reported an decrease in fund balance of $256,966 for fiscal 2025, as compared to an increase in fund balance of $894,473 for fiscal 2024. Revenues increased $756,801 mainly as a result of an increase in the budgeted property tax levy. Expenditures increased $1,005,629 mainly due to increases in employee benefits and instruction.

School Lunch Fund

The School Lunch Fund reported a decrease in fund balance of $38,220 for fiscal 2025, as compared to a decrease of $196,569 for fiscal 2024. Revenues decreased $63,656 mainly as a result of a decrease in sales, federal and state sources. Expenses related to school lunch operations decreased $223,342 mainly due to the costs related to purchases of furniture and equipment.

Capital Projects Fund

The Capital Projects Fund reported an increase in fund balance of $221,305 for fiscal 2025, as compared to an increase in fund balance of $721,437 for fiscal 2024. Capital outlay totaled $1,692,677 during fiscal 2025.

General Fund Budgetary Highlights

Reference is made to the schedule on page 50 which presents original and final budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were more than the final budgeted revenues by $1,351,406. Non-property tax items and use of money and property were greater than budgeted by $1,132,538. Non-property tax items are made up of the District's portion of County taxes collected and can vary from year to year.

- Actual expenditures were $49,556,441 and encumbrances were $1,157,085 resulting in a $1,107,915 overall favorable budget variance, primarily driven by lower than budgeted costs in benefit costs and teaching - regular school, both related to unbudgeted staff retirements, resignations and leaves, programs for children with handicapping conditions, finance and legal, and central services.

At June 30, 2025, the District's unassigned fund balance was $2,101,936 which was within the allowable 4% of the subsequent year's budget as promulgated by New York State (see page 54). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2025.

Unassigned fund balance, beginning of year	$ 2,045,089
Add:	
Prior-year appropriated fund balance	1,295,000
Prior-year encumbrances	990,901
Prior-year nonspendable fund balance	7,631
Board-approved use of Capital Reserve	2,029,801
Board-approved use of Tax Certiorari Reserve	32,575
Transfer of TRS Subfund	100,000
Transfer of ERS Reserve	580,000
Transfer of Debt Service	150,000
Less:	
Current-year appropriated fund balance	(1,405,000)
Current-year encumbrances	(1,157,085)
Current-year nonspendable fund balance	(11,549)
Net change in fund balance	(256,966)
Transfer to Debt Service Reserve (including allocated interest)	(59,133)
Transfer to Unemployment Reserve (including allocated interest)	(1,597)
Transfer to Insurance Reserve (including allocated interest)	(107,882)
Transfer to Retirement Contribution Reserve (including allocated interest)	(655,011)
Transfer to TRS Subfund in the Retirement Contribution Reserve (including allocated interest)	(94,631)
Transfer to Tax Certiorari Reserve (including allocated interest)	(105,316)
Transfer to Capital Reserve (including allocated interest)	(1,274,891)
Unassigned fund balance, end of year	$ 2,101,936

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal 2025, the District had invested $42,864,149 net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices. See Note 7 in the accompanying notes to the financial statements for more information on capital assets.

Table A-9: Capital Assets (net of depreciation)

	6/30/2025	6/30/2024	$ Change	% Change
Land	$ 720,725	$ 720,725	$ -	-
Construction-in-progress	977,267	-	977,267	100.0
Land improvements	948,409	203,959	744,450	365.0
Buildings and building improvements	38,477,878	40,055,548	(1,577,670)	(3.9)
Furniture and equipment	1,620,647	1,899,286	(278,639)	(14.7)
Right-to-use lease assets	119,223	168,485	(49,262)	(29.2)
Totals	$ 42,864,149	$ 43,048,003	$ (183,854)	(0.4)

Long-Term Liabilities

At year-end, the District had $105,378,558 in general obligation bonds and other long-term liabilities.

Table A-10: Outstanding Long-Term Debt

	6/30/2025	(As Restated) 6/30/2024	$ Change	% Change
Bonds payable, net	$ 27,449,189	$ 29,586,189	$ (2,137,000)	(7.2)
Capital note payable	745,124	870,284	(125,160)	(14.4)
Compensated absences	6,062,829	6,395,743	(332,914)	(5.2)
Lease liabilities	123,084	179,149	(56,065)	(31.3)
Other post-employment benefits	70,998,332	80,730,645	(9,732,313)	(12.1)
Totals	$ 105,378,558	$ 117,762,010	$ (12,383,452)	(10.5)

FACTORS BEARING ON THE FUTURE OF DISTRICT

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

- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a school district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the Law is expected to make budgetary decisions more difficult.

- The General Fund Budget for the 2025-2026 school year is impacted by certain trends affecting school districts. These include potential increases in health insurance costs, retirement costs, workers' compensation judgments, and potential unemployment insurance claims, which are beyond the District's control.

- The possibility of New York State allowing for the establishment of other post-employment benefit reserve funds is being discussed in the legislature. This would allow for the District to set aside monies to meet other post-employment retirement benefits such as health insurance. The establishment of that reserve would increase the District's ability to plan for the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Rye Neck Union Free School District
Attn: Carolyn Mahar
310 Hornidge Road
Mamaroneck, NY 10543-3898

RYE NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS		
Unrestricted cash	$	782,930
Unrestricted investments		8,499,157
Receivables:		
State and federal aid		590,169
Due from other governments		229
Other receivables		14,296
Inventories		8,438
Prepaid expenses		11,549
Restricted cash		383,365
Restricted investments		13,139,764
Proportionate share of net pension asset		3,208,603
Capital assets:		
Non-depreciable		1,697,992
Depreciable, net		41,166,157
Total assets		69,502,649
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from charges from refunding bonds		20,246
Deferred outflows from OPEB		11,013,243
Deferred outflows from pensions		8,932,769
Total deferred outflows of resources		19,966,258
LIABILITIES		
Accounts payable		604,252
Accrued interest payable		118,029
Accrued liabilities		210,130
Due to teachers' retirement system		2,478,107
Due to employees' retirement system		152,835
Unearned revenue		44,442
Long-term liabilities, due within one year:		
Bonds payable, net		2,214,312
Capital note		128,220
Other post-employment benefits		2,492,886
Lease liability		81,159
Long-term liabilities, due after one year:		
Bonds payable, net		25,234,877
Capital note		616,904
Proportionate share of net pension liability		1,621,350
Compensated absences		6,062,829
Other post-employment benefits		68,505,446
Lease liability		41,925
Total liabilities		110,607,703
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions		4,018,140
Deferred inflows from OPEB		28,387,481
Total deferred inflows of resources		32,405,621
NET POSITION		
Net investment in capital assets		14,572,542
Restricted:		
Pension assets		3,208,603
Debt service		986,368
Retirement contributions		5,375,058
Tax certiorari		2,436,814
Insurance		2,374,017
Unemployment		51,597
Capital improvements		1,840,983
Scholarships and student activities		321,497
Unrestricted		(84,711,896)
Total net position	$	(53,544,417)

The accompanying notes to financial statements are an integral part of this statement.

RYE NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Functions and programs:				
General support	$ 8,943,231	$ -	$ -	$ (8,943,231)
Instruction	40,550,718	471	529,573	(40,020,674)
Pupil transportation	799,327	-	-	(799,327)
Food service program	782,005	531,638	202,583	(47,784)
Debt service - interest	678,089	-	-	(678,089)
Total functions and programs	$ 51,753,370	$ 532,109	$ 732,156	(50,489,105)
General revenues:				
Real property taxes				42,276,003
Other tax items				1,184,275
Unrestricted State sources				5,252,249
Non-property tax items				951,871
Use of money and property				1,259,302
Sale of property and compensation for loss				65,156
Miscellaneous				757,849
Total general revenues				51,746,705
Change in net position				1,257,600
Total net position, beginning of year, as restated (see Note 14)				(54,802,017)
Total net position, end of year				$ (53,544,417)

The accompanying notes to financial statements are an integral part of this statement.

RYE NECK UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Funds					
		Special Revenue				
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	$ 605,494	$ -	$ 177,436	$ -	$ -	$ 782,930
Unrestricted investments	8,499,157	-	-	-	-	8,499,157
Receivables:						
State and federal aid	423,255	153,573	13,341	-	-	590,169
Due from other governments	229	-	-	-	-	229
Due from other funds	175,669	-	3,309	-	1,731,041	1,910,019
Other	8,156	-	-	6,140	-	14,296
Prepaid expenses	11,549	-	-	-	-	11,549
Inventories	-	-	8,438	-	-	8,438
Restricted cash	-	30,961	-	346,860	5,544	383,365
Restricted investments	13,064,837	-	-	-	74,927	13,139,764
Total assets	$ 22,788,346	$ 184,534	$ 202,524	$ 353,000	$ 1,811,512	$ 25,339,916
LIABILITIES						
Payables:						
Accounts payable	$ 482,862	$ 14,023	$ 680	$ -	$ 106,687	$ 604,252
Accrued liabilities	199,785	-	-	10,345	-	210,130
Due to other funds	1,734,350	170,511	-	5,158	-	1,910,019
Due to teachers' retirement system	2,478,107	-	-	-	-	2,478,107
Due to employees' retirement system	152,835	-	-	-	-	152,835
Unearned revenues	-	-	28,442	16,000	-	44,442
Total liabilities	5,047,939	184,534	29,122	31,503	106,687	5,399,785
FUND BALANCE						
Fund balance:						
Nonspendable	11,549	-	8,438	-	-	19,987
Restricted	13,064,837	-	-	321,497	1,704,825	15,091,159
Assigned	2,562,085	-	164,964	-	-	2,727,049
Unassigned	2,101,936	-	-	-	-	2,101,936
Total fund balance	17,740,407	-	173,402	321,497	1,704,825	19,940,131
Total liabilities and fund balance	$ 22,788,346	$ 184,534	$ 202,524	$ 353,000	$ 1,811,512	$ 25,339,916

The accompanying notes to financial statements are an integral part of this statement.

RYE NECK UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balance - Governmental Funds		$ 19,940,131
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:		
Capital assets less accumulated depreciation are included in the Statement of Net Position:		
Capital assets:		
Non-depreciable	$ 1,697,992	
Depreciable	73,472,476	
Accumulated depreciation	(32,306,319)	42,864,149
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:		
Lease liabilities, net	(123,084)	
Capital note payable	(745,124)	
Bonds payable, net	(27,449,189)	
Compensated absences	(6,062,829)	(34,380,226)
Deferred charge from refunding bonds		20,246
Proportionate share of long-term asset and liability, deferred outflows of resources and deferred inflows of resources associated with participation in the State retirement systems are not current financial resources or obligations and are not reported in the fund financial statements:		
Deferred outflows of resources - pension related	8,932,769	
Proportionate share of net pension asset	3,208,603	
Proportionate share of net pension liability	(1,621,350)	
Deferred inflows of resources - pension related	(4,018,140)	6,501,882
Total OPEB liability, deferred outflows of resources and deferred inflows of resources associated with the total OPEB liability are not current financial resources or obligations and are not reported in the fund financial statements.		
Deferred outflows of resources - OPEB related	11,013,243	
Total OPEB liability	(70,998,332)	
Deferred inflows of resources - OPEB related	(28,387,481)	(88,372,570)
Interest payable applicable to the District's activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.		(118,029)
Net Position - Governmental Activities		$ (53,544,417)

The accompanying notes to financial statements are an integral part of this statement.

RYE NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Major Funds					
		Special Revenue				
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 42,276,003	$ -	$ -	$ -	$ -	$ 42,276,003
Other tax items	1,184,275	-	-	-	-	1,184,275
Non-property tax items	951,871	-	-	-	-	951,871
Charges for services	471	-	-	-	-	471
Use of money and property	1,250,667	-	-	2,133	6,502	1,259,302
Sale of property and compensation for loss	65,156	-	-	-	-	65,156
State sources	5,252,249	155,544	7,670	-	-	5,415,463
Federal sources	-	374,029	194,913	-	-	568,942
Sales	-	-	531,638	-	-	531,638
Miscellaneous	242,209	-	6,255	509,385	-	757,849
Total revenues	51,222,901	529,573	740,476	511,518	6,502	53,010,970
EXPENDITURES						
Current:						
General support	7,211,847	-	-	-	-	7,211,847
Instruction	26,546,940	534,626	-	449,309	-	27,530,875
Pupil transportation	768,794	30,533	-	-	-	799,327
Employee benefits	11,963,760	115	-	-	-	11,963,875
Cost of sales	-	-	782,005	-	-	782,005
Debt service:						
Principal	2,247,084	-	-	-	-	2,247,084
Interest	818,016	-	-	-	-	818,016
Capital outlay	-	-	-	-	1,692,677	1,692,677
Total expenditures	49,556,441	565,274	782,005	449,309	1,692,677	53,045,706
Excess (deficiency) of revenues over (under) expenditures	1,666,460	(35,701)	(41,529)	62,209	(1,686,175)	(34,736)
OTHER FINANCING SOURCES (USES)						
Issuance of leases	23,064	-	-	-	-	23,064
Transfers in	472,321	35,701	3,309	-	2,379,801	2,891,132
Transfers out	(2,418,811)	-	-	-	(472,321)	(2,891,132)
Total other financing sources (uses)	(1,923,426)	35,701	3,309	-	1,907,480	23,064
Change in fund balance	(256,966)	-	(38,220)	62,209	221,305	(11,672)
Fund balance, beginning of year	17,997,373	-	211,622	259,288	1,483,520	19,951,803
Fund balance, end of year	$ 17,740,407	$ -	$ 173,402	$ 321,497	$ 1,704,825	$ 19,940,131

The accompanying notes to financial statements are an integral part of this statement.

RYE NECK UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net Change in Fund Balance - Governmental Funds		$ (11,672)
Governmental funds report capital 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 expense. The amount by which depreciation exceeds capital outlay in the current period is:		
Capital outlay	$ 2,190,912	
Depreciation expense	(2,374,766)	(183,854)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.		
Lease liabilities issued	(23,064)	
Principal payments on lease liabilities	79,129	
Repayment of capital note principal	125,160	
Repayment of bond principal	2,042,795	2,224,020
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Amortization of refunding bond premiums	94,205	
Amortization of deferred charge on refunding bond	(6,749)	
Accrued interest costs	52,471	
Change in compensated absences	332,914	472,841
Changes in the proportionate share of the collective pension expense of the State retirement plans 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	414,088	
Employees' Retirement System	100,303	514,391
Changes in the amounts related to the OPEB 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.		(1,758,126)
Change in Net Position - Governmental Activities		$ 1,257,600

The accompanying notes to financial statements are an integral part of this statement.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rye Neck Union Free School District (the "District") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board ("GASB"), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies used by the District are described below:

A. Reporting entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education. 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 such criteria, the District has not identified any component units to be included as part of the reporting entity.

B. Joint venture

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

BOCES are organized under Section 1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the New York State Education Law. 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 New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, 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, the District was billed $1,693,712 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $440,136.

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

C. Basis of presentation

1. District-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These financial statements include the financial activities of the overall government in its entirety. 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 reflects capital-specific grants.

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

2. Fund financial statements

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

The District reports the following major governmental funds:

General 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.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds include the following:

Special Aid Fund: Used to account for proceeds from State and federal grants that are restricted for specific educational programs.

School Lunch Fund: Used to account for child nutrition or other activities whose funds are restricted as to use.

Other Miscellaneous Special Revenue Fund: Used to account for the activities of student groups, extraclassroom activity funds and scholarships for students.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities.

D. Measurement focus and basis of accounting

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

The District-wide 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 fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, 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, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

E. Property taxes

Real property taxes attach as an enforceable lien on real property as of July 1st and are payable in two installments in September and January for the Town of Rye (“Town”) and August and December for the City of Rye (“City”). The Town and City are responsible for the billing and collection of the taxes. The Town and City guarantee the full payment of the District warrant and assume responsibility for uncollected taxes.

F. Restricted resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District’s policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G. Interfund transactions

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

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

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

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

I. Cash and cash equivalents

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

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

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

J. Investments

The District participates in the New York Liquid Assets Fund ("NYLAF") established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. The sponsoring agency of the pool is another governmental unit, which acting through the fiscal officer, is primarily responsible for executing the provisions of the cooperative agreement.

The pools are authorized to invest in various securities issued by the United States and its agencies. The amounts represent the amortized cost of the cooperative shares and are considered to approximate fair value. The District's position in the pools is equal to the value of the pool shares. Additional information concerning the NYLAF is presented in the annual report, which may be obtained from the Governing Board c/o PMA Financial Network, LLC, 2135 City Gate Lane, 7th Floor, Naperville, IL 60563.

NYLAF is rated AAAm by Standard and Poor's Rating Service. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The pools invest in a high quality portfolio of investments legally permissible for municipalities and school districts in the State. Effective July 1, 2025, NYLAF merged with NYCLASS.

K. Accounts receivable

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

L. Inventory and prepaid items

Inventories of food 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 other inventory items, such as supplies, in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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

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

M. Other assets/restricted assets

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

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

N. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 1975. For assets acquired prior to July 1, 1975, estimated historical costs, based on independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land improvements	$ 10,000	Straight line	10-30 years
Buildings and building improvements	$ 10,000	Straight line	7-50 years
Furniture and equipment	$ 5,000	Straight line	5-20 years

O. Right-to-use lease assets

The District has recorded right-to-use lease assets as a result of implementing GASB Statement No. 87. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

Right-to-use assets are amortized using a threshold (the dollar value above which right-to-use lease asset acquisitions are added to the right-to-use lease asset accounts) of $15,000, straight-line amortization method, and an estimated useful life for the term of the lease.

P. Unearned revenue

The District reports unearned revenue on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. Another example is the prepayment for student food sale vouchers not yet redeemed in the School Lunch Fund. In subsequent periods, when the District has legal claim to resources, or the food sale vouchers are used, the liability for unearned revenue is removed and revenue is recognized.

Q. Deferred outflows of resources

In addition to assets, the Statement of Net Position and Balance Sheet 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.

R. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

S. Other benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's 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-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

T. Short-term debt

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

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

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

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.

U. Accrued liabilities and long-term obligations

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

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

V. Leases

The District is a lessee for noncancellable leases for equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the District-wide financial statements.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

1. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

2. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

W. Vested employee benefits – compensated absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts.

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

Consistent with GASB Statement No. 101, a liability is recognized for accumulated vacation, sick leave or compensatory time (compensated absences) if the leave time is attributable to services already rendered, the leave time accumulates from year to year and the leave time has a more than a 50% chance to be used for time off or otherwise paid in cash or settled through noncash means. In addition, the liability also recognizes an estimated amount of unused leave earned as of year-end that will be used by employees as time off in future years. The compensated absence liability is recorded as current and non-current obligations in the District-wide financial statements. The current portion of this debt is estimated based on historical trends.

X. Equity classifications

District-wide financial statements

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

1. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also are included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

2. Restricted net position: Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

3. Unrestricted net position: Is the amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position, and is deemed to be available for general use by the District.

Fund financial statements

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

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

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

Debt Service

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established 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 the proceeds of the sale of school district property or capital improvement.

Insurance

According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law. The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval.

Unemployment Insurance

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

Tax Certiorari

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

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. 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 sub-fund for contributions to the New York State Teachers' Retirement System is included in this reserve, but is separately administered and complies with all existing provisions of General Municipal Law §6-r.

Capital

The Capital Reserve is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the people at any special or annual meeting. Such authorization is further required for payments from the capital reserve. The form of the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of Education Law.

3. Committed - Includes amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Education is the decision-making authority that can, by Board resolution, commit fund balance.

4. Assigned - Includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed, except for tax stabilization. The intent can be expressed by the Board or through the Board delegating this responsibility to the District administration through the budgetary process. The classification also includes the remaining positive fund balances for all governmental funds except for the General Fund.

5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the District. The unassigned classification also includes negative residual balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balances.

Fund balances for all governmental funds as of June 30, 2025 were distributed as follows:

	General	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
Nonspendable:					
Inventory	$ -	$ 8,438	$ -	$ -	$ 8,438
Prepaid expenses	11,549	-	-	-	11,549
Total nonspendable	11,549	8,438	-	-	19,987
Restricted:					
Capital	1,840,983	-	-	1,704,825	3,545,808
Debt Service	986,368	-	-	-	986,368
Insurance	2,374,017	-	-	-	2,374,017
Retirement Contributions					
Employees' Retirement System	3,492,248	-	-	-	3,492,248
Teachers' Retirement System	1,882,810	-	-	-	1,882,810
Tax Certiorari	2,436,814	-	-	-	2,436,814
Unemployment	51,597	-	-	-	51,597
Scholarships and student activities	-	-	321,497	-	321,497
Total restricted	13,064,837	-	321,497	1,704,825	15,091,159
Assigned:					
Designated for subsequent year's expenditures	1,405,000	-	-	-	1,405,000
Encumbrances	1,157,085	-	-	-	1,157,085
Food service operations	-	164,964	-	-	164,964
Total assigned	2,562,085	164,964	-	-	2,727,049
Unassigned	2,101,936	-	-	-	2,101,936
Total	$ 17,740,407	$ 173,402	$ 321,497	$ 1,704,825	$ 19,940,131

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

Order of use of fund balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned or restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Sometimes the District will fund outlays for a particular purpose from both restricted (i.e. 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. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS

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

A. Total fund balances of governmental funds vs. net position of governmental activities

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions.

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories. The categories are shown below:

1. Long-term revenue/expense differences

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

2. Capital related differences

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

3. Long-term debt transaction differences

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

4. Pension and Other Postemployment Benefits 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.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting whereby an expenditure is recognized for health insurance premiums and other postemployment benefit 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.

3. CHANGE IN ACCOUNTING PRINCIPLE

Effective for the 2025 fiscal year, the District implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 provides guidance for identifying and recognizing compensated absence liabilities. Previously recognized was the value of unused leave time owed to employees upon separation from employment. In accordance with the new guidance, the District must also recognize as part of the compensated absences liability an estimated amount of unused leave earned as of year-end that will be used by employees as time off in future years. As a result, the District has reported a restatement to opening net position of governmental activities of $6,395,743 (see Note 14 to the financial statements).

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations 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 included 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 that exists which was not determined at the time the budget was adopted.

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.

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.

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. Generally, all unencumbered appropriations lapse at year-end, except those for capital project funds. Open encumbrances at fiscal year-end are included in restricted or assigned fund balance, as appropriate. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

5. CASH, CASH EQUIVALENTS, AND INVESTMENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT AND INTEREST RATE RISK

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

The District's aggregate bank balances disclosed in the financial statements, included balances not covered by depository insurance at year-end, are collateralized as follows:

Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution, in the District's name	$ 1,271,086
Collateralized with securities held by the pledging financial institution's trust department or agent not in the District's name	$ -

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $383,365 in the governmental funds.

Investment and deposit policy

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2025:

- Level 1 - U.S. Government fixed income of $21,638,921 fluctuates in value in response to changes in interest rates and credit risk.

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 losses arising from increasing interest rates. The District is exposed to interest-rate risk as follows:

		Investment Maturities (in years)
	Fair Value	Less Than 1 Year
U.S. Government and Domestic fixed income	$ 21,638,921	$ 21,638,921

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

The quality ratings of investments are as follows:

Quality rating	Balance Fair Value	Percentage of Portfolio
AAAm	$ 21,638,921	100%

Custodial credit risk

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

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

6. RECEIVABLES

Due from State and Federal aid at June 30, 2025, consisted of the following:

General Fund	
New York State Aid - BOCES	$ 214,049
New York State Aid - excess cost aid	112,305
New York State Aid - general aid	96,901
Special Aid Fund	
State and Federal grants	153,573
School Lunch Fund	
School breakfast and lunch reimbursement	13,341
Totals	$ 590,169

7. CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not depreciated:				
Land	$ 720,725	$ -	$ -	$ 720,725
Construction-in-progress	-	977,267	-	977,267
Total nondepreciable assets	720,725	977,267	-	1,697,992
Capital assets that are depreciated:				
Land improvements	1,162,428	786,265	-	1,948,693
Buildings and building improvements	66,665,219	308,649	-	66,973,868
Furniture and equipment	4,058,357	95,667	-	4,154,024
Right-to-use lease assets	385,895	23,064	(13,068)	395,891
Total depreciable assets	72,271,899	1,213,645	(13,068)	73,472,476
Less accumulated depreciation:				
Land improvements	958,469	41,815	-	1,000,284
Buildings and building improvements	26,609,671	1,886,319	-	28,495,990
Furniture and equipment	2,159,071	374,306	-	2,533,377
Right-to-use lease assets	217,410	72,326	(13,068)	276,668
Total accumulated depreciation	29,944,621	2,374,766	(13,068)	32,306,319
Total depreciated assets, net	42,327,278	(1,161,121)	-	41,166,157
Total capital assets, net	$ 43,048,003	$ (183,854)	$ -	$ 42,864,149

Depreciation expense was charged to governmental functions as follows:

General support	$ 177,560
Instruction	2,197,206
	$ 2,374,766

8. LONG-TERM DEBT LIABILITIES

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

	(As Restated) Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 28,412,902	$ -	$ 2,042,795	$ 26,370,107	$ 2,120,107
Unamortized bond premiums	1,173,287	-	94,205	1,079,082	94,205
Total bonds payable, net	29,586,189	-	2,137,000	27,449,189	2,214,312
Other long-term liabilities:					
Capital note payable	870,284	-	125,160	745,124	128,220
Compensated absences	6,395,743	-	332,914	6,062,829	-
Lease liabilities	179,149	23,064	79,129	123,084	81,159
Other post-employment benefits	80,730,645	6,259,784	15,992,097	70,998,332	2,492,886
Total long-term liabilities	$ 117,762,010	$ 6,282,848	$ 18,666,300	$ 105,378,558	$ 4,916,577

The General Fund has typically been used to liquidate the District's long-term liabilities presented above.

Bonds payable

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2025
Serial bond	05/13/14	05/01/29	2.000 - 2.750%	$ 2,625,000
Serial bond	05/22/19	06/15/34	2.500 - 5.000%	3,690,000
Serial bond	06/16/20	06/15/50	2.000 - 5.000%	10,345,000
Serial bond	03/16/21	03/15/48	2.000 - 5.000%	8,650,000
Refunding bond	03/25/21	01/15/28	5.00%	740,000
Serial bond	03/14/23	03/01/26	3.625 - 3.825%	320,107
				$ 26,370,107

The following is a summary of maturing debt service requirements for the District's bonds:

Year Ended June 30,	Principal	Interest	Total
2026	$ 2,120,107	$ 711,234	$ 2,831,341
2027	1,860,000	625,368	2,485,368
2028	1,930,000	552,765	2,482,765
2029	1,720,000	480,225	2,200,225
2030	1,070,000	425,038	1,495,038
2031-2035	5,285,000	1,683,325	6,968,325
2036-2040	3,990,000	1,196,363	5,186,363
2041-2045	4,430,000	759,512	5,189,512
2046-2050	3,965,000	254,612	4,219,612
	$ 26,370,107	$ 6,688,442	$ 33,058,549

Capital note payable

The following is a summary of maturing debt service requirements for the District's capital note payable:

Year Ended June 30,	Principal	Interest	Total
2026	$ 128,220	$ 17,332	$ 145,552
2027	131,354	14,198	145,552
2028	134,566	10,986	145,552
2029	137,856	7,696	145,552
2030	141,226	4,326	145,552
2031	71,902	874	72,776
	$ 745,124	$ 55,412	$ 800,536

Lease liabilities

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 therefore, they have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on July 1, 2019, to lease a copier machine and requires 60 monthly payments of $369. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.8%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of $0 at June 30, 2025.

The second agreement was executed on July 13, 2021, to lease copier machines and requires 60 monthly payments of $5,610. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.7%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of $69,937 at June 30, 2025.

The third agreement was executed on July 13, 2021, to lease copier machines and requires 60 monthly payments of $263. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.4%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of $4,462 at June 30, 2025.

The fourth agreement was executed on January 1, 2024, to lease a postage machine and requires 60 monthly payments of $689. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.9%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of $25,604 at June 30, 2025.

The fifth agreement was executed on July 25, 2024, to lease a copier and requires 60 monthly payments of $437. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 5.1%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of $19,220 at June 30, 2025.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 81,159	$ 2,824	$ 83,983
2027	19,211	1,486	20,697
2028	12,658	851	13,509
2029	9,129	245	9,374
2030	927	6	933
	$ 123,084	$ 5,412	$ 128,496

Interest on long-term debt liabilities

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

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

Interest paid	$ 818,016
Plus amortization of premium and deferred charges	(87,456)
Less interest accrued in the prior year	(170,500)
Plus interest accrued in the current year	118,029
Interest expense	$ 678,089

9. PENSION OBLIGATIONS

The District participates in the New York State and Local Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS") (the "Systems").

Plan descriptions and benefits provided

Employees' Retirement System

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

Teachers' Retirement System

The New York State Teachers' Retirement System 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. NYSTRS is governed by a 10 member Board of Trustees. NYSTRS 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 NYSTRS. Once a public employer elects to participate in NYSTRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding NYSTRS, 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 NYSTRS website at www.nystrs.org.

Contributions

The Systems are noncontributory for the employee who joined prior to July 27, 1976 (tiers I and II). For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary (tiers III and IV). For NYSERS, employees who joined the System between January 1, 2010 and April 1, 2012, are required to contribute 3% of their salary (tier V). For NYSTRS, employees who joined the System between January 1, 2010 and April 1, 2012, are required to contribute 3.5% of their salary (tier V). In addition, employee contribution rates (3% to 6%) under NYSERS and NYSTRS tier VI (those who joined after April 1, 2012) vary based on a sliding salary scale. With the exception of NYSERS and NYSTRS tier V and VI employees, employees in the System more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were as follows:

	NYSERS		NYSTRS	
Year	Contribution	Percentage Of Covered Payroll Contributed	Contribution	Percentage Of Covered Payroll Contributed
2025	$ 511,800	13.54%	$ 2,004,059	9.54%
2024	414,060	11.04%	2,068,471	10.00%
2023	353,860	8.89%	1,922,116	9.50%

Pension assets, liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

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

At June 30, 2025, the District reported the following for its proportionate share of the net pension asset/(liability) for each of the Systems.

	NYSERS	NYSTRS
Actuarial Valuation Date	April 1, 2024	June 30, 2023
Net pension asset (liability)	$ (1,621,350)	$ 3,208,603
District's portion of the Plan's total net pension liability	0.0094563%	0.107541%

For the year ended June 30, 2025, the District recognized pension expense of $422,548 for NYSERS and pension expense of $1,752,417 for NYSTRS. 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 - NYSERS	Deferred Outflows of Resources - NYSTRS	Deferred Inflows of Resources - NYSERS	Deferred Inflows of Resources - NYSTRS
Differences between expected experience and actual experience	$ 402,430	$ 3,455,077	$ (18,983)	$ -
Changes of assumptions	67,996	1,919,395	-	(322,860)
Net difference between projected and actual earnings on pension plan investments	127,207	-	-	(3,565,032)
Changes in proportion and differences between the District's contributions and proportionate share of contributions	211,954	117,768	(26,084)	(85,181)
Employer contributions subsequent to the measurement date	152,835	2,478,107	-	-
Total	$ 962,422	$ 7,970,347	$ (45,067)	$ (3,973,073)

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

Year Ended June 30,	NYSERS	NYSTRS
2026	$ 343,748	$ (1,660,131)
2027	471,616	3,925,810
2028	(97,020)	(638,780)
2029	46,176	(707,642)
2030	-	432,994
Thereafter	-	166,916

Actuarial assumptions

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

	NYSERS	NYSTRS
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Discount rate	5.90%	6.95%
Salary scale	4.30%	*Rates of increase differ based on service
Decrement tables	April 1, 2015 to March 31, 2020 System's Experience	July 1, 2015 to June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%

*The salary scale used for NYSTRS changes based upon levels of service as defined below:

Service	Rate
5	5.18%
15	3.64%
25	2.50%
35	1.95%

For NYSERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021. For NYSTRS, annuitant mortality rates are based on July 1, 2015 - June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For NYSERS, 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 NYSTRS, the actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

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

	NYSERS		NYSTRS	
	Target Allocation	Long-Term Expected Rate of Return	Target Allocation	Long-Term Expected Rate of Return
Measurement date	March 31, 2025		June 30, 2024	
Asset type				
Cash	1.00%	0.25%	1.00%	0.50%
Domestic equity	25.00%	3.54%	33.00%	6.60%
Domestic fixed income	-	-	16.00%	2.60%
Global equity	-	-	4.00%	6.90%
Global fixed income	-	-	2.00%	2.50%
High-yield bonds	-	-	1.00%	4.80%
International equity	14.00%	6.57%	15.00%	7.40%
Opportunistic portfolio	3.00%	5.25%	-	-
Credit	4.00%	5.40%	-	-
Fixed income	22.00%	2.00%	-	-
Private debt	-	-	2.00%	5.90%
Private equity	15.00%	7.25%	9.00%	10.00%
Real assets	4.00%	5.55%	-	-
Real estate debt	-	-	6.00%	3.90%
Real estate equity	12.00%	4.95%	11.00%	6.30%
	100%		100%	

Discount rate

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

Sensitivity of the proportionate share of the net pension asset/(liability) to the discount rate assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% for NYSERS and 6.95% for NYSTRS, 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% lower (4.90% for NYSERS and 5.95% for NYSTRS) or 1% point higher (6.90% for NYSERS and 7.95% for NYSTRS) than the current rate:

NYSERS	1% Decrease (4.90%)	Current assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	$ (4,692,392)	$ (1,621,350)	$ 942,971

NYSTRS	1% Decrease (5.95%)	Current assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	$ (14,820,724)	$ 3,208,603	$ 18,371,751

Pension plan fiduciary net position

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

	(Dollars in Thousands) NYSERS	NYSTRS
Valuation date	April 1, 2024	June 30, 2023
Employers' total pension liability	$ 247,600,239	$ 142,837,826
Plan net position	230,454,512	145,821,435
Employers' net pension asset/(liability)	$ (17,145,727)	$ 2,983,609
Ratio of plan net position to the employers' total pension liability	93.08%	102.09%

Payables to the pension plan

For NYSERS, 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 NYSERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to $152,835.

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2025 are primarily 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 NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued retirement contributions including employee contributions, as of June 30, 2025 amounted to $2,478,107.

10. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Fund	Interfund			
	Receivable	Payable	Transfers in	Transfers out
General	$ 175,669	$ 1,734,350	$ 472,321	$ 2,418,811
Special Aid	-	170,511	35,701	-
School Lunch	3,309	-	3,309	-
Other Miscellaneous Special Revenue	-	5,158	-	-
Capital Projects	1,731,041	-	2,379,801	472,321
Totals	$ 1,910,019	$ 1,910,019	$ 2,891,132	$ 2,891,132

Interfund receivables and payables are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

11. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

A. General information about the OPEB plan

Plan description

The District's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees covered by benefit terms

As of July 1, 2024, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	177
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	233
Total plan members	410

B. Total OPEB liability

The District's total OPEB liability of $70,998,332 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

Actuarial assumptions and other inputs

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

Inflation	2.40%
Salary increases	2.40% average, including inflation
Discount rate	5.20%
Healthcare cost trend rates	7.30% scaling down to 3.80% over 55 years
Retirees' share of benefit-related costs	0% to 35% of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table for Teaching positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions projected to the valuation date with Scale MP-2021.

C. Changes in the total OPEB liability

Balance as of June 30, 2024	$ 80,730,645
Changes for the year -	
Service cost	3,011,024
Interest	3,248,760
Effect of demographic gain or losses	(4,361,262)
Effect of assumptions or other inputs	(9,457,889)
Benefit payments	(2,172,946)
Net changes	(9,732,313)
Balance as of June 30, 2025	$ 70,998,332

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current discount rate:

	1% Decrease (4.20%)	Current assumption (5.20%)	1% Increase (6.20%)
Total OPEB liability as of June 30, 2025	$ 82,402,180	$ 70,998,332	$ 61,785,000

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.30%) or one percentage point higher (8.30%) than the current discount rate:

	1% Decrease (6.30% decreasing to 2.80%)	Current assumption (7.30% decreasing to 3.80%)	1% Increase (8.30% decreasing to 4.80%)
Total OPEB liability as of June 30, 2025	$ 59,662,966	$ 70,998,332	$ 85,587,178

D. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of $3,931,072. 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 - OPEB	Deferred Inflows of Resources - OPEB
Difference between expected experience and actual experience	$ 718,798	$ (5,961,159)
Changes of assumptions	10,294,445	(22,426,322)
Total	$ 11,013,243	$ (28,387,481)

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

Year Ended June 30,	
2026	$ (2,352,583)
2027	(2,363,805)
2028	(3,333,513)
2029	(3,333,508)
2030	(2,065,459)
Thereafter	(3,925,370)

12. RISK MANAGEMENT

The District and other school districts have formed a reciprocal insurance company ("Company") to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company, which is responsible for the overall supervision and management of the Company. The Company is managed by the Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The District and neighboring school districts in Southern Westchester County participate in the State-Wide Schools Cooperative Health Plan. This Plan operates under an agreement, as amended, dated December 12, 1985. The purpose of the Plan are to effect cost savings in members' expenses for health coverage; to provide for centralized administration, funding and disbursements for health coverage; and to provide for such risk management services as may be appropriate to reduce future expense and liability for health coverage. The governance of the Plan shall be in all respects in the hands of the Board of Trustees. The Board of Trustees shall consist of seven trustees elected by the general membership of the Plan. No action may be taken by the Board of Trustees except by a vote of a majority of the total number of trustees. Billings to participants are based upon coverage provided to each participant's employees. The District has transferred all related risk to the Plan.

The District and neighboring school districts in Southern Westchester County, participate in the Southern Westchester Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon participant's experience rating. The District has transferred all related risk to the Plan.

There have been no significant reductions in insurance coverage as compared to the prior years, and there were no settlements in excess of coverage over the last three years.

The District has not purchased any annuity contracts.

13. CONTINGENCIES AND COMMITMENTS

Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. During the fiscal year ended June 30, 2025, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance	
General Fund	
General support	$ 812,804
Instruction	344,281
School Lunch Fund	
Food service operations	34,426
Restricted Fund Balance	
Other Miscellaneous Special Revenue Fund	
Scholarships and student activities	57,355
Capital Projects Fund	
Capital improvements	981,516
	$ 2,230,382

Appropriated for subsequent year's budget

The amount of $1,405,000 has been assigned as the amount to be appropriated to reduce taxes for the year ending June 30, 2026.

Government grants

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

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2022, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent, plus the inflation factor (but not less than 0 percent), whichever is less, with some exceptions. The New York State Comptroller set the allowable levy growth factor for local governments for fiscal years beginning July 1, 2024 at 1.02% (before exemptions). School districts can exceed the tax levy limit by a 60% vote of the governing body, subject to voter approval.

Litigation

The District is involved in lawsuits arising from the normal conduct of business. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

14. PRIOR PERIOD ADJUSTMENT

Compensated absence liability balances as of July 1, 2024 have been restated to reflect the adoption of GASB Statement No. 101. The District's financial statements for the year ended June 30, 2024 have been restated as of July 1, 2024 to give effect to the following:

	Compensated Absences	Net Position
Balance as of July 1, 2024, as previously stated	$ -	$ (48,406,274)
GASB Statement No. 101 implementation:		
Add: Compensated Absences (calculated under GASB 101)	6,395,743	(6,395,743)
Balance as of July 1, 2024, as restated	$ 6,395,743	$ (54,802,017)

15. FUTURE ACCOUNTING STANDARDS

The District will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
Statement No. 103	Financial Reporting Model Improvements	June 30, 2026
Statement No. 104	Disclosure of Certain Capital Assets	June 30, 2026

16. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 7, 2025, which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Year-end Encumbrances	Variance
REVENUES					
Local sources:					
Real property taxes	$ 43,459,590	$ 42,275,315	$ 42,276,003		$ 688
Other tax items	-	1,184,275	1,184,275		-
Non-property tax items	750,000	750,000	951,871		201,871
Charges for services	-	-	471		471
Use of money and property	320,000	320,000	1,250,667		930,667
Sale of property and compensation for loss	-	39,272	65,156		25,884
Miscellaneous	110,000	110,000	242,209		132,209
Total local sources	44,639,590	44,678,862	45,970,652		1,291,790
State sources	5,192,633	5,192,633	5,252,249		59,616
Total revenues	49,832,223	49,871,495	51,222,901		1,351,406
OTHER FINANCING SOURCES					
Interfund transfers	-	-	472,321		472,321
Leases	-	23,064	23,064		-
Prior year encumbrances	990,901	990,901	-		(990,901)
Appropriated reserves and fund balance	1,295,000	3,357,377	-		(3,357,377)
Total revenues and other financing sources	52,118,124	54,242,837	51,718,286		(2,524,551)
EXPENDITURES					
General support:					
Board of Education	52,676	54,389	48,977	$ 5,000	412
Central administration	389,714	391,796	391,787	-	9
Finance and legal	1,149,970	1,141,943	990,546	47,745	103,652
Human resources	142,511	203,255	169,007	21,384	12,864
Central services	4,819,315	5,730,149	4,875,673	738,675	115,801
Special items	698,399	738,691	735,857	-	2,834
Total general support	7,252,585	8,260,223	7,211,847	812,804	235,572
Instruction:					
Instruction, administration and improvement	1,385,637	1,353,664	1,321,265	-	32,399
Teaching - regular school	13,682,409	13,714,409	13,505,298	5,806	203,305
Programs for children with handicapping conditions	6,391,593	5,937,666	5,740,295	2,000	195,371
Teaching - special school	340,958	275,267	232,622	-	42,645
Instructional media	1,931,479	1,959,664	1,675,148	279,375	5,141
Pupil services	4,080,965	4,205,912	4,072,312	57,100	76,500
Total instruction	27,813,041	27,446,582	26,546,940	344,281	555,361
Pupil transportation	1,084,314	830,449	768,794	-	61,655
Employee benefits	12,522,449	12,218,649	11,963,760	-	254,889
Debt service:					
Principal	2,243,639	2,247,453	2,247,084	-	369
Interest	817,096	818,085	818,016	-	69
Total expenditures	51,733,124	51,821,441	49,556,441	1,157,085	1,107,915
OTHER FINANCING USES					
Operating transfers out	385,000	2,421,396	2,418,811	-	2,585
Total expenditures and other financing uses	52,118,124	54,242,837	51,975,252	$ 1,157,085	1,110,500
Net change in fund balance	$ -	$ -	(256,966)		$ (1,414,051)
Fund balance, beginning of year			17,997,373		
Fund balance, end of year			$ 17,740,407		

Note to Required Supplementary Information

Budget Basis of Accounting

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

Final budget for 2024-25 includes: transfers between budget lines, prior year carryforward encumbrances, expenses paid through insurance recoveries, tax certiorari judgements paid through the tax certiorari reserve fund, and expenses related to the present value of lease liability under GASB 87.

RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS

Measurement date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability:								
Service cost	$ 3,011,024	$ 3,372,297	$ 2,880,538	$ 4,091,701	$ 3,608,668	$ 2,870,569	$ 3,304,823	$ 2,511,763
Interest	3,248,760	3,009,290	2,550,629	1,905,634	1,786,864	2,239,477	1,966,441	1,853,282
Effect of plan changes	-	-	-	-	-	-	852,857	-
Effect of demographic gain or losses	(4,361,262)	-	476,550	-	(4,767,965)	-	2,224,593	334,185
Effect of assumptions or other inputs	(9,457,889)	(3,712,339)	5,914,464	(19,188,067)	7,919,896	12,667,227	(7,825,979)	-
Benefit payments	(2,172,946)	(2,007,234)	(1,833,368)	(1,713,908)	(1,606,998)	(1,681,084)	(1,624,306)	(1,814,896)
Net change in total OPEB liability	(9,732,313)	662,014	9,988,813	(14,904,640)	6,940,465	16,096,189	(1,101,571)	2,884,334
Total OPEB liability - beginning of year	80,730,645	80,068,631	70,079,818	84,984,458	78,043,993	61,947,804	63,049,375	60,165,041
Total OPEB liability - end of year	$ 70,998,332	$ 80,730,645	$ 80,068,631	$ 70,079,818	$ 84,984,458	$ 78,043,993	$ 61,947,804	$ 63,049,375
Covered payroll	$ 21,818,104	$ 21,903,312	$ 21,903,312	$ 21,126,727	$ 21,126,727	$ 20,094,681	$ 20,094,681	$ 18,384,278
Total OPEB liability as a percentage of covered payroll	325.41%	368.58%	365.55%	331.71%	402.26%	388.38%	308.28%	342.95%
Discount rate	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%

Notes to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 75. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow school districts to establish this type of trust. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION ASSET/(LIABILITY) - NYSERS & NYSTRS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
ERS										
District's proportionate share of the net pension asset (liability)	0.00946%	0.00873%	0.00913%	0.00853%	0.00870%	0.00894%	0.00883%	0.00882%	0.00951%	0.01022%
District's proportionate share of the net pension asset (liability)	$ (1,621)	$ (1,285)	$ (1,957)	$ 697	$ (9)	$ (2,368)	$ (625)	$ (285)	$ (894)	$ (1,640)
District's covered payroll	$ 3,767	$ 3,777	$ 3,338	$ 3,254	$ 3,008	$ 2,971	$ 2,947	$ 2,920	$ 3,048	$ 2,949
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	43.04%	34.03%	58.63%	21.42%	0.30%	79.70%	21.21%	9.75%	29.32%	55.62%
Plan fiduciary net position as a percentage of the total pension asset (liability)	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.50%

The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

TRS										
District's proportionate share of the net pension asset (liability)	0.10754%	0.10884%	0.11071%	0.10962%	0.10798%	0.10686%	0.10648%	0.10586%	0.10881%	0.11153%
District's proportionate share of the net pension asset (liability)	$ 3,209	$ (1,245)	$ (2,124)	$ 18,995	$ (2,984)	$ 2,776	$ 1,925	$ 805	$ (1,165)	$ 11,584
District's covered payroll	$ 20,676	$ 20,227	$ 19,643	$ 18,827	$ 18,969	$ 16,005	$ 20,061	$ 17,099	$ 17,004	$ 16,344
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	15.52%	6.15%	10.81%	100.89%	15.73%	17.34%	9.60%	4.71%	6.85%	70.88%
Plan fiduciary net position as a percentage of the total pension asset (liability)	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%
Discount rate	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%

The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSERS & NYSTRS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
ERS										
Contractually required contribution	$ 512	$ 414	$ 354	$ 455	$ 398	$ 393	$ 419	$ 455	$ 473	$ 577
Contributions in relation to the contractually required contribution	512	414	354	455	398	393	419	455	473	577
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,780	$ 3,750	$ 3,980	$ 3,337	$ 3,032	$ 2,962	$ 2,961	$ 2,971	$ 3,048	$ 3,026
Contributions as a percentage of covered payroll	13.54%	11.04%	8.89%	13.64%	13.14%	13.27%	14.15%	15.31%	15.52%	19.08%
TRS										
Contractually required contribution	$ 2,004	$ 2,068	$ 1,922	$ 1,773	$ 1,624	$ 1,894	$ 1,700	$ 1,966	$ 2,004	$ 2,260
Contributions in relation to the contractually required contribution	2,004	2,068	1,922	1,773	1,624	1,894	1,700	1,966	2,004	2,260
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 21,004	$ 20,676	$ 20,227	$ 19,643	$ 18,827	$ 18,969	$ 16,005	$ 20,061	$ 17,099	$ 17,004
Contributions as a percentage of covered payroll	9.54%	10.00%	9.50%	9.03%	8.62%	9.99%	10.62%	9.80%	11.72%	13.29%

The accompanying notes to financial statements are an integral part of this statement.

RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Change from adopted budget to final budget:

Adopted budget		$ 51,127,223
Add:		
Prior year's encumbrances		990,901
Budget revisions		2,124,713
Final budget		$ 54,242,837

Section 1318 of the Real Property Tax Law Limit calculation:

2025-2026 voter-approved expenditure budget		$ 52,548,411
Maximum allowed (4% of 2025-2026 budget)		$ 2,101,936
General Fund fund balance subject to §1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 2,562,085	
Unassigned fund balance	2,101,936	$ 4,664,021
Less:		
Appropriated fund balance	1,405,000	
Encumbrances	1,157,085	2,562,085
General Fund fund balance subject to §1318 of Real Property Tax Law		$ 2,101,936
Actual percentage		4.00%

RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2025

			Expenditures					Methods of Financing					
Project Title	Original Budget	Revised Budget	Prior Years	Current Year	Transfers	Total	Unexpended Balance	Proceeds of Obligations	Transfers	State Aid	Local Sources	Total	Fund Balance June 30, 2025
DW Paving and Site Reconstruction	$ 737,851	$ 744,311	$ 9,000	$ 735,311	$ -	$ 744,311	$ -	$ -	$ -	$ -	$ 744,311	$ 744,311	$ -
Construction of Science Center (HS)	14,675,000	14,230,541	13,839,497	-	391,044	14,230,541	-	11,500,143	1,574,840	-	1,155,558	14,230,541	-
MS/HS Parking Lot and Bike Path	700,000	691,760	-	691,760	-	691,760	-	-	-	-	700,000	700,000	8,240
Athletic Field Review Project	60,000	60,000	-	23,650	-	23,650	36,350	-	-	-	60,000	60,000	36,350
HS Gymnasium Roof replacement	276,837	270,377	-	35,019	-	35,019	235,358	-	-	-	276,879	276,879	241,860
DW Masonry Reconstruction	609,593	609,593	-	99,303	-	99,303	510,290	-	-	-	609,593	609,593	510,290
FEB Masonry Reconstruction and Site Wor	1,015,719	1,015,719	-	107,634	-	107,634	908,085	-	-	-	1,015,719	1,015,719	908,085
Gymnasium Oil Tank	449,255	449,255	367,978	-	81,277	449,255	-	449,255	-	-	-	449,255	-
Totals	$ 18,524,255	$ 18,071,556	$ 14,216,475	$ 1,692,677	$ 472,321	$ 16,381,473	$ 1,690,083	$ 11,949,398	$ 1,574,840	$ -	$ 4,562,060	$ 18,086,298	$ 1,704,825

The accompanying notes to financial statements are an integral part of this statement.

RYE NECK UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

Capital assets, net		$ 42,864,149
Deduct:		
Short-term portion of bonds payable, net	$ 2,214,312	
Long-term portion of bonds payable, net	25,234,877	
Short-term portion of lease liability	81,159	
Long-term portion of lease liability	41,925	
Short-term portion of capital note payable	128,220	
Long-term portion of capital note payable	616,904	28,317,397
Add:		
Unspent bond proceeds	5,544	
Deferred charge from refunding bonds	20,246	25,790
Net investment in capital assets		$ 14,572,542

The accompanying notes to financial statements are an integral part of this statement.



CERTIFIED PUBLIC ACCOUNTANTS

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 Board of Education of the
Rye Neck Union Free School District, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Rye Neck Union Free School District (the "District") as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 7, 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.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hauppauge, New York
October 7, 2025

Nawrocki Smith LLP

Findings - Financial Statement Audit

None reported.

Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

This section presents our findings and recommendations noted during the audit of the financial statements of the Rye Neck Union Free School District as of and for the year ended June 30, 2025, as well as the status of recommendations made in connection with prior audits of the financial statements.

CURRENT YEAR FINDING AND RECOMMENDATION:

None noted.

STATUS OF PRIOR YEAR RECOMMENDATIONS:

None noted.