

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
AUDITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2025
INCLUDING REPORT ON
EXTRACLASSROOM ACTIVITY FUNDS

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Chester Union Free School District
Chester, New York 10918

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Report on the Audit of the Financial Statements

Opinions

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

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, management has adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

100th ANNIVERSARY

1925 - 2025

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 4 through 15 and 70 through 74 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 Chester Union Free School District's basic financial statements. The supplemental schedules are required by the New York State Education Department and are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 75 through 78 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

Nugent & Haussler PC

Montgomery, New York
October 8, 2025

CHESTER UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis

Introductory Section

The following is a discussion and analysis of Chester Union Free School District's financial performance for the year ended June 30, 2025. The section is a summary of Chester Union Free School 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.

Financial Highlights

- The District added a Treasurer position to strengthen internal controls by improving segregation of duties within the Business Office.
- The Maple Avenue Building was transferred to the County of Orange for \$1, a result of the 2024 approval of Proposition 3.
- The District's Capital Reserve increased by \$4.5 million, largely due to the deposit of \$3 million in insurance proceeds from the damaged Maple Avenue Building. Other reserves remained stable, and the District did not make notable withdrawals from retirement (ERS/TRS) or other reserve accounts.
- Overall enrollment remained stable with no significant fluctuations from the prior year. The District will continue to closely track enrollment projections and update long-term financial planning to ensure resources remain aligned with student needs.
- The District made strategic investments in new instructional programs and pilot initiatives to support student achievement during the fiscal year and initiated the (2024 approved) safety project in the summer of 2025.
- The District is preparing for a capital project referendum for an interscholastic athletic facility, which, if approved, will have an impact on future tax levies and long-term budget planning
- In addition to the upcoming athletic facility project, the District continues to monitor the planned Greens of Chester housing development. Once fully built and occupied, this project has the potential to increase student enrollment, affecting instructional, special education, and transportation needs due to projected student enrollment from the development. The ultimate financial impact will depend on the timing of occupancy and the level of State aid received in response to enrollment growth. The District will continue to closely track enrollment projections and update long-term financial planning accordingly.
- Overall, the District remains in a strong financial position. The General Fund surplus in 2024-25 was supported by a one-time insurance claim and the return of unspent funds related to funds transferred in previous years on closed capital projects., which together contributed over \$4 million in atypical, non-recurring revenues. Conservative budgeting, stable operating revenues, and careful management of reserves continue to provide a solid foundation. The District will maintain prudent financial planning to address future capital needs, monitor enrollment trends, and manage debt obligations while supporting educational programs and services.

CHESTER UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Overview of the Financial Statements

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

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

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

CHESTER UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Overview of the Financial Statements (Continued)

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

Major Features of the District-Wide and Fund Financial Statements			
	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/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	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows or resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

CHESTER UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

District-Wide Financial Statements

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

The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or *position*.

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

In the district-wide financial statements, the District's activities are shown as *Governmental activities*: Most of the District's basic services are included here, such as 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 two kinds of funds:

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

CHESTER UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Financial Analysis of the District as a Whole

The District's net position at June 30, 2025 is a deficit of \$17,341,908. This is a \$2,573,362 increase from last year's deficit net position of \$14,768,546, as restated. The following table provides a summary of the District's net position:

Summary of Net Position

	School District Activities			
	As Restated		\$ Change	% Change
	June 30, 2025	June 30, 2024		
Current Assets	\$ 16,559,857	\$ 12,164,676	\$ 4,395,181	36.13%
Non Depreciable Capital Assets	3,522,501	8,595,869	(5,073,368)	-59.02%
Depreciable Capital Assets, Net	20,993,353	15,457,049	5,536,304	35.82%
Non Current Assets	1,725,264	0	1,725,264	N/A
Total Assets	42,800,975	36,217,594	6,583,381	
			0	
Deferred Outflows	11,595,368	11,977,468	(382,100)	-3.19%
			0	
Current Liabilities	4,304,475	2,497,366	1,807,109	72.36%
Long-term Debt Outstanding	59,746,547	52,461,957	7,284,590	13.89%
Total Liabilities	64,051,022	54,959,323	9,091,699	
			0	
Deferred Inflows	7,687,229	8,004,285	(317,056)	-3.96%
			0.00	
Net Position:			0.00	
Net Investment in Capital Assets	12,260,119	13,106,118	(845,999)	-6.45%
Restricted	11,054,222	5,644,061	5,410,161	95.86%
Unrestricted	(40,656,249)	(33,518,725)	(7,137,524)	-21.29%
Total Net Position	\$ (17,341,908)	\$ (14,768,546)	\$ (2,573,362)	-17.42%

The prior year information provided above has been adjusted to include the restatement of net position to provide a more meaningful comparison of net position.

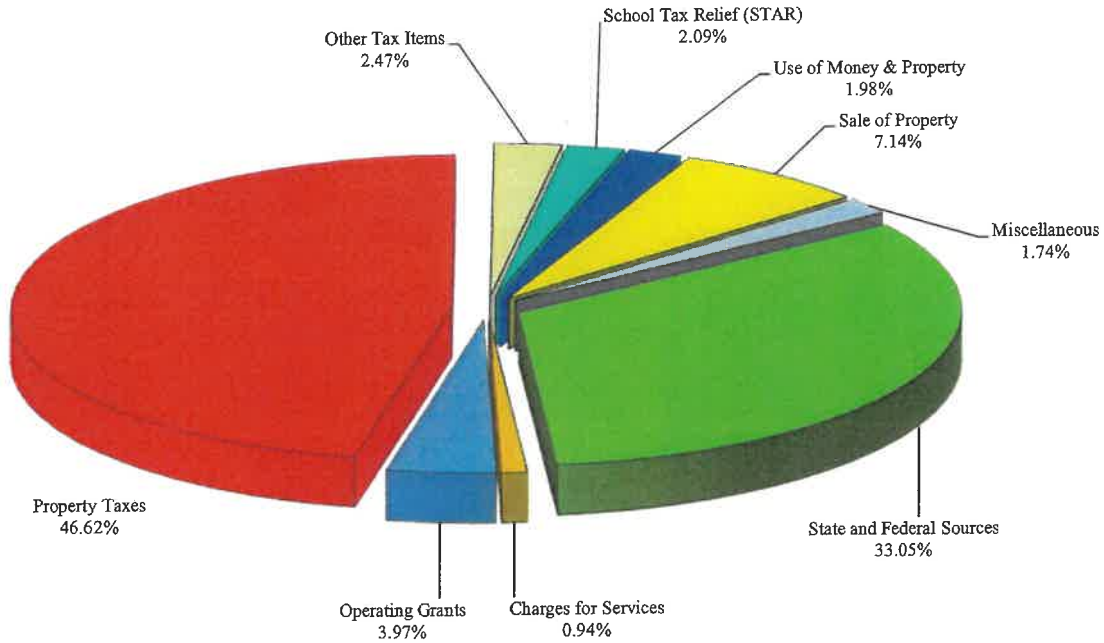
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the years ended June 30, 2025 and 2024:

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION

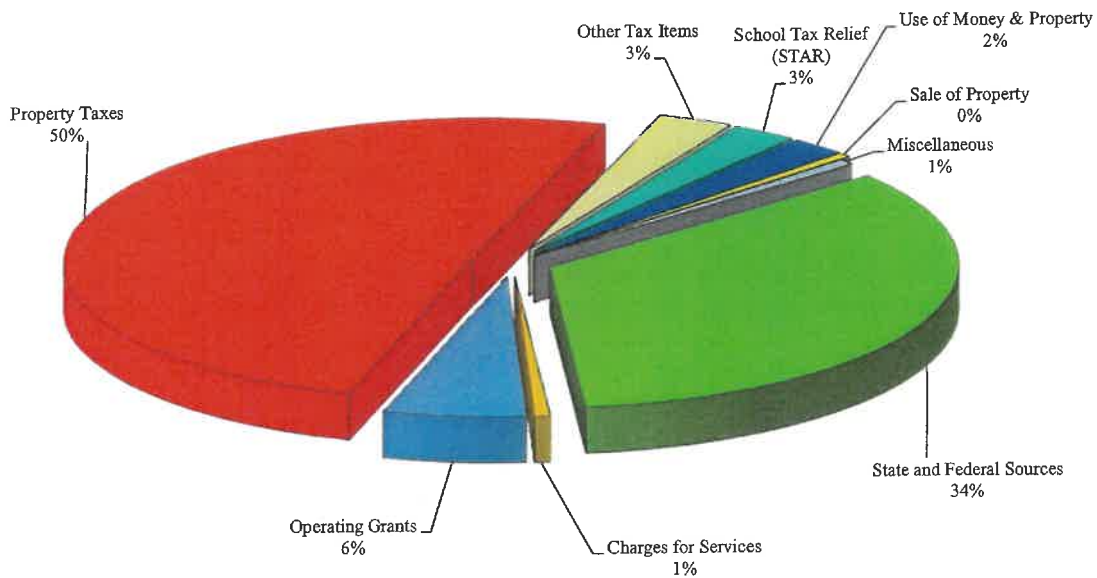
	<u>JUNE 30, 2025</u>	<u>%</u>	<u>JUNE 30, 2024</u>	<u>%</u>	<u>\$ Change</u>	<u>% Change</u>
<u>REVENUES</u>						
PROGRAM REVENUES:						
Charges for Services	\$ 385,686	0.94%	\$ 223,711	0.61%	\$ 161,975	72.40%
Operating Grants	1,621,363	3.97%	2,055,636	5.64%	(434,273)	-21.13%
GENERAL REVENUES:						
Property Taxes	19,031,407	46.62%	18,335,731	50.28%	695,676	3.79%
Other Tax Items	1,008,961	2.47%	1,087,697	2.98%	(78,736)	-7.24%
School Tax Relief (STAR)	854,968	2.09%	948,052	2.60%	(93,084)	-9.82%
Use of Money & Property	809,126	1.98%	794,448	2.18%	14,678	1.85%
Sale of Property	2,916,899	7.14%	188,693	0.52%	2,728,206	1445.84%
Miscellaneous	709,504	1.74%	228,993	0.63%	480,511	209.84%
State and Federal Sources	13,496,180	33.05%	12,601,500	34.56%	894,680	7.10%
TOTAL REVENUES	<u>40,834,094</u>	100.00%	<u>36,464,461</u>	100.00%	<u>4,369,633</u>	11.98%
<u>EXPENSES</u>						
General Support	4,313,531	9.94%	3,790,258	9.75%	523,273	13.81%
Instruction	20,759,597	47.82%	20,588,709	52.94%	170,888	0.83%
Pupil Transportation	2,723,981	6.27%	2,359,250	6.07%	364,731	15.46%
Employee Benefits	13,514,241	31.13%	10,286,785	26.46%	3,227,456	31.37%
Debt Service Interest	246,839	0.57%	240,664	0.62%	6,175	2.57%
Depreciation & Amortization	1,173,034	2.70%	1,066,456	2.74%	106,578	9.99%
Capital Outlay	103,400	0.24%	0	0.00%	103,400	0.00%
School Lunch Program	575,833	1.33%	551,311	1.42%	24,522	4.45%
TOTAL EXPENSES	<u>43,410,456</u>	100.00%	<u>38,883,433</u>	100.00%	<u>4,527,023</u>	11.64%
INCREASE (DECREASE) IN NET POSITION, AS RESTATED	<u>\$ (2,576,362)</u>		<u>\$ (2,418,972)</u>		<u>\$ (157,390)</u>	

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK

**SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

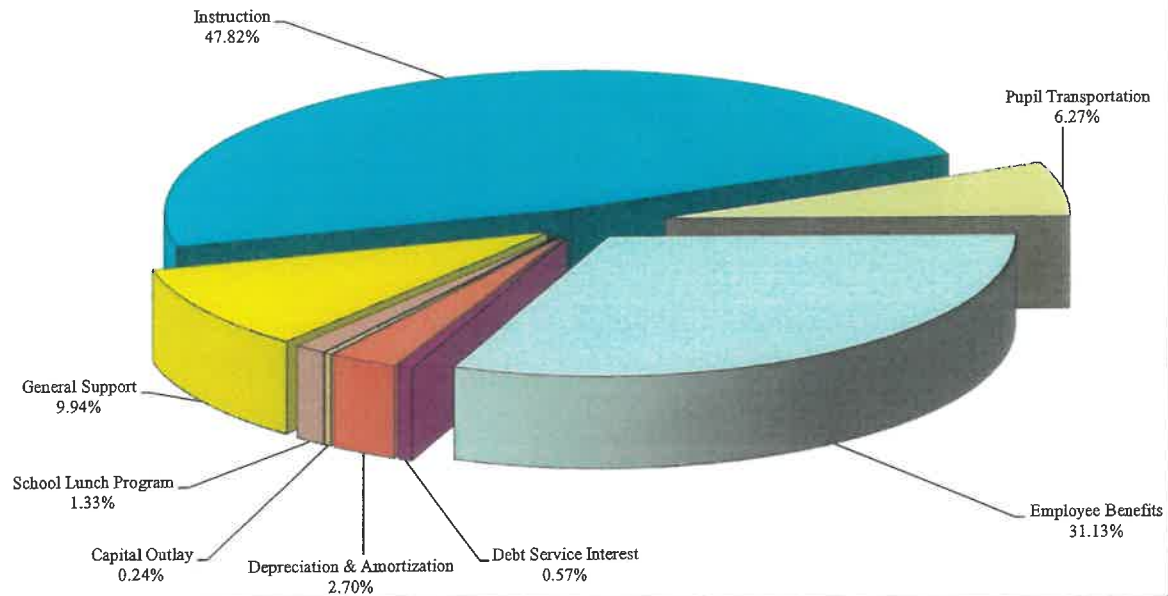


**SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

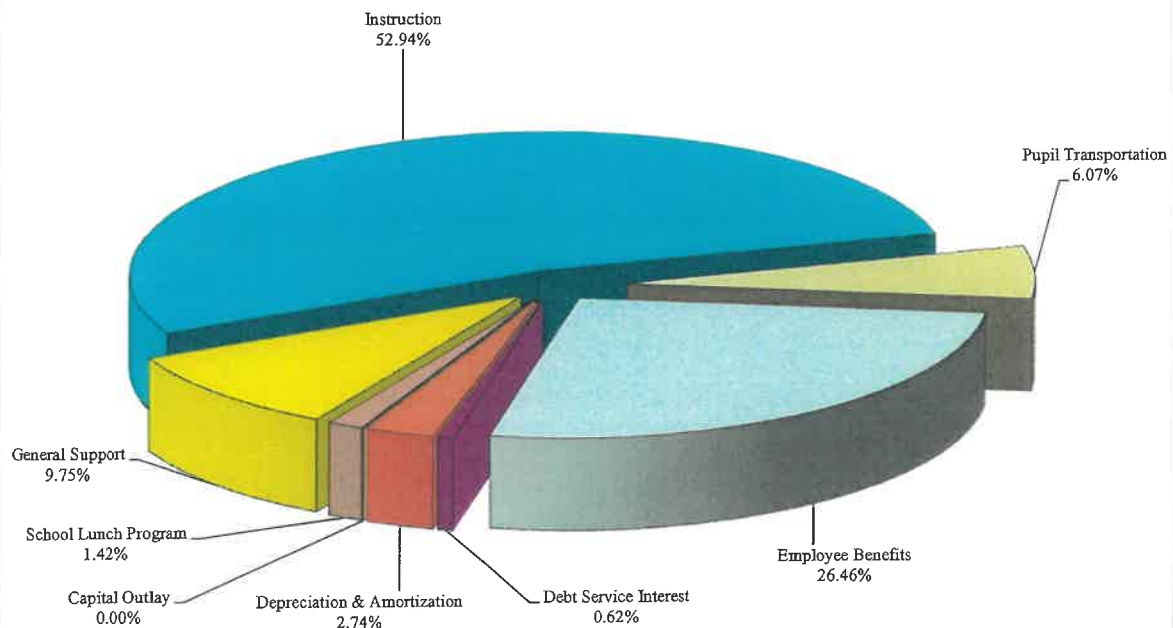


CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK

EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2025



EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2024

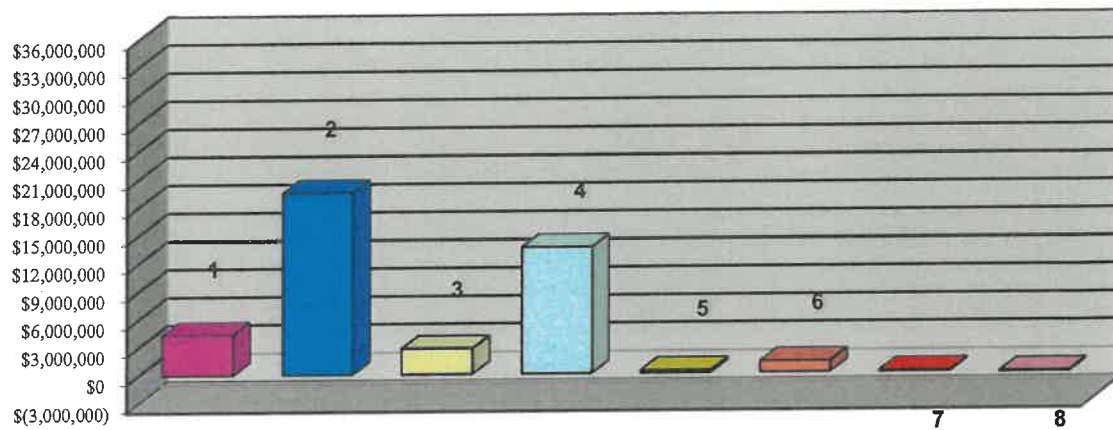


CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
STATEMENT OF ACTIVITIES
NET COSTS

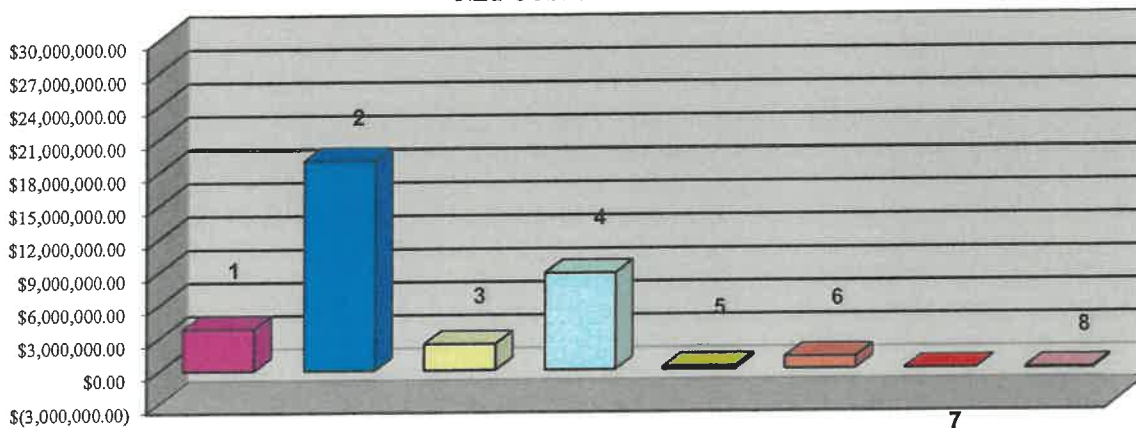
The following information is provided to disclose the net cost of governmental activities:

		TOTAL COST OF SERVICES 2024-2025	NET COST OF SERVICES 2024-2025	TOTAL COST OF SERVICES 2023-2024	NET COST OF SERVICES 2023-2024
General Support	1	\$ 4,313,531	\$ 4,313,531	\$ 3,790,258	\$ 3,790,258
Instruction	2	20,759,597	19,447,902	20,588,709	18,973,716
Pupil Transportation	3	2,723,981	2,723,981	2,359,250	2,359,250
Employee Benefits	4	13,514,241	13,514,241	8,781,070	8,781,070
Debt Service - Interest	5	246,839	246,839	240,644	240,664
Depreciation & Amortization	6	1,173,034	1,173,034	1,066,456	1,066,456
Capital Outlay	7	103,400	103,400	0	0
School Lunch Program	8	575,833	(119,521)	551,311	(113,043)
		<u>\$ 43,410,456</u>	<u>\$ 41,403,406</u>	<u>\$ 37,377,698</u>	<u>\$ 35,098,371</u>

NET COSTS 2024-2025



NET COSTS 2023-2024



CHESTER UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund and Capital Projects Fund and Miscellaneous Special Revenue Fund. The total fund balances allocated between nonspendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows:

June 30, 2025					
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	\$ 357,745	\$ 8,190,999	\$ 1,695,581	\$ 3,042,724	\$ 13,287,049
Special Aid	0	-	0	0	-
School Lunch	25,370	296,443	0	0	321,813
Capital Projects	0	0	0	(2,595,212)	(2,595,212)
Debt Service	0	796,771	0	0	796,771
Miscellaneous					
Special Revenue	0	44,745	0	0	44,745
	<u>\$ 383,115</u>	<u>\$ 9,328,958</u>	<u>\$ 1,695,581</u>	<u>\$ 447,512</u>	<u>\$ 11,855,166</u>
June 30, 2024					
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	\$ 344,358	\$ 4,581,074	\$ 1,777,242	\$ 2,173,240	\$ 8,875,914
Special Aid	0	10,131	0	0	10,131
School Lunch	26,945	257,466	0	0	284,411
Capital Projects	0	0	0	(199,143)	(199,143)
Debt Service	0	753,450	0	0	753,450
Miscellaneous					
Special Revenue	0	44,940	0	0	44,940
	<u>\$ 371,303</u>	<u>\$ 5,647,061</u>	<u>\$ 1,777,242</u>	<u>\$ 1,974,097</u>	<u>\$ 9,769,703</u>

General Fund Budgetary Highlights

- In the General Fund for the year ended June 30, 2025, actual revenues were more than revised budgeted revenues by \$3,411,972 (9.58%). This increase was primarily due to Sale of Property & Compensation for Loss which was a result of the District receiving insurance proceeds for Maple Ave damage in previous years. Revenues also increased by just over \$1 million from the return of unspent funds related to funds transferred in previous years on closed capital projects. Other revenue streams remained consistent with the prior year.

CHESTER UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

General Fund Budgetary Highlights (Continued)

- Actual expenditures and encumbrances were less than the revised budgeted expenditures by \$1,394,780 (3.72%). The most significant unencumbered balances related to Employee Benefits, Pupil Services, and Programs for Children with Handicapping Conditions. Expenditures were generally stable, with no unusual increases beyond routine contractual salary and benefit adjustments.

For the year 2024 – 2025, the District has appropriated \$1,200,000 of fund balance to reduce the tax levy.

Factors that continue to affect the budget process are as follows:

- New York State Aid revenues may be impacted due to state wide budget constraints.
- Employee benefits, such as, health benefits continue to rise dramatically while teachers and employees retirement system costs may increase as well.
- Current economic conditions are expected to reduce future revenues and increase costs.
- Constraints of the New York State property tax cap

Management believes that the budget adopted for 2025 – 2026 is reasonably adaptable to any adverse changes that may arise based on the above factors.

New York State Legislature contains legislation, Chapter 97 of the Laws of 2011 that established a “property tax cap” on the amount that a school district’s property tax levy can increase each year. This legislation specifies that property taxes levied by a school district generally cannot increase by more than two percent, or the rate of inflation, whichever is less. The law does allow school districts to levy an additional amount for certain excludable expenditures. School districts can adopt a tax levy that exceeds the statutory limit if the budget that is presented to the public is approved by sixty percent of the votes cast.

Other Fund Highlights

The Special Aid Fund ended the year with a fund balance of \$0. During the year, expenditures exceeded revenues by \$10,131. There was a \$3,000 prior period adjustment which increased fund balance. The amount transferred from the General Fund in the current year was reduced by the fund balance of \$10,131.

The School Lunch Program Fund ended the year with a fund balance of \$321,813. During the year, revenues exceeded expenditures by \$37,402.

The Capital Projects Fund ended the year with a deficit fund balance of \$2,595,212. Current year capital expenditures were \$1,528,888 not including transfers to the General Fund for unspent funds related to closed projects. Current revenues consisted of a \$154,956 interfund transfer from the General Fund for capital outlay projects. The District continued work on the HVAC project, which is nearing completion. A new Bond Anticipation Note (BAN) was issued to support the 2022 approved STEM and HVAC projects.

The Debt Service Fund ended the year with a fund balance of \$796,771. Current year revenue consisted on interest earnings of \$43,321. This fund balance will be appropriated in future years to offset principal and interest payments.

The Miscellaneous Special Revenue Fund ended the year with fund balance of \$44,745. Current year expenditures exceeded revenues by \$195.

CHESTER UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Capital Asset and Debt Administration

The District's investment in capital assets, net of accumulated depreciation and amortization as of June 30, 2025 was \$24,515,854. The total increase in this net investment was 1.92% for the District as a whole (see schedule below). The District's investment in capital assets, net of accumulated depreciation and amortization as of June 30, 2024, was \$24,052,918, as restated. The District expended \$1,606,518 to acquire and construct capital assets during the year ended June 30, 2025, and depreciation expense for the year was \$1,059,579. The District acquired right of use assets during the year in the amount of \$29,453 and amortization expense was \$113,455.

CAPITAL ASSETS

Net of Accumulated Depreciation and Amortization

	<u>School District Activities</u>		<u>% Change</u>
	<u>June 30, 2025</u>	<u>As Restated June 30, 2024</u>	
<u>Non-Depreciable Assets:</u>			
Land	\$ 228,025	\$ 228,025	0.00%
Construction in Progress	3,294,476	8,367,844	-60.63%
<u>Depreciable Assets:</u>			
Building and Improvements	20,305,896	14,633,804	38.76%
Furniture and Equipment	364,765	416,550	-12.43%
<u>Amortizable Assets:</u>			
Equipment	\$322,692	406,695	-20.66%
TOTALS	<u><u>\$ 24,515,854</u></u>	<u><u>\$ 24,052,918</u></u>	1.92%

Long-Term Debt

At the end of the year, the District had total bonded debt outstanding of \$8,620,000. This amount is backed by the full faith and credit of Chester Union Free School District with debt service fully funded by voter approved property taxes. Activity in bonded debt outstanding during the year was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Total Bonded Debt Outstanding	<u>\$ 9,835,000</u>	<u>\$ 1,900,000</u>	<u>\$ 1,215,000</u>	<u>\$ 10,520,000</u>

Bond Ratings

Moody's Investors Service ("Moody's") has assigned a rating of "A1" to outstanding uninsured bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's Investors Service. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nicole DeSousa, Assistant Superintendent for Business at the District's business offices at 64 Hambletonian Avenue, Chester, New York 10918.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

ASSETS

Unrestricted Cash	\$ 5,216,977
Restricted Cash	9,328,958
State & Federal Aid Receivable	1,438,274
Leases Receivable	165,745
Other Receivables, Net	26,788
Prepaid Expenditures	357,745
Inventories	25,370
Net Pension Asset, Proportionate Share (TRS)	1,725,264
Right to Use Assets, Net	322,692
Non Depreciable Capital Assets	3,522,501
Depreciable Capital Assets, Net	20,670,661
TOTAL ASSETS	42,800,975

DEFERRED OUTFLOWS OF RESOURCES

Pension Plans (ERS & TRS)	4,657,613
Other Postemployment Benefits	6,776,150
Deferred Charges	161,605
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,595,368

LIABILITIES

Accounts Payable	944,569
Accrued Liabilities	394,983
Due to Other Governments	27,117
Due to Teachers' Retirement System	1,319,589
Due to Employees' Retirement System	77,662
Bond Anticipation Notes	1,900,000
Unearned Revenues	26,665
Long-term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable	1,536,245
Compensated Absences	901,848
Due and Payable In More Than One Year:	
Bonds Payable (including deferred charges on refunding)	8,651,225
Compensated Absences	1,126,489
Other Postemployment Benefits	46,316,522
Net Pension Liability, Proportionate Share (ERS)	850,463
TOTAL LIABILITIES	64,073,377

DEFERRED INFLOWS OF RESOURCES

Pension Plans (ERS & TRS)	2,439,736
Other Postemployment Benefits	5,060,941
Deferred Lease Revenues	164,197
TOTAL DEFERRED INFLOWS OF RESOURCES	7,664,874

NET POSITION

Net Investment in Capital Assets	12,260,119
Restricted	11,054,222
Unrestricted	(40,656,249)
TOTAL NET POSITION	\$ (17,341,908)

See notes to financial statement.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	PROGRAM REVENUES			NET (EXPENSE)
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	REVENUE & CHANGES IN NET POSITION
<u>FUNCTIONS & PROGRAMS</u>				
General Support	\$ (6,515,933)	\$ 0	\$ 0	\$ (6,515,933)
Instruction	(31,830,185)	320,937	990,758	(30,518,490)
Pupil Transportation	(4,043,958)	0	0	(4,043,958)
Community Services	0	0	0	0
Debt Service - Interest	(246,839)	0	0	(246,839)
School Lunch Program	(670,143)	64,749	630,605	25,211
Capital Outlay	(103,400)	0	0	(103,400)
TOTAL FUNCTIONS & PROGRAMS	<u>\$ (43,410,456)</u>	<u>\$ 385,686</u>	<u>\$ 1,621,363</u>	<u>(41,403,407)</u>
<u>GENERAL REVENUES</u>				
Real Property Taxes				19,886,375
Other Tax Items				1,008,961
Use of Money & Property				809,126
Sale of Property & Compensation for Loss				2,916,899
Miscellaneous				709,504
State and Federal Sources				<u>13,496,180</u>
TOTAL GENERAL REVENUES				<u>38,827,045</u>
CHANGE IN NET POSITION				(2,576,362)
NET POSITION, BEGINNING OF YEAR, AS RESTATED				<u>(14,765,546)</u>
NET POSITION, END OF YEAR				<u>\$ (17,341,908)</u>

See notes to financial statement.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

							TOTAL	
	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	MISCELLANEOUS SPECIAL REVENUE	GOVERNMENTAL FUNDS	
ASSETS								
Unrestricted Cash	\$ 5,216,977	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	5,216,977
Restricted Cash	8,060,940	36,756	9,092	490,516	686,909	44,745		9,328,958
State & Federal Aid Receivable	746,137	646,563	45,574	0	0	0		1,438,274
Due from Other Funds	1,615,520	0	248,838	114,302	109,862	0		2,088,522
Leases Receivable	165,745	0	0	0	0	0		165,745
Other Receivables, Net	26,788	0	0	0	0	0		26,788
Prepaid Expenditures	357,745	0	0	0	0	0		357,745
Inventories	0	0	25,370	0	0	0		25,370
TOTAL ASSETS	\$ 16,189,852	\$ 683,319	\$ 328,874	\$ 604,818	\$ 796,771	\$ 44,745	\$	18,648,379
LIABILITIES & FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 713,519	\$ 10,138	\$ 2,742	\$ 218,170	\$ 0	\$ 0	\$	944,569
Accrued Liabilities	210,833	810	0	28,849	0	0		240,492
Due to Other Governments	27,108	0	9	0	0	0		27,117
Due to Other Funds	363,140	672,371	0	1,053,011	0	0		2,088,522
Due to Teachers' Retirement System	1,319,589	0	0	0	0	0		1,319,589
Due to Employees' Retirement System	77,662	0	0	0	0	0		77,662
Compensated Absences Payable	4,400	0	0	0	0	0		4,400
Bond Anticipation Notes	0	0	0	1,900,000	0	0		1,900,000
Unearned Revenues	22,355	0	4,310	0	0	0		26,665
TOTAL LIABILITIES	2,738,606	683,319	7,061	3,200,030	0	0		6,629,016
DEFERRED INFLOWS OF RESOURCES								
Deferred Lease Revenues	164,197	0	0	0	0	0		164,197
TOTAL DEFERRED INFLOWS OF RESOURCES	164,197	0	0	0	0	0		164,197
FUND BALANCES								
Fund Balance:								
Nonspendable	357,745	0	25,370	0	0	0		383,115
Restricted	8,190,999	0	296,443	0	796,771	44,745		9,328,958
Assigned	1,695,581	0	0	0	0	0		1,695,581
Unassigned	3,042,724	0	0	(2,595,212)	0	0		447,512
TOTAL FUND BALANCES	13,287,049	0	321,813	(2,595,212)	796,771	44,745		11,855,166
TOTAL LIABILITIES								
FUND BALANCES	\$ 16,189,852	\$ 683,319	\$ 328,874	\$ 604,818	\$ 796,771	\$ 44,745	\$	18,648,379

See notes to financial statement.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
<u>ASSETS</u>				
Unrestricted Cash	\$ 5,216,977	\$ 0	\$ 0	\$ 5,216,977
Restricted Cash	9,328,958	0	0	9,328,958
State & Federal Aid Receivable	1,438,274	0	0	1,438,274
Due from Other Funds	2,088,522	0	(2,088,522)	0
Leases Receivable	165,745	0	0	165,745
Other Receivables, Net	26,788	0	0	26,788
Prepaid Expenditures	357,745	0	0	357,745
Inventories	25,370	0	0	25,370
Net Pension Asset, Proportionate Share (TRS)	0	1,725,264	0	1,725,264
Right to Use Assets, Net	0	322,692	0	322,692
Non Depreciable Capital Assets	0	3,522,501	0	3,522,501
Depreciable Capital Assets, Net	0	20,670,661	0	20,670,661
TOTAL ASSETS	18,648,379	26,241,118	(2,088,522)	42,800,975
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension Plans (ERS & TRS)	0	4,657,613	0	4,657,613
Other Post Employment Benefits	0	6,776,150	0	6,776,150
Deferred Charges	0	161,605	0	161,605
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0	11,595,368	0	11,595,368
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 18,648,379	\$ 37,836,486	\$ (2,088,522)	\$ 54,396,343
<u>LIABILITIES & FUND BALANCES / NET POSITION</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 944,569	\$ 0	\$ 0	\$ 944,569
Accrued Liabilities	240,492	154,491	0	394,983
Due to Other Governments	27,117	0	0	27,117
Due to Other Funds	2,088,522	0	(2,088,522)	0
Due to Teachers' Retirement System	1,319,589	0	0	1,319,589
Due to Employees' Retirement System	77,662	0	0	77,662
Compensated Absences Payable	4,400	2,023,937	0	2,028,337
Other Postemployment Benefits	0	46,316,522	0	46,316,522
Bond Anticipation Notes	1,900,000	0	0	1,900,000
Unearned Revenues	26,665	0	0	26,665
Bonds Payable	0	10,187,470	0	10,187,470
Net Pension Liability, Proportionate Share (ERS)	0	850,463	0	850,463
TOTAL LIABILITIES	6,629,016	59,532,883	(2,088,522)	64,073,377
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension Plans (ERS & TRS)	0	2,439,736	0	2,439,736
Other Post Employment Benefits	0	5,060,941	0	5,060,941
Deferred Lease Revenues	164,197	0	0	164,197
TOTAL DEFERRED INFLOWS OF RESOURCES	164,197	7,500,677	0	7,664,874
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	6,793,213	67,033,560	(2,088,522)	71,738,251
FUND BALANCES / NET POSITION	11,855,166	(29,197,074)	0	(17,341,908)
TOTAL LIABILITIES & FUND BALANCES / NET POSITION	\$ 18,648,379	\$ 37,836,486	\$ (2,088,522)	\$ 54,396,343

See notes to financial statement.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	MISCELLANEOUS SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Real Property Taxes	\$ 19,886,375	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,886,375
Other Tax Items	1,008,961	0	0	0	0	0	1,008,961
Charges for Services	320,937	0	64,749	0	0	0	385,686
Use of Money & Property	765,505	0	112	1	43,321	187	809,126
Sale of Property & Compensation for Loss	2,916,899	0	0	0	0	0	2,916,899
Miscellaneous	552,785	0	0	6	0	156,713	709,504
State Sources	13,509,719	467,332	225,660	0	0	0	14,202,711
Federal Sources	78,395	431,492	404,945	0	0	0	914,832
TOTAL REVENUES	39,039,576	898,824	695,466	7	43,321	156,900	40,834,094
EXPENDITURES							
General Support	4,313,531	0	0	0	0	0	4,313,531
Instruction	19,682,692	919,811	0	0	0	157,095	20,759,598
Pupil Transportation	2,723,981	0	0	0	0	0	2,723,981
Employee Benefits	6,785,846	129,938	76,484	0	0	0	6,992,268
Debt Service:							0
Principal	1,215,000	0	0	0	0	0	1,215,000
Interest	429,050	0	0	0	0	0	429,050
Cost of Sales	0	0	575,833	0	0	0	575,833
Capital Outlay	199,740	0	10,743	1,528,888	0	0	1,739,371
TOTAL EXPENDITURES	35,349,839	1,049,749	663,060	1,528,888	0	157,095	38,748,631
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	3,689,737	(150,925)	32,406	(1,528,881)	43,321	(195)	2,085,463
OTHER SOURCES & USES							
Operating Transfers In	1,022,144	140,794	4,996	154,956	0	0	1,322,890
Operating Transfers (Out)	(300,746)	0	0	(1,022,144)	0	0	(1,322,890)
TOTAL OTHER SOURCES & USES	721,398	140,794	4,996	(867,188)	0	0	0
EXCESS (DEFICIENCY) REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	4,411,135	(10,131)	37,402	(2,396,069)	43,321	(195)	2,085,463
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	8,875,914	10,131	284,411	(199,143)	753,450	44,940	9,769,703
FUND BALANCES, END OF YEAR	\$ 13,287,049	\$ 0	\$ 321,813	\$ (2,595,212)	\$ 796,771	\$ 44,745	\$ 11,855,166

See notes to financial statement.

CHESTER UNION FREE SCHOOL DISTRICT

CHESTER, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
REVENUES						
Real Property Taxes	\$ 19,886,375	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,886,375
Other Tax Items	1,008,961	0	0	0	0	1,008,961
Charges for Services	385,686	0	0	0	0	385,686
Use of Money & Property	809,126	0	0	0	0	809,126
Sale of Property & Compensation for Loss	2,916,899	0	0	0	0	2,916,899
Miscellaneous	709,504	0	0	0	0	709,504
State Sources	14,202,711	0	0	0	0	14,202,711
Federal Sources	914,832	0	0	0	0	914,832
TOTAL REVENUES	40,834,094	0	0	0	0	40,834,094
EXPENDITURES						
General Support	4,313,531	0	117,143	0	2,085,259	6,515,933
Instruction	20,759,598	0	1,034,923	0	10,035,663	31,830,184
Pupil Transportation	2,723,981	0	3,142	0	1,316,835	4,043,958
Employee Benefits	6,992,268	6,521,973	0	0	(13,514,241)	0
Debt Service:						
Principal	1,215,000	0	0	(1,215,000)	0	0
Interest	429,050	52,099	0	(234,310)	0	246,839
Cost of Sales	575,833	0	17,826	0	76,484	670,143
Capital Outlay	1,739,371	0	(1,635,971)	0	0	103,400
TOTAL EXPENDITURES	38,748,631	6,574,072	(462,937)	(1,449,310)	0	43,410,456
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	2,085,463	(6,574,072)	462,937	1,449,310	0	(2,576,362)
OTHER SOURCES & USES						
Operating Transfers In	1,322,890	0	0	0	(1,322,890)	0
Operating Transfers (Out)	(1,322,890)	0	0	0	1,322,890	0
TOTAL OTHER SOURCES & USES	0	0	0	0	0	0
NET CHANGE FOR THE YEAR	\$ 2,085,463	\$ (6,574,072)	\$ 462,937	\$ 1,449,310	\$ 0	\$ (2,576,362)

See notes to financial statement.

SCHEDULE #7

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ASSETS</u>	
Cash	\$ 14,222
TOTAL ASSETS	<u>\$ 14,222</u>
<u>LIABILITIES & NET POSITION</u>	
<u>LIABILITIES</u>	<u>\$ 0</u>
<u>NET POSITION</u>	
Reserved for Scholarships	<u>14,222</u>
TOTAL LIABILITIES & NET POSITION	<u>\$ 14,222</u>

See notes to financial statement.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 5,400
Investment Earnings	<u>79</u>
TOTAL ADDITIONS	5,479
<u>DEDUCTIONS</u>	
Scholarships & Awards	5,000
CHANGE IN NET POSITION	479
NET POSITION, BEGINNING OF YEAR	<u>13,743</u>
NET POSITION, END OF YEAR	<u><u>\$ 14,222</u></u>

See notes to financial statement.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of Chester Union Free School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Where comparative amounts are presented, certain reclassifications may have been made to the prior year amounts so that they would be in conformity with the current year's presentation. Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

Chester Union Free School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have 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 Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds have been included in this report. The District accounts for assets held as a custodian for various student organizations in a miscellaneous special revenue fund.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Joint Venture

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

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

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

During the year ended June 30, 2025, Chester Union Free School District was billed \$6,091,097 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,185,333. The District also received revenues of \$128,320 from BOCES associated with the rental of real property. Financial statements for BOCES are available from the BOCES administrative office at 53 Gibson Road, Goshen, New York 10924.

C. Basis of Presentation

1. District-Wide Statements

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

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Basis of Presentation (Continued)

1. District-Wide Statements (Continued)

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, are allocated to functional areas in proportion to the payroll expended in those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues

2. Funds Statements

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

General 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 the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. Special revenue funds include the following:

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the school lunch operations. The school lunch operation is supported by federal and state grants and charges participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for Extracurricular Activity Funds.

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

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

- C. Basis of Presentation (Continued)
2. Funds Statements (Continued)

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

The District reports the following fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

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

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

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

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st and became a lien on August 17, 2024. Taxes were collected during the period September 1, 2024 through October 31, 2024.

Uncollected real property taxes are subsequently enforced by the County of Orange in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net positions 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 expenditure and revenues to provide financing or other services.

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

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

Refer to Note 12 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, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

I. Cash and Investments

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

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

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

J. 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.

K. Leases Receivable

Leases receivable are recorded at the net present value of the lease, with a corresponding deferred inflow of resources.

L. Inventories 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 inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position 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.

M. Other Assets/Restricted Assets

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

N. Capital Assets

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

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

N. Capital Assets (Continued)

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 5,000	Straight Line	20 years
Buildings and Improvements	5,000	Straight Line	20 - 50 years
Furniture and Equipment	5,000	Straight Line	5 - 20 years
Vehicles	5,000	Straight Line	5 - 20 years

O. Right to Use Assets

A right of use asset is a lessee's right to use an asset over the life of the lease. Right to Use Assets are reported at present value.

P. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first deferred outflow is related to pensions reported in the Statement of Net Position. For additional information on these deferred outflows related to pensions, see Note 11. The second deferred outflow is related to other postemployment benefits reported in the Statement of Net Position. For additional information of these deferred outflows related to other postemployment benefits, see Note 13. The third deferred outflow is related to Deferred Charges on Refunded Debt reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first deferred inflows of resources in the Statement of Net Position is related to pensions reported in the district-wide statements. For additional information on these deferred inflows related to pensions, see Note 11. The second deferred inflow of resources in the Statement of Net Position is related to other postemployment benefits reported in the district-wide statements. For additional information of these deferred inflows related to other postemployment benefits, see Note 13. The third deferred inflow of resources in the Statement of Net Position is related to leases receivable. See Note 7 for additional information on these deferred inflows.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Q. Unavailable/Unearned Revenue

Unavailable revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned/unavailable revenues is removed and revenues are recorded. Unavailable revenues recorded in governmental funds are not recorded in the District-wide statements.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding year. Consequently, such amounts are recognized as revenue in the subsequent year, rather than when measurable and available.

R. Vested Employee Benefits

1. Compensated Absences

A compensated absence is leave for which employees may receive one or more cash payments when the leave is used for time off, other cash payments, or noncash settlements. The payment or settlement could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. Examples of compensated absences include vacation (or annual) leave, sick leave, paid time off, holidays, parental leave, bereavement leave, and certain types of sabbatical leave.

Compensated absence eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Some earned benefits may be forfeited if not taken in varying time periods. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

Consistent with GASB Statement 101, *Compensated Absences*, the liability has been calculated for leave that has not been used and leave that has been used but not yet paid or settled. The liability includes applicable salary-related payments.

Leave that has not been used includes leave that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. When evaluating whether leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, management assesses relevant factors, including employment policies related to compensated absences, whether leave that has been earned is, or will become, eligible for use or payment in the future, historical information about the use, payment, or forfeiture of compensated absences, and information known to the District that would indicate that historical information may not be representative of future trends or patterns. This leave is generally measured using an employee's pay rate as of the date of the financial statements. If some or all of the leave is more likely than not to be paid at a rate different from the employee's pay rate at the time the payment is made, the District measures that portion of the

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Vested Employee Benefits (Continued)

1. Compensated Absences (Continued)

liability using that different rate as of the date of the financial statements. For leave that is not attributable to a specific employee as of the date of the financial statements, the District measures the liability using an estimated pay rate that is representative of the eligible employee population.

For types of compensated absences that are dependent upon the occurrence of a sporadic event (such as parental, military and jury duty leave) that affect a relatively small proportion of employees in any particular reporting period, the District does not recognize a liability until the leave commences.

The District reports a liability for leave that has been used for time off but has not yet been paid in cash or settled through noncash means. This liability, including any applicable salary-related payments, is measured at the amount of the cash payment or noncash settlement to be made for the use of the leave.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources, as discussed in paragraph 14 of Interpretation 6, as amended.

2. Other Benefits

District employees participate in the New York State 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.

S. Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's 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 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 year succeeding the year in which the note was issued.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Short-Term Debt (Continued)

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 BAN's issued for capital purposes are converted to long-term financing within five 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.

T. Accrued Liabilities and Long-Term Obligations

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

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

U. Equity Classifications

1. District-wide Statements

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

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

2. Fund Statements

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

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance includes prepaid items in the General Fund of \$357,745 and inventory in the School Lunch Fund of \$25,370.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following restricted fund balances:

Capital Reserve

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

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve 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 year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Insurance Reserve

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

Tax Certiorari Reserve

Tax Certiorari Reserve (Education Law §3651.1-a) is 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 year after deposit of these monies. The reserve is accounted for in the General fund.

Retirement Contribution Reserve

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

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Employee Benefit Accrued Liability Reserve

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

Encumbrances

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

Restricted fund balance at June 30, 2025 consisted of:

General Fund:

Capital Reserve	\$ 6,771,882
Unemployment Insurance Reserve	53,068
Insurance Reserve	56,334
Tax Certiorari Reserve	756,544
Employee Benefit Accrued Liability Reserve	343,156
Retirement Contribution Reserve	210,015
School Lunch Fund	296,443
Debt Service Fund	796,771
Miscellaneous Special Revneue	44,745
Total Restricted Fund Balance	<u>\$ 9,328,958</u>

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The District did not classify any of its fund balances as committed as of June 30, 2025.

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

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Assigned fund balance in the General Fund also includes funds assigned to be used to reduce the tax levy for the year ending June 30, 2026. This assignment is made when the tax levy is set by the Board of Education pursuant to the District's annual budget policy.

Encumbrances	\$ 495,581
Appropriated to Reduce Subsequent Year's Tax Levy	<u>1,200,000</u>
	<u>\$ 1,695,581</u>

Unassigned: Includes fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

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 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 restricted fund balance. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Limitation on Unexpended Surplus Funds:

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's General Fund budget for the ensuing 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.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

V. New Accounting Standards

GASB has issued Statement 101, *Compensated Absences*, the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The District has implemented GASB Statement 101, as required.

GASB has issued Statement 102, *Certain Risk Disclosures*, the objective of this Statement is to provide users of governmental financial statements with essential information about risk related to government's vulnerabilities due to certain concentrations or constraints. The Statement requires a government that reports a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, the Statement requires a government to assess whether an event or events that could have a substantial impact, have occurred, have begun to occur, or are more likely than not to occur within 12 months of the date the financial statements are issued. The District has implemented GASB Statement 102, as required.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

W. Future Changes in Accounting Standards

GASB has issued Statement 103, *Financial Reporting Model Improvements*, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2026 financial statements.

GASB has issued Statement 104, *Disclosure of Certain Capital Assets*, the objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed in the capital assets note disclosures required by Statement 34. Leased assets, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, subscription assets and intangible assets should all be disclosed separately by major class. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2026 financial statements.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

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

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 additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

1. The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. The balances at June 30, 2025 were as follows:

Original Cost of Capital Assets	\$ 48,357,188
Accumulated Depreciation	<u>(24,164,026)</u>
	<u>\$ 24,193,162</u>

2. The cost of right to use assets (equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those right to use assets among the assets of the District as a whole, with the present value capitalized and amortization expensed annually over the period of use. The balances at June 30, 2025 are as follows:

Original Cost of Right to Use Assets	\$ 584,552
Accumulated Amortization	<u>(261,860)</u>
	<u>\$ 322,692</u>

3. Interest is accrued in the Statement of Net Position, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expensed when it is due, and thus requires the use of current financial resources. This liability at June 30, 2025 was as follows:

Accrued Interest Payable	<u>\$ 154,491</u>
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CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities (Continued):

4. Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The balance at June 30, 2025 was as follow:

Deferred Charges on Refunding	\$ 161,605
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5. Long-term liabilities and related deferred inflows and outflows are reported in the Statement of Net Position, but not in the Balance Sheet, because the liabilities are not due and payable in the current period. The balances at June 30, 2025 were as follows:

Bonds Payable	\$ 10,187,470
Compensated Absences	2,028,337
Other Postemployment Benefits	46,316,522
Deferred Inflows - Other Postemployment Benefits	5,060,941
Deferred Outflows - Other Postemployment Benefits	(6,776,150)
	\$ 56,817,120

6. In the Statement of Net Position, a liability is recognized for the District's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the District participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the District's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily resulting from contributions subsequent to the measurement date and changes in the components of the net pension liability or asset are recorded. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at June 30, 2025 were as follows:

Net Pension Asset, Proportionate Share	\$ (1,725,264)
Deferred Outflows of Resources - Pension	(4,657,613)
Net Pension Liability, Proportionate Share (ERS & TRS)	850,463
Deferred Inflows of Resources - Pension	2,439,736
	\$ (3,092,678)

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

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

1. Capital Related Differences

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

2. Long-Term Debt Transaction Differences

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

3. Pension Plan Transaction Differences

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

4. Other Postemployment Benefit (OPEB) Related Differences

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

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

Explanation of Differences between Governmental Funds Operating Statement
and the Statement of Activities

Total Revenues and Other Funding Sources

Total revenues and other funding sources reported in governmental funds (Schedule 5)	\$ 42,156,984
Operating transfers from other funds are recognized as other funding sources in the governmental fund statements, but are eliminated in the Statement of Activities	<u>(1,322,890)</u>
Total revenues in the Statement of Activities (Schedule 2)	<u><u>\$ 40,834,094</u></u>

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

Total Expenditures & Other Uses/Expenses

Total expenditures and other uses reported in governmental funds (Schedule 5)	\$ 40,071,521
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When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$1,606,518 were more than depreciation of \$1,059,579 in the current year.

(546,939)

When the lease of right to use assets are financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are paid for. However, in the Statement of Activities, the present value of those assets is capitalized and the expense is allocated over the period of use and reported as amortization expense. This is the amount by which amortization of \$113,455 was more than the present value of right to use assets purchased of \$ 29,452.

84,003

In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which compensated absences used during the year exceeded the amount earned during the year.

103,760

In the Statement of Activities, the expense for other postemployment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest cost, and changes in benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. In the governmental funds, however, OPEB expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which OPEB expense in the Statement of Activities exceeded the amount of financial resources used during the year.

6,673,425

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

Interest payable is recognized as an accrued liability in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable this year exceeded the interest payable last year.	52,099
Operating transfers to other funds are recognized as other uses of funds in the governmental fund statements, but are eliminated in the Statement of Activities.	(1,322,890)
Premiums and discounts on long-term debt issuances and deferred amounts from debt refunding are recognized in the fiscal year in which the transactions occur in the governmental fund statements. These amounts are amortized in the Statement of Activities. This is the net amount that was amortized during the fiscal year.	(234,310)
(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.	(\$255,213)
Repayment of bond and installment debt principal is an expenditure in the governmental funds, but reduces liabilities in the Statement of Net Position, and does not affect the Statement of Activities.	<u>(1,215,000)</u>
Total expenses in the Statement of Activities (Schedule 2)	<u><u>\$ 43,410,456</u></u>

NOTE 3. CHANGE IN ACCOUNTING PRINCIPLES.

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*, the objective which is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4. STEWARDSHIP AND COMPLIANCE.

A. 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 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 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. Supplemental appropriations that occurred during the year are shown on Supplemental Schedule #5, if applicable.

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. The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2025.

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

B. Encumbrances

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

C. Other Stewardship and Compliance Matters

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include establishing and/or increasing appropriate reserves.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5. CASH – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL.

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, collateralized as follows:

Uncollateralized	\$	0.
Insured	\$	250,000.
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$	15,612,999.

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 \$9,328,958 within the governmental funds.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

NOTE 6. CAPITAL ASSETS.

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 228,025	\$ 0	\$ 0	\$ 228,025
Construction in Progress	8,367,844	1,373,932	(6,447,300)	3,294,476
Total Nondepreciable Assets	8,595,869	1,373,932	(6,447,300)	3,522,501
Capital assets that are depreciated:				
Buildings and Improvements	37,210,801	154,956	1,794,266	39,160,023
Furniture & Equipment	5,668,976	77,630	(71,942)	5,674,664
Total Depreciable Assets	42,879,777	232,586	1,722,324	44,834,687
Less: Accumulated Depreciation	(27,829,423)	(1,059,579)	\$4,724,976	(24,164,026)
Capital Assets, Net	\$ 23,646,223	\$ 546,939	\$ 0	\$ 24,193,162

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. CAPITAL ASSETS. (Continued)

Depreciation was charged to governmental functions as follows:

General Support	\$92,183
Instruction	946,428
Transportation	3,142
School Lunch Program	<u>17,826</u>
Total Depreciation	<u>\$ 1,059,579</u>

NOTE 7. RIGHT OF USE ASSETS.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Right to use assets that are amortized:				
Buildings and Furniture & Equipment	555,099	29,453	0	584,552
Less: Accumulated Amortization	<u>(148,405)</u>	<u>(113,455)</u>	<u>0</u>	<u>(261,860)</u>
Capital Assets, Net	<u>\$ 406,694</u>	<u>\$ (84,002)</u>	<u>\$ 0</u>	<u>\$ 322,692</u>

Amortization expense was charged to governmental functions as follows:

General Support	24,960
Instruction	<u>88,495</u>
Total Amortization	<u>\$ 113,455</u>

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8. RECEIVABLES.

Leases Receivable

The District is reporting Leases Receivable of \$165,745 at June 30, 2025. For the fiscal year, the District reported lease revenue of \$39,501 and interest revenue of \$5,558 related to lease payments received. The lease is summarized as follows:

	Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
BOCES		\$ 165,745	\$ 39,501	\$ 5,558

On September 1, 2024, the District entered into a lease agreement with Orange-Ulster Board of Cooperative Educational Services (BOCES) for the lease of real property that is part of the Chester Academy school building. Based on this agreement, the District is receiving monthly payments through June 30, 2029.

NOTE 9. SHORT TERM LIABILITIES.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance
BAN maturing 10/25/25 at 4.0%	0	\$ 1,900,000	\$ -	\$ 1,900,000
Total Short-Term Debt	\$ 0	\$ 1,900,000	\$ 0	\$ 1,900,000

Interest Paid	\$ 0
Less Interest Accrued in the Prior Year	0
Plus Interest Accrued in the Current Year	64,749
Interest Expense	\$ 64,749

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10. LONG-TERM LIABILITIES.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds Payable	\$ 9,835,000	\$ 0	\$ 1,215,000	\$ 8,620,000	\$ 1,275,000
Deferred Charges on Refunding	1,828,715		261,245	1,567,470	261,245
Total Bonds and Notes Payable	11,663,715	0	1,476,245	10,187,470	1,536,245
Other Liabilities:					
Compensated Absences	1,920,176	108,161	0	2,028,337	901,848
Other Postemployment Benefits	37,450,695	9,862,859	997,032	46,316,522	0
Net Pension Liability Proportionate Share	1,424,371	793,902	1,367,810	850,463	0
Total Other Liabilities	40,795,242	10,764,922	2,364,842	49,195,322	901,848
Total Long-Term Liabilities	\$ 52,458,957	\$ 10,764,922	\$ 3,841,087	\$ 59,382,792	\$ 2,438,093

At June 30, 2025, the deferred charges on refunding was \$1,567,470. This amount is being amortized over the life of the debt issuance to which it relates.

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences. The District has elected to present the increase or decrease in the compensated absences liability as a net amount as permitted by GASB Statement 101.

Existing serial bonds are as follows:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Balance
Serial Bond Refunding	02/04/21	04/15/31	5.0000%	\$ 10,520,000

The following is a summary of maturing debt service requirements:

For the Year Ended June 30,	Bonds and Notes Payable	
	Principal	Interest
2026	\$ 1,275,000	\$ 368,300
2027	1,335,000	304,550
2028	1,400,000	237,800
2029	1,475,000	167,800
2030	1,545,000	94,050
2030 - 2031	1,590,000	47,700
TOTAL	\$ 8,620,000	\$ 1,220,200

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10. LONG-TERM LIABILITIES. (Continued)

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

Interest paid	\$ 429,050
Less: Interest accrued in the prior year	(102,392)
Less: Amortization of premium and deferred amount	(261,245)
Plus: Interest accrued in the current year	<u>89,742</u>
 Total interest expense	 <u><u>\$ 155,155</u></u>

NOTE 11. PENSION PLANS.

Pension Obligations

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

Plan Description & Benefits Provided

Employees' Retirement System Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). ERS and the New York State and Local Police and Fire Retirement System (PFRS) are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2022, he was elected for a new term commencing January 1, 2023. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. Separately issued financial statements for the System can be accessed on the Comptroller's website at www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Teachers' Retirement System Plan Description

The New York State Teachers Retirement System (the TRS System) was created and exists pursuant to Article 11 of the New York State Education Law. The System is the administrator of a cost-sharing, multiple-employer public employee retirement system (PERS), administered by a 10-member Board to provide pension and ancillary benefits to teachers employed by participating employers in the State of New York, excluding New York City. For additional Plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the System's website located at www.nystrs.org.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. PENSION PLANS. (Continued)

ERS Benefits Provided

The ERS System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. PENSION PLANS. (Continued)

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 5 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Disability Retirement Benefits

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a members tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-

CHESTER UNION FREE SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. PENSION PLANS. (Continued)

Post-Retirement Benefit Increases. (Continued)

living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

TRS Benefits Provided

The benefits provided to members of the TRS System are established by New York State and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Service Retirements

Tier 1 and 2 members are generally eligible for a service retirement benefit of 2% per year of credit service times final average salary (FAS). A 5% reduction generally applies for each full year of state service under 20 years (prorated for partial years with a maximum reduction of 50%). Tier 1 and 2 members may retire as early as age 55 with five or more years of state service credit. Retirement may also occur for Tier 1 members at age 55 with less than five years of service if two years are credited since July 1, 1967, after the current membership date, and since the member turned age 53.

Generally, the maximum pension payable to Tier 1 and 2 members (with two years of credit under the Article 19 Benefit Enhancement law) is 79% of FAS. An age factor applies to Tier 2 members who retire before age 62 with less than 30 years of service. There is no age factor for Tier 1 members.

Tier 3 and 4 members are generally eligible for a service retirement benefit of 1.67% per year of credited service times FAS for less than 20 years of service, 2.0% per year for 20 to 30 years of service, and 60% of FAS plus 1.5% per year for service beyond 30 years. Tier 3 and 4 members may retire as early as age 55 with five years of state service credit. An age factor applies for Tier 3 and 4 members who retire before age 62 with less than 30 years of service.

Tier 5 members are generally eligible for a service retirement benefit of 1.67% per year of credited service times FAS for less than 25 years of service, 2% per year for 25 - 30 years of service, and 60% of FAS plus 1.5% per year for service beyond 30 years. Tier 5 members may retire as early as age 55 with 5 years of service credit. An age factor applies to Tier 5 members who retire before age 57 or retire between age 57 and 62 with less than 30 years of service.

Tier 6 members are generally eligible for a service retirement benefit of 1.67% per year of credited service times FAS for less than 20 years of service, 1.75% per year for 20 years of service, and 35% of FAS plus 2% per year for service beyond 20 years. Tier 6 members may retire as early as age 55 with 5 years of state service credit. An age factor applies for Tier 6 members who retire before age 63. In addition, vested Tier 6 members with an inactive membership must be at least 63 to retire.

Vested Benefits

Retirement benefits for Tiers 1-6 are vested after five years of credited service. Prior to April 9, 2022, Tier 5-6 members needed to attain 10 years of state service credited to be vested. Benefits are payable at age 55 or greater with the limitations noted for service retirement above.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service.

CHESTER UNION FREE SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. PENSION PLANS. (Continued)

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service and certain retirees. For active members, the benefit is based on final salary, age and the number of years of credited service. For retired members, it is also based on the number of years in retirement.

Prior and Military Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tiers 1 and 2 members may, under certain conditions, claim out of state service. Certain members may also claim military service credit prior to or interrupting membership.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

Permanent Cost of Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the Consumer Price Index (CPI) not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of the maximum annual benefit. The applicable percentage payable beginning September 2024 is 2.8%.

Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the Consumer Price Index (CPI) with a maximum per annum increase of 3.0%.

Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 6% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' year ended March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. PENSION PLANS. (Continued)

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

<u>Year</u>	<u>NYSTRS</u>	<u>NYSERS</u>
2024 - 2025	\$ 1,077,581	\$ 290,229
2023 - 2024	1,069,072	236,636
2022 - 2023	952,558	178,058

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

At March 31, 2025, the District's proportion of the NYSERS net pension asset/(liability) was 0.0049602%, which was an decrease of 0.000003445% from its proportion measured as of March 31, 2024.

At June 30, 2024, the District's proportion of the NYSTRS net pension asset/(liability) was 0.057825%, which was an increase of 0.00001572% from its proportion measured as of June 30, 2023.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. PENSION PLANS. (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$249,734 and \$889,483 for ERS and TRS, respectively. At June 30, 2025 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 211,091	\$ 1,857,793	\$ 2,068,884
Changes of Assumptions	35,667	1,032,058	1,067,725
Net difference between projected and actual earnings on pension plan investments	66,725	0	66,725
Changes in proportion and difference between the District's contributions and proportionate share of contributions	127,449	24,680	152,129
District's contributions subsequent to the measurement date	<u>119,336</u>	<u>1,182,814</u>	<u>1,302,150</u>
Total	<u>\$ 560,268</u>	<u>\$ 4,097,345</u>	<u>\$ 4,657,613</u>

	Deferred Inflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 9,957	\$ 173,602	\$ 183,559
Changes of Assumptions	0	1,916,915	1,916,915
Net difference between projected and actual earnings on pension plan investments	0	0	-
Changes in proportion and difference between the District's contributions and proportionate share of contributions	33,098	306,164	339,262
District's contributions subsequent to the measurement date	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 43,055</u>	<u>\$ 2,396,681</u>	<u>\$ 2,439,736</u>

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. PENSION PLANS. (Continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended:</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ 0	\$ 975,130
2026	(196,392)	(2,041,750)
2027	(242,820)	400,560
2028	52,460	433,270
2029	(11,125)	(205,110)
Thereafter	0	(79,949)

Actuarial Assumptions

The total ERS pension liability at March 31, 2025 was determined by using an actuarial valuation as of April 1, 2024, with update procedures used to roll forward the total pension liability to March 31, 2025. The total TRS pension liability at June 30, 2024 was determined by using an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2025. These actuarial valuations used the following actuarial assumptions.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. PENSION PLANS. (Continued)

Significant actuarial assumptions used in the actuarial valuations referred to above were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2025	June 30, 2024
Inflation Rate	2.90%	2.40%
Projected Salary Increases	4.3%	1.95% - 5.18% Rates of increase differ based on age and gender. Calculations have been based upon recent NYSTRS member experience
Projected Cost of Living Adjustments	1.5%, compounded annually	1.3%, compounded annually
Investment Rate of Return	5.90% compounded annually, net of investment expense including inflation	6.95% compounded annually, net of pension plan investment expense including inflation
Decrement Tables	Actual experience study for the period April 1, 2015 to March 31, 2020	Actual experience study for the period July 1, 2015 to June 30, 2020
Mortality Improvement	Society of Actuaries Scale MP-2021	Society of Actuaries Scale MP-2021

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

The Long Term Expected Real Rates of Return are presented by asset allocation classification. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2024 for TRS and March 31, 2025 for ERS are summarized in the following table:

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CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. PENSION PLANS. (Continued)

Measurement Date	ERS		Measurement Date	TRS	
	Target Allocation	Long-term expected real rate of return*		Target Allocation	Long-term expected real rate of return*
Asset Class:			Asset Class:		
Domestic Equity	25%	3.54%	Domestic Equities	33%	6.60%
International Equity	14%	6.57%	International Equities	15%	7.40%
Private Equity	15%	7.25%	Global Equities	4%	6.90%
Real Estate	12%	4.95%	Real Estate Equities	11%	6.30%
Opportunistic/ARS Portfolio	3%	5.25%	Private Equities	9%	10.00%
Credit	4%	5.40%	Domestic Fixed Income	16%	2.60%
Real Assets	4%	5.55%	Global Bonds	2%	2.50%
Fixed Income	22%	2.00%	High-Yield Bonds	2%	5.90%
Cash	1%	0.25%	Private Debt	6%	3.90%
			Real Estate Debt	1%	4.80%
			Cash Equivalents	1%	0.50%
Total	100%			100%	

The real rate of return is net of the long-term inflation assumption of 2.9%

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

Discount Rate

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

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. PENSION PLANS. (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

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

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (2,461,348)	\$ (850,463)	\$ 494,626
TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (7,969,095)	\$ 1,725,264	\$ 9,878,480

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurements dates, were as follows:

Measurement Date	(Dollars in Thousands)	
	ERS	TRS
	March 31, 2025	June 30, 2024
Employers' total pension asset/(liability)	\$ (247,600,239)	\$ (142,837,826,465)
Plan net position	(230,454,512)	(145,821,434,780)
Employer's net pension asset/(liability)	<u>\$ (478,054,751)</u>	<u>\$ (288,659,261,245)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	93.08%	102.1%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contributions for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$119,336.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11. PENSION PLANS. (Continued)

For TRS, employer and employee contributions for the year ended June 30, 2025 are paid to the System in September, October and November 2025 through state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS system. Accrued retirement contributions as of June 30, 2025 amounted to \$1,182,814.

NOTE 12. INTERFUND BALANCES AND ACTIVITY.

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

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,615,520	\$ 363,140	\$ 1,022,144	\$ 300,746
Special Aid Fund	0	672,371	140,794	0
School Lunch Fund	248,838	0	4,996	0
Capital Fund	114,302	1,053,011	154,956	1,022,144
Debt Service Fund	109,862	0	0	0
Total Governmental Activities	2,088,522	2,088,522	1,322,890	1,322,890
Fiduciary Agency Fund	0	0	0	0
Totals	<u>\$ 2,088,522</u>	<u>\$ 2,088,522</u>	<u>\$ 1,322,890</u>	<u>\$ 1,322,890</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

The District typically transfers from the General Fund to the Special Aid Fund to fund the portion of the Summer Special Education Program not funded by aid from New York State.

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS.

General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan ("the District's OPEB plan"), provides OPEB for all permanent full-time general and public safety employees of the District. The District's OPEB plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

General Information about the OPEB Plan (Continued)

- The retiree has attained age 55 years while in the employment of the District and meets the follow service requirements:
 - 10 years of full-time service for Administrators
 - 10 years of full-time service for CSEA Employees
 - 10 years of full-time service for Teachers
- The retiree is receiving retirement benefits from the NYS Employees' Retirement System or the NYS Teachers' Retirement System

The retiree is required to make a contribution towards the cost of coverage; contributions vary according to employment category (contract). The District reimburses Medicare Part B premiums for retirees who met the eligibility requirements at the time of retirement. In addition, the District will reimburse Medicare Part B premiums for future retirees (the amount will vary depending on enrollment date).

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

Inactive employees & Covered Spouses	126
Active employees	<u>130</u>
Total Employees Covered by Benefit Terms	<u><u>256</u></u>

Total OPEB Liability

The District's total OPEB liability of \$46,316,522 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2024.

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

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CHESTER, NEW YORK
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JUNE 30, 2025

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

Total OPEB Liability (Continued)

Inflation Rate	4.00%
Discount Rate	3.93%
Healthcare Cost Trend Rates	Pre-65: 8.97% for 2024, decreasing to an ultimate rate of 4.50% for 2033 and later years Post-65: 10.35% for 2024, decreasing to an ultimate rate of 4.50% for 2033 and later years
Current Retirees' Share of Benefit Related Costs	Retirees pay 0% - 50% of the cost of single coverage and 0% - 65% for the spouse/family based on years of service with the District.
Future Retirees' Share of Benefit Related Costs	Retirees pay 0% - 50% of the cost of single coverage and 0% - 65% for the spouse/family based on years of service with the District.

The discount rate was based on a review of the yield derived from the Bond Buyer 20 GO Bond Index.

Mortality rates were based on the PUB-2016 Headcount Weighted Mortality Table projected generationally with scale MP-2021 from the central year.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2024 - June 30, 2025.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2024	<u>\$ 37,450,695</u>
<u>Changes for the Year:</u>	
Service cost	1,534,264
Interest	1,404,918
Changes of benefit terms	4,616,683
Differences between expected and actual experience	32,790
Changes in assumptions or other inputs	2,274,204
Benefit payments	<u>(997,032)</u>
Net Changes	<u>8,865,827</u>
Balance at June 30, 2025	<u><u>\$ 46,316,522</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current discount rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ 54,478,625	\$ 46,316,522	\$ 39,799,462

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 39,058,775	\$ 46,316,522	\$ 55,710,662

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$6,673,425. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ 1,941,376	\$ 102,372
Changes of assumptions or other inputs	3,894,195	4,958,569
District's contributions subsequent to the measurement date	<u>940,579</u>	<u>0</u>
Total	<u><u>\$ 6,776,150</u></u>	<u><u>\$ 5,060,941</u></u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 443,208
2027	314,923
2028	(349,620)
2029	(165,945)
2030	236,984
Thereafter	295,080

NOTE 14. RISK MANAGEMENT.

General Information

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14. RISK MANAGEMENT. (Continued)

Pool, Non-Risk Retained

The District participates in Orange/Ulster School District Health Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 21 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of the limit, and the District has essentially transferred all related risk to the pool.

NOTE 15. COMMITMENTS AND CONTINGENCIES.

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

NOTE 16. ENCUMBRANCES.

Encumbrances represent contracts, purchase orders, payroll commitments, tax payables, or legal penalties that are chargeable to an account. They cease to be encumbrances when paid or when the actual liability amount is determined and recorded as an expenditure. Encumbrances of appropriations of budgets for the year ended June 30, 2025 have been included in the assigned fund balance of the General Fund and in the restricted fund balance of all other funds at June 30, 2025 as follows:

General Fund	\$ 495,581
Cafeteria Fund	1,062
Capital Fund	384,236
	<u>\$ 880,879</u>

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 17. RESTATEMENT.

During fiscal year 2025, changes to or within the financial reporting entity and error corrections resulted in adjustments to and restatements of beginning net position and fund balances net position, as follows:

	Special Aid Fund	Miscellaneous Special Revenue	Governmental Activities
Net Position/Fund Balance, Beginning of Year, as Previously Reported	\$ 7,131	\$ -	\$ (13,714,466)
Change in Accounting Principles, Compensated Absences GASB 101	-	-	(1,505,715)
Reclassification of Extraclassroom Activities to Miscellaneous Special Revenue	-	44,940	44,940
Right of Use Assets, Net Book Value - Error Correction	-	-	406,695
Special Aid Fund A/P - Error Correction	3,000	-	3,000
Net Position/Fund Balance, Beginning of Year, as Restated	<u>\$ 10,131</u>	<u>\$ 44,940</u>	<u>\$ (14,765,546)</u>

NOTE 18. TAX ABATEMENTS

The District negotiates property tax abatement agreements on an individual basis. The District has tax abatement agreements with four entities as of June 30, 2025:

Full Assessed Value	Full Tax	PILOT's Received	Tax Abated
\$ 3,973,162	\$ 163,141	\$ 118,034	\$ 45,107

Each agreement was negotiated under municipal law, allowing localities to abate property taxes for a variety of development purposes, including business relocation, retention and expansion. The abatements may be granted to any business located within or promising to relocate to a local government's geographic area. Localities may grant abatements up to 50% of annual property taxes through a direct reduction of the entity's property tax bill. The municipal law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

The District has not made any commitments as part of the agreements other than to reduce property taxes. The District is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 19. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 8, 2025 the date that the financial statements were available to be issued. As of this date, there are no subsequent events to report.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
SCHEDULE OF CHANGES IN THE DISTRICTS TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability									
Service Cost	\$ 1,534,264	\$ 1,519,583	\$ 1,519,583	\$ 1,595,541	\$ 1,433,069	\$ 1,116,057	\$ 973,421	\$ 948,651	\$ 1,136,154
Interest	1,404,918	1,323,334	1,323,334	897,144	860,782	1,133,951	1,135,218	1,025,716	895,311
Changes of Benefit Terms	4,616,683	-	-	-	-	(60,331)	1,705,880	(403,301)	(3,727,072)
Actual Experience	32,790	(142,169)	(142,169)	2,668,477	59,933	1,286,297	-	-	-
Changes of Assumptions	2,274,204	(626,606)	(626,606)	(8,251,643)	1,103,610	3,903,533	-	-	-
Benefit Payments	(997,032)	(963,970)	(963,970)	(1,010,316)	(1,059,018)	(1,044,566)	(925,000)	(902,517)	(859,429)
Net change in total OPEB liability	8,865,827	1,110,172	1,110,172	(4,100,797)	2,398,376	6,334,941	2,889,519	668,549	(2,555,036)
Total OPEB liability - beginning	37,450,695	36,340,523	40,441,320	40,441,320	38,042,944	31,708,003	28,818,484	28,149,935	30,704,971
Total OPEB liability - ending	\$ 46,316,522	\$ 37,450,695	\$ 41,551,492	\$ 36,340,523	\$ 40,441,320	\$ 38,042,944	\$ 31,708,003	\$ 28,818,484	\$ 28,149,935
Covered-employee payroll									
Total OPEB liability as a percentage of covered-employee payroll	\$ 12,186,312	\$ 14,109,035	\$ 14,109,035	\$ 11,376,254	\$ 12,077,058	\$ 8,964,544	\$ 10,266,198	\$ 8,660,295	\$ 8,486,610
	380.07%	265.44%	294.50%	319.44%	334.86%	424.37%	308.86%	332.77%	331.70%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

06/30/24	3.93%
06/30/23	3.65%
06/30/22	3.54%
06/30/21	3.51%
06/30/20	2.21%
06/30/19	3.51%
06/30/18	3.87%
06/30/17	3.58%

*GASB 75 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2017, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

See paragraph on supplementary schedules included in auditor's report.

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

REVENUES	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) REVISED BUDGET
LOCAL SOURCES:				
Real Property Taxes	\$ 20,741,351	\$ 20,741,351	\$ 19,886,375	\$ (854,976)
Other Tax Items	114,453	114,453	1,008,961	894,508
Charges for Services	235,850	235,850	320,937	85,087
Use of Money & Property	363,750	363,750	765,505	401,755
Sale of Property & Compensation for Loss	2,500	26,250	2,916,899	2,890,649
Miscellaneous	250,100	250,100	552,785	302,685
STATE SOURCES	13,875,850	13,875,850	13,509,719	(366,131)
FEDERAL SOURCES	20,000	20,000	78,395	58,395
TOTAL REVENUES	35,603,854	35,627,604	39,039,576	\$ 3,411,972
OTHER SOURCES:				
Operating Transfers In	0	0	1,022,144	
Appropriated Fund Balance and Reserves	1,777,242	1,913,342	0	
TOTAL REVENUES & OTHER SOURCES	\$ 37,381,096	\$ 37,540,946	\$ 40,061,720	

See paragraph on supplementary schedules included in auditor's report.

SUPPLEMENTAL SCHEDULE #2
(CONTINUED)

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

EXPENDITURES	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
GENERAL SUPPORT:					
Board of Education	\$ 36,150	\$ 60,041	\$ 55,194	1	\$ 4,846
Central Administration	653,561	665,162	664,258	0	904
Finance	120,600	184,425	181,777	0	2,648
Staff	97,934	118,557	79,212	0	39,345
Central Services	2,646,001	2,967,864	2,685,731	1,200	280,933
Special Items	605,638	740,157	667,224	65,166	7,767
INSTRUCTIONAL:					
Instruction, Administration & Improvement	1,034,402	1,097,703	1,091,847	1,460	4,396
Teaching - Regular School	8,204,123	8,327,504	8,247,337	7,541	72,626
Programs for Children with Handicapping Conditions	7,682,294	6,912,446	6,769,003	750	142,693
Occupational Education	891,419	800,693	798,587	0	2,106
Instructional Media	1,149,740	1,281,141	1,165,835	285	115,021
Pupil Services	2,053,380	2,091,029	1,789,957	40,557	260,515
PUPIL TRANSPORTATION	2,746,484	3,108,567	2,723,981	378,621	5,965
EMPLOYEE BENEFITS	7,530,320	7,234,405	6,785,846	0	448,559
DEBT SERVICE:					
Debt Service - Principal	1,215,000	1,215,000	1,215,000	0	0
Debt Service - Interest	429,050	429,050	429,050	0	0
TOTAL EXPENDITURES	37,096,096	37,233,744	35,349,839	495,581	1,388,324
OTHER USES:					
Operating Transfers Out	285,000	307,202	300,746	0	6,456
TOTAL EXPENDITURES & OTHER USES	\$ 37,381,096	\$ 37,540,946	\$ 35,650,585	\$ 495,581	\$ 1,394,780
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES			\$ 4,411,135		

See paragraph on supplementary schedules included in auditor's report.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION ASSET/LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	NYSTERS Pension Plan Last 10 Fiscal Years									
	3/31/2025	3/31/2024	3/31/2023	3/31/2022	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016
District's proportion of the net pension asset/(liability)	0.0049602%	0.0053047%	0.0048175%	0.0046230%	0.0039382%	0.0037207%	0.0041429%	0.0043223%	0.0043504%	0.0061841%
District's proportionate share of the net pension asset/(liability)	\$ (850,463)	\$ (781,071)	\$ (1,033,073)	\$ 377,908	\$ (3,921)	\$ (985,271)	\$ (293,539)	\$ (139,500)	\$ (408,776)	\$ (992,565)
District's covered-employee payroll	\$ 2,082,186	\$ 2,135,189	\$ 1,662,884	\$ 1,696,526	\$ 1,582,459	\$ 1,433,116	\$ 1,364,322	\$ 1,412,299	\$ 1,431,997	\$ 1,351,820
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-40.84%	-36.58%	-62.13%	22.28%	-0.25%	-68.75%	-21.52%	-9.88%	-28.55%	-73.42%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
	NYSTERS Pension Plan Last 10 Fiscal Years									
	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension asset/(liability)	0.057825%	0.056233%	0.054868%	0.050863%	0.032336%	0.050008%	0.047979%	0.051038%	0.052445%	0.048539%
District's proportionate share of the net pension asset/(liability)	\$ 1,725,264	\$ (645,300)	\$ (1,052,854)	\$ 8,814,054	\$ (1,446,175)	\$ 1,299,221	\$ 867,594	\$ 387,942	\$ (561,704)	\$ 5,041,671
District's covered-employee payroll	\$ 10,658,566	\$ 11,204,954	\$ 10,513,243	\$ 9,905,984	\$ 8,633,066	\$ 9,096,917	\$ 8,534,564	\$ 7,815,304	\$ 7,268,122	\$ 6,121,495
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	16.19%	-5.74%	-10.01%	88.98%	-16.75%	14.28%	10.17%	4.96%	-7.73%	82.36%
Plan fiduciary net position as a percentage of the total pension liability	102.10%	99.17%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	111.48%

See paragraph on supplementary schedules included in auditor's report.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025

	NYSTRS Pension Plan Last 10 Fiscal Years									
	3/31/2025	3/31/2024	3/31/2023	3/31/2022	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016
Contractually required contribution	\$ 290,229	\$ 236,636	\$ 178,058	\$ 273,208	\$ 204,500	\$ 187,824	\$ 199,002	\$ 200,781	\$ 200,707	\$ 282,095
Contributions in relation to the contractually required contribution	290,229	236,636	178,058	273,208	204,500	187,824	199,002	200,781	200,707	282,095
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Employee Payroll	\$ 2,082,183	\$ 2,135,189	\$ 1,662,884	\$ 1,696,526	\$ 1,582,459	\$ 1,433,116	\$ 1,364,322	\$ 1,412,299	\$ 1,431,997	\$ 1,351,820
Contributions as a percentage of its covered-employee payroll	13.94%	11.08%	10.71%	16.10%	12.92%	13.11%	14.59%	14.22%	14.02%	20.87%
NYSTRS Pension Plan Last 10 Fiscal Years										
Contractually required contribution	\$ 1,077,581	\$ 1,069,072	\$ 952,558	\$ 822,731	\$ 787,035	\$ 886,474	\$ 906,371	\$ 739,236	\$ 963,753	\$ 1,073,098
Contributions in relation to the contractually required contribution	1,077,581	1,069,072	952,558	822,731	787,035	886,474	906,371	739,236	963,753	1,073,098
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Employee Payroll	\$ 10,658,566	\$ 11,204,954	\$ 10,513,243	\$ 9,905,984	\$ 8,633,066	\$ 9,096,917	\$ 8,534,564	\$ 7,815,304	\$ 7,268,122	\$ 6,121,495
Contributions as a percentage of its covered-employee payroll	10.11%	9.54%	9.06%	8.31%	9.12%	9.74%	10.62%	9.46%	13.26%	17.53%

See paragraph on supplementary schedules included in auditor's report.
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CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2025

CHANGE FROM ADOPTED TO REVISED BUDGET

ADOPTED BUDGET	\$ 36,503,854
ADDITIONS:	
Encumbrances from Prior Year	<u>877,242</u>
ORIGINAL BUDGET	<u>37,381,096</u>
BUDGET REVISIONS:	
Appropriation from EBLAR Reserve	35,000
Appropriation of Fund Balance for - District Treasurer	101,100
Insurance Recovery Athletic Equipment	<u>23,750</u>
REVISED BUDGET	<u>\$ 37,540,946</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-2026 Voter-Approved Expenditure Budget Maximum Allows (4% of 2025-2026 Budget, \$38,222,499)	\$ 1,528,900
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 1,695,581
Unassigned Fund Balance	<u>3,042,724</u>
Total Unrestricted Fund Balance	<u>4,738,305</u>
Less:	
Appropriated Fund Balance	1,200,000
Encumbrances Included in Committed and Assigned Fund Balance	<u>495,581</u>
Total Adjustments	<u>1,695,581</u>
General Fund Fund Balance Subject to 1318 of Real Property Tax Law	<u>\$ 3,042,724</u>
Actual Percentage	7.96%

See paragraph on supplementary schedules included in auditor's report.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
SCHEDULE OF CAPITAL PROJECTS FUND— PROJECT EXPENDITURES AND FINANCING RESOURCES
FOR THE YEAR ENDED JUNE 30, 2025

	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	EXPENDITURES TO DATE		UNEXPENDED BALANCE	METHODS OF FINANCING			FUND BALANCE JUNE 30, 2025		
			PRIOR YEARS	CURRENT YEAR		TRANSFERS OUT	TOTAL	PROCEEDS FROM DEBT		LOCAL SOURCES	TOTAL
Excel Project	950,000	950,000	950,000	0	0	950,000	0.00	0	624,000	624,000	(326,000)
Middle-Senior/ Elementary Schools Construction & Alteration	33,342,995	33,353,005	33,024,630	0	858,245	33,882,875	(329,870)	31,042,955	2,839,920	33,882,875	0.00
Roof Improvements and Field Reconstruction	3,900,000	3,900,000	3,882,396	0		3,882,396	17,604	0	3,882,396	3,882,396	0
2015-2016 Capital Projects	185,000	185,000	183,200	0	1,800	185,000	0.00	0	185,000	185,000	0
2016-2017 Capital Projects	185,000	185,000	184,231	0	769	185,000	0.00	0	185,000	185,000	0
2017-2018 Capital Projects	185,000	185,000	183,581	0	1,419	185,000	0.00	0	185,000	185,000	0
2018-2019 Capital Projects	185,000	185,000	184,476	0	524	185,000	0.00	0	185,000	185,000	0
2019-2020 Capital Projects	185,000	185,000	178,557	0	6,443	185,000	0.00	0	185,000	185,000	0
2020-2021 Capital Projects	185,000	185,000	182,617	0	2,383	185,000	0.00	0	185,000	185,000	0
2021-2022 Capital Projects	185,000	185,000	182,908	0	2,092	185,000	0.00	0	185,000	185,000	0
2022-2023 Capital Projects	185,000	185,000	95,946	0	89,054	185,000	0.00	0	185,000	185,000	0
2023-2024 Capital Projects	185,000	185,000	125,585	0	59,415	185,000	0.00	0	185,000	185,000	0
2024-2025 Capital Projects	185,000	185,000	0	154,956	0	154,956	30,044	0	154,956	154,956	0
DASNY - Pollinator Garden	0.00	0.00	0	48,363	0	48,363	(48,363)	0	0	0	(48,363)
Smart Schools Bond Act	565,011	565,011	511,741	53,250	0	564,991	20	0	0	0	(564,991)
Elementary HVAC Upgrades	1,940,000	1,940,000	458,803	977,411	0	1,436,214	503,786	0	75,264	75,264	(1,360,950)
Chester Academy STEM Lab	993,000	993,000	993,000	0	0	993,000	0.00	0	993,000	993,000	0
District Wide Security Upgrades	1,867,000	1,867,000	0	294,908	0	294,908	1,572,092	0	0	0	(294,908)
	45,608,006	45,618,016	41,321,671	1,528,888	1,022,144	43,872,703	1,745,313	31,042,955	10,234,536	41,277,491	(2,595,212)

See paragraph on supplementary schedules included in auditor's report.

SUPPLEMENTAL SCHEDULE #7

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

CAPITAL ASSETS, NET		\$ 24,193,162
RIGHT TO USE ASSETS, NET		<u>322,692</u>
TOTAL CAPITAL ASSETS		24,515,854
ADDITIONS:		
Unspent Bond Proceeds	\$ (329,870)	
Deferred Charges on Refunding	<u>161,605</u>	
Total Additions		(168,265)
DEDUCTIONS:		
Bond Anticipation Note	\$ 1,900,000	
Short-term Portion of Bonds Payable	1,536,245	
Long-term Portion of Bonds Payable	<u>8,651,225</u>	
Total Deductions		<u>(12,087,470)</u>
NET INVESTMENT IN CAPITAL ASSETS		<u>\$ 12,260,119</u>

See paragraph on supplementary schedules included in auditor's report.

SUPPLEMENTAL SCHEDULE #8

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
STATEMENT OF INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2025

	Date of Original Issue	Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Year	Principal Paid During Year	Outstanding End of Year	Interest Paid During Fiscal Year	Amount of Interest Accrued at June 30, 2025
Serial Bond Refunding	2/4/2021	4/15/2031	Various	\$ 9,835,000	\$ 0	\$ 1,215,000	\$ 8,620,000	\$ 429,050	\$ 89,742
BAN Payable	10/25/2024	10/25/2025	4.00%	-	1,900,000	-	1,900,000	-	64,749
Totals				\$ 9,835,000	\$ 1,900,000	\$ 1,215,000	\$ 10,520,000	\$ 429,050	\$ 154,491

See paragraph on supplementary schedules included in auditor's report.



Nugent & Haeussler, P.C.
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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

Peter J. Bullis, CPA, FACFEI, DABFA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
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Justin B. Wood, CPA
Richard P. Capicchioni, CPA

Norman M. Sassi, CPA
Walter J. Jung, CPA

To the President and Members
of the Board of Education of the
Chester Union Free School District
Chester, New York 10918

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, each major fund, and the fiduciary fund of Chester Union Free School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Chester Union Free School District's basic financial statements and have issued our report thereon dated October 8, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chester Union Free School District's internal control over financial reporting (internal control) to determine the 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 Chester Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Chester Union Free School District's internal control.

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

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

100th ANNIVERSARY
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1925 - 2025

To the President and Members
of the Board of Education of the
Chester Union Free School District

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chester Union Free School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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.

Nugent & Haussler PC

Montgomery, New York
October 8, 2025



Nugent & Haeussler, P.C.
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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Chester Union Free School District
Chester, New York 10918

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Walter J. Jung, CPA

Opinion

We have audited the accompanying financial statements of Chester Union Free School District's extra classroom activity funds, which comprise the statement of assets, liabilities, and fund balance-cash basis as of June 30, 2025 and the related statement of receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance-cash basis of Chester Union Free School District's extra classroom activity fund as of June 30, 2025, and its receipts and disbursements-cash basis for the year then ended, in accordance with the cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chester Union Free School District's extra classroom activity fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chester Union Free School District's extra classroom activity fund 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 Chester Union Free School District's extra classroom activity fund 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.

Nugent & Haussler PC

Montgomery, New York
October 8, 2025

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
EXTRACLASROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
JUNE 30, 2025

ASSETS

Cash in Checking	<u>\$ 44,746</u>
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FUND BALANCE

Fund Balance, Beginning of Year	\$ 44,942
Excess of Disbursements over Receipts	<u>(196)</u>
Fund Balance, End of Year	<u>\$ 44,746</u>

See notes to financial statement.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
EXTRACLASROOM ACTIVITY FUND
STATEMENT OF RECEIPTS & DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	CASH BALANCE JUNE 30, 2024	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2025
Student Council	\$ 2,281	\$ 439	\$ 900	\$ 1,820
MS Student Council	2,093	4,666	3,318	3,441
Class of 2027	1,232	2,752	0	3,984
Class of 2028	0	1,108	158	950
Class of 2024	84	0	0	84
Class of 2025	11,548	62,918	74,418	48
Class of 2026	2,006	35,493	34,310	3,189
Varsity Club	877	385	364	898
Hungry Hambletonian	328	1	0	329
STEP Club	453	2	0	455
Book Club	134	401	534	1
Cheer Club	40	0	0	40
Builder's Club	528	2	0	530
Cooking Club	563	794	910	447
Drama Club	8,970	7,325	4,632	11,663
National Honor Society	1,371	6	250	1,127
Jr NHS	249	1	0	250
Key Club	1,140	1,436	1,540	1,036
Yearbook	4,123	2,647	1,187	5,583
Youth in Gov't	397	2	0	399
Chester Academy Chorus	3,807	22,827	20,096	6,538
Chester Academy Band	720	11,159	11,750	129
Multi Cultural	1,207	5	200	1,012
S.A.G.A.	215	1	0	216
Anime Club	525	2	0	527
Project Adv.	51	2,528	2,529	50
	<u>\$ 44,942</u>	<u>\$ 156,900</u>	<u>\$ 157,096</u>	<u>\$ 44,746</u>

See notes to financial statement.

CHESTER UNION FREE SCHOOL DISTRICT
CHESTER, NEW YORK
EXTRACLASSROOM ACTIVITY FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

- (a) The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of Chester Union Free School District. We have included the Extraclassroom Activity Fund balances within the Miscellaneous Special Revenue Fund. The separate audit report of the Extraclassroom Activity Funds is required due to the fact that the transactions of this fund are controlled by student management.
- (b) The books and records of Chester Union Free School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.
- (c) The Extraclassroom Activity Funds are used to record the activity of all student-related activities within the District. These funds are under the control of an appointed central treasurer who maintains cash receipts and cash disbursement books. All receipts are collected by the student activity treasurer and disbursements must be approved by the student management.