Pelham Union Free School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2026

Pelham Union Free School District, New York

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

The Board of Education of the
Pelham Union Free School District, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Pelham Union Free School District, New York ("School District") as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 - Implementation of New Accounting Standard

As discussed in Note 2D to the financial statements, during the year ended June 30, 2026, the School District implemented Governmental Accounting Standards Board Statement No. 103, *"Financial Reporting Model Improvements".* The implementation of this standard resulted in changes to the presentation of certain financial statement information, including management's discussion and analysis, unusual or infrequent items, and other applicable financial reporting model presentation requirements. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules 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 September 30, 2026, on our consideration of the 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 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 the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
September 30, 2026

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The purpose of management's discussion and analysis ("MD&A") is to help Pelham Union Free School District, New York ("School District") residents and other readers understand what the financial statements and notes in this financial report say about the School District's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by management's knowledge of the School District's finances.

Overview of the Financial Statements

The School District's financial report contains basic financial statements. Those financial statements present the School District's finances at both an overall and a detailed level. The Statement of Net Position and Statement of Activities (e.g. the *district-wide financial statements*) cover the School District's governmental activities. (See the diagram below)

- *Governmental activities* comprise the School District's most basic functions, such as general support, instruction, pupil transportation, community services, cost of food sales, other, and interest. Governmental activities primarily are financed by real property taxes, other tax items, non-property taxes, and federal and state grants.

The remaining basic financial statements present the School District's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. Fund financial statements can be reported using up to three groups of funds as follows:

- *Governmental fund financial statements* report the School District's governmental activities on a current-financial-resources and modified-accrual basis. Accordingly, they focus on near-term inflows and outflows of spendable resources and on the fund balances available at year end. The governmental fund statements differ from the district-wide statements because they do not report capital assets, certain long-term liabilities, and certain deferred outflows and inflows of resources. Reconciliations accompanying the governmental fund statements explain the differences between the fund-level information and the governmental activities reported in the district-wide financial statements.

- *Proprietary fund financial statements* report all of the business-type activities (enterprise funds) and the services provided to School District departments (internal service funds). The School District had no such activity to report in this fund category.

- *Fiduciary fund financial statements* are used to account for resources held for the benefit of parties outside the School District. In accordance with the provisions of GASB Statement No. 84, "*Fiduciary Activities"*, the School District had no such activity to report in this fund category.

Contents of the Basic Financial Statements

The next section of this financial report contains *notes to financial statements*, which delve deeper into the School District's finances as reported in the financial statements. The information in the notes is as important to understanding the School District's finances as the information in the financial statements. The School District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Types of Information in the Financial Statements

The district-wide financial statements use the *economic resources measurement focus* and *accrual basis of accounting (s*ee table below). Accordingly, these statements generally report the following types of financial statement elements:

- *Assets* - resources the School District controls, from short-term assets like cash to long-term assets like capital assets.
- *Liabilities* - amounts the School District owes, from short-term liabilities such as accounts payable to long-term liabilities such as outstanding debt, compensated absences, pension and postemployment benefit liabilities.
- *Deferred outflows/inflows of resources* - flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- *Revenues and expenses* - inflows and outflows of economic resources, respectively, related to the current year.

The governmental fund financial statements use the *current financial resources measurement focus* and *modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources (see table below).

The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on construction or acquisition of capital assets.

Types of Information Reported in the Financial Statements

	Financial Statements	
	District-Wide	**Governmental Fund**
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short-term and long-term	Only current financial resources, such as cash, taxes receivable, and accounts payable
Types of revenues/additions	All types of revenues/additions that flow into the entity during the year that relate to that year, regardless of when cash is received	Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/deductions/ expenditures	All types of expenses/deductions that flow out of the entity during the year that relate to that year, regardless of when cash is paid	Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	All types of resources that flow into and out of the entity during the year that relate to a future year	Current financial resources that flow into and out of the governmental funds during the year that relate to a future year

More detail about the measurement focus and basis of accounting can be found in the summary of significant accounting policies in the notes to financial statements.

Financial Summary

Statement of Net Position

	June 30, 2026	June 30, 2025	Total % Change 2026-2025
ASSETS			
Current and Other Assets	$ 30,570,205	$ 36,539,309	(16.3%)
Net Pension Asset-Proportionate Share	12,685,341	6,310,612	101.0%
Capital Assets, net	85,033,591	83,092,482	2.3%
Total Assets	128,289,137	125,942,403	1.9%
DEFERRED OUTFLOWS OF RESOURCES	34,167,057	26,913,844	26.9%
LIABILITIES			
Current Liabilities	7,254,759	8,390,769	(13.5%)
Long-term Liabilities	189,265,055	182,697,818	3.6%
Total Liabilities	196,519,814	191,088,587	2.8%
DEFERRED INFLOWS OF RESOURCES	44,361,565	45,604,117	(2.7%)
NET POSITION			
Net Investment in Capital Assets	23,456,922	16,215,083	44.7%
Restricted	29,798,188	19,976,574	49.2%
Unrestricted	(131,680,295)	(120,028,114)	(9.7%)
Total Net Position	$ (78,425,185)	$ (83,836,457)	6.5%

The table above shows that as of June 30, 2026, the School District's total net position for governmental activities (assets and deferred outflows minus liabilities and deferred inflows) was ($78.4) million, a positive variance of $5.4 million, or 6.5%, compared with 2025.

Governmental Activities

Current and other assets decreased by $5,969,104, primarily due to spending of $4,586,338 in the Capital Projects Fund for various voter-approved projects. Capital assets increased by $1,941,109, primarily due to ongoing capital project activity, which is discussed further in the Significant Capital Asset and Long-Term Financing Activity section in this MD&A.

Current liabilities decreased by $1,136,010, primarily due to lower accounts payable/accrued liabilities at June 30, 2026, as compared to the previous year, and lower pension amounts payable to the New York State Teachers' Retirement System, reflecting the drop in rates from 2025 to 2026.

Deferred outflows of resources increased by $7,253,213, primarily due to an increase in OPEB-related amounts. Deferred inflows of resources decreased by $1,242,552 primarily due to a decrease in OPEB-related amounts, partially offset by an increase in pension-related amounts.

Long-term liabilities increased by $6,567,237 from the previous year. The net change was primarily attributable to a net $1,620,576 decrease in compensated absences and pension-related changes, including the decrease in the ERS net pension liability in the current year. These decreases were partially offset by a $13,572,859 increase in the OPEB liability. The School District's long-term financing activity, including the issuance of general obligation bonds and retirement of outstanding debt, is discussed further in the Significant Capital Asset and Long-Term Financing Activity section in this MD&A.

Total net position increased by $5,411,272. This was comprised of an increase in net investment in capital assets of $7,241,839 and restricted net position of $9,821,614, partially offset by a decrease in unrestricted net position of $11,652,181.

A large component of the School District's net position ($23,456,922) reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to the students, and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of net position ($29,798,188) reflects amounts restricted for specific purposes, i.e., capital projects, future capital projects, tax certiorari, retirement contributions, net pension asset - TRS, debt service, property damage, unemployment benefits, repairs, special purposes, and permanent fund purposes. There is a negative balance of unrestricted net position of $131,680,295, primarily due to the recognition of pension and postemployment benefit liabilities.

Changes in Net Position

	June 30, 2026	June 30, 2025	Total % Change 2026-2025
REVENUES			
Program Revenues:			
Charges for Services	$ 1,541,605	$ 2,253,698	(31.6%)
Operating Grants and Contributions	3,128,025	2,531,209	23.6%
Capital Grants and Contributions	101,729	116,659	(12.8%)
Total Program Revenues	4,771,359	4,901,566	(2.7%)
General Revenues:			
Real Property Taxes and Other Tax Items	74,375,921	71,876,715	3.5%
Use of Money and Property	906,170	951,117	(4.7%)
Unrestricted State Aid	13,823,374	13,694,999	0.9%
Other	1,965,885	2,207,748	(11.0%)
Total General Revenues	91,071,350	88,730,579	2.6%
Total Revenues	95,842,709	93,632,145	2.4%
EXPENSES			
General support	11,693,039	11,562,381	1.1%
Instruction	73,051,540	75,068,388	(2.7%)
Pupil transportation	2,405,622	2,076,341	15.9%
Community services	78,192	107,900	(27.5%)
Cost of food sales	1,201,078	1,197,565	0.3%
Other	653,883	764,626	(14.5%)
Interest	1,348,083	1,495,393	(9.9%)
Total Expenses	90,431,437	92,272,594	(2.0%)
Change in Net Position	5,411,272	1,359,551	298.0%
Net position - Beginning	(83,836,457)	(85,196,008)	1.6%
Net position - Ending	$ (78,425,185)	$ (83,836,457)	6.5%

The table above shows that revenues exceeded expenses in the current year, resulting in an increase in net position. The total net position of the School District's governmental activities was ($78.4) million, an increase of $5.4 million, or 6.5%, from 2025. The following detailed analyses explain the significant changes in the School District's financial position and results of operations from the prior year and the primary factors that affected those changes.

Detailed Analyses

Governmental Activities

Revenues:

The School District's total program revenues saw a decrease of $130,207 while general revenues increased by $2,340,771 for a total increase of $2,210,564. The primary drivers of these changes were:

- Charges for services decreased by $712,093. The decrease is largely attributable to changes in the NYS Child Nutrition Program. Effective with the 2025-26 school year, the state provided free meals to students (see offsetting increase in operating grants and contributions noted below). The School District also had lower tuition revenue from out-of-district students.

- Operating grants and contributions increased by $596,816. The increase is largely attributed to changes in the NYS Child Nutrition Program, through which the state provided free meals to students effective in 2025-26 (see offsetting decrease in charges for services noted above).

- Other revenue decreased by $241,863. The decrease is attributed to lower refunds of prior year expenses and lower insurance recoveries.

- Real property taxes and other tax items (primarily the School Tax Relief Reimbursement ("STAR") program) increased by $2,499,206. The School District's primary source of revenue is real property taxes, which it levies in order to meet the anticipated program needs of its students and the related costs associated with those programs. In May 2025, the community approved a 3.48% property tax levy increase, the maximum allowable limit based on the state prescribed tax levy limit calculation.

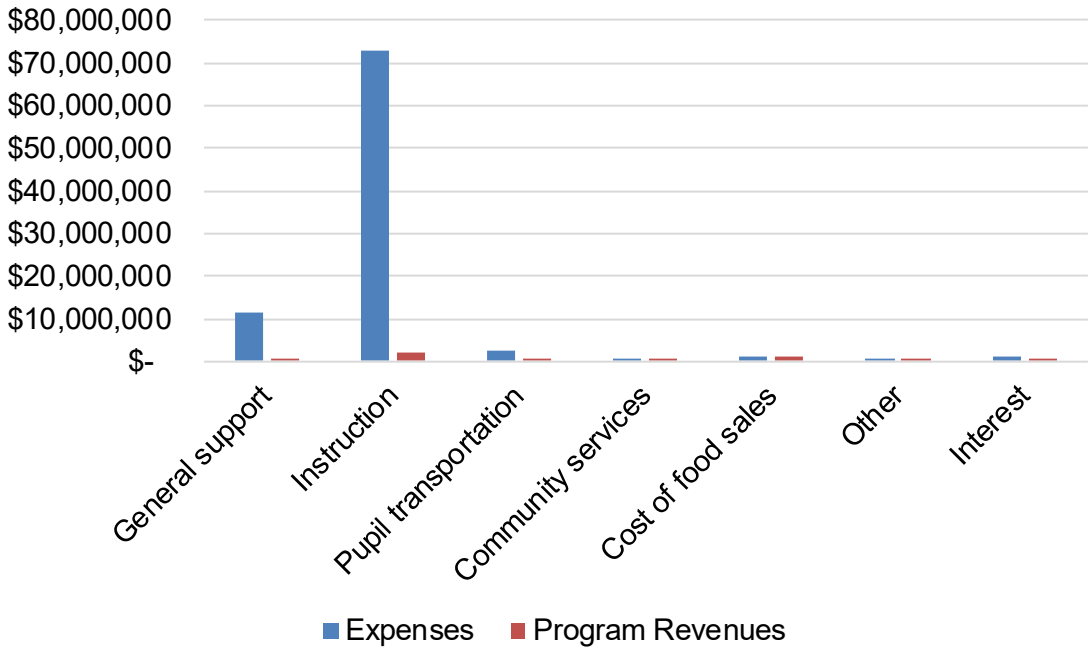
Expenses:

The School District's expenses decreased by $1,841,157. Major factors contributing to the decrease included:

- Instruction decreased by $2,016,848. This decrease is largely attributable to a reduction in the School District's proportionate share of pension expense recognized in the district-wide financial statements, as partly offset by normal operating increases.

- Pupil transportation increased by $329,281. This variance is attributable to an increase in the number of students transported out-of-district, as well as cost increases specified in the School District's transportation contract.

Governmental Activities - Expenses and Program Revenues



Governmental Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School District reports four major funds individually in the governmental fund financial statements: the General Fund, Special Aid Fund, Capital Projects Fund and Debt Service Fund.

General Fund - The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unassigned fund balance of the General Fund was $3.9 million, while total fund balance decreased to $17.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 4.2% of total general fund expenditures and other financing uses, while total fund balance represents 19.1% of that same amount.

Of the General Fund's $17.8 million total fund balance, $2.7 million is nonspendable (for prepayments of insurance and other costs), $9.7 million is restricted, and $1.4 million is assigned; therefore, those amounts are not available for general operating purposes. The restricted fund balance includes amounts for tax certiorari ($2.9 million), unemployment benefits ($.2 million), employee benefit accrued liability ($.5 million), ERS/TRS retirement contributions ($5.1 million, including $980,000 for subsequent year's expenditures), property damage and repairs ($.6 million) and future capital projects ($.5 million). Assigned fund balance includes $1.2 million appropriated to balance the 2026-27 adopted budget and $.2 million for outstanding purchase

orders. The remaining $3.9 million is unassigned and available for general purposes, subject to applicable statutory limitations.

The fund balance of the School District's General Fund decreased by $524,978 during the current fiscal year. Significant factors affecting the change in fund balance included the following:

- From a revenue perspective, the School District utilized more services through BOCES in the prior year and, therefore, in the current year realized an unanticipated increase in State BOCES aid. However, offsetting this was the School District's decision to forgo the anticipated transfer of $2.2 million from the Debt Service Fund. The funds available in the Debt Service Fund will be allocated to offset debt service costs in future years.

- The School District was also successful in controlling expenditures during the current year. In the facilities area, the School District saw some staffing attrition, and lower than expected fuel and repair costs. Costs related to out-of-district placements for students with special needs were also less than anticipated. Lastly, the School District realized some unanticipated savings in teacher's retirement and social security costs, due to breakage in salaries from higher paid to lower paid teaching staff.

Special Aid Fund – Due to grant accounting requirements for activities in this fund, revenues and other financing sources are either accrued/deferred to match each grant expenditure, thus resulting annually in no change in fund balance being reported. The School District accounts for its Summer Handicapped, IDEA and Title grant programs in this fund. Revenues (and other financing sources) and expenditures in the Special Aid Fund increased by $114,586, or 13%, from the prior year. This change from the prior year was primarily attributable to increased costs of the summer handicap program.

Capital Projects Fund - Fund balance in the Capital Projects Fund was a deficit of ($1,183,555) at year end, representing a decrease of $4,586,338 from the prior year. This was the result of expenditures related to the Middle School HVAC rooftop units ($1,095,109) and property acquisition ($1,362,892) capital projects that were funded in prior years. Additionally, the School District incurred the startup costs for the 2025 Bond Propositions capital projects ($2,128,337), but no authorized financing was in place at June 30, 2026. Subsequent to year end, the School District issued a bond anticipation note of $30,500,000 to finance the initial phases of this project. Additional information regarding capital asset and long-term financing activity is included in the Significant Capital Asset and Long-Term Financing Activity section of this MD&A.

Debt Service Fund - Fund balance in the Debt Service Fund increased by $98,291 to $5,556,620. Transfers in decreased by $3,080,864, as 2024-25 transfers in included approximately $3 million in unspent funds from completed capital projects funded through bonds. The current year's transfer in from the General Fund was in an amount necessary to satisfy the current year's principal and interest obligations. Management also determined that the scheduled transfers out of $2,225,000 to the General Fund would not be necessary this year and will be released in future years to offset debt service costs. Use of money and property decreased by $13,367 with a lower interest-rate environment during 2025-26.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets - The School District's investment in capital assets for its governmental activities as of June 30, 2026, amounted to $85,033,591(net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, right-to-use leased buildings, land improvements, machinery and equipment and right-to-use leased equipment. The total increase in capital assets for the current fiscal year was $1,941,109.

Capital Assets (net of depreciation/amortization)

	June 30, 2026	June 30, 2025
Land	$ 2,441,650	$ 2,441,650
Construction-in-Progress	6,151,497	1,565,159
Buildings and Improvements	134,932,635	134,932,635
Right-to-use Leased Buildings	743,261	743,261
Land Improvements	3,517,291	3,517,291
Machinery and Equipment	1,467,681	1,437,154
Right-to-use Leased Equipment	-	10,074
Total	149,254,015	144,647,224
Less: Accumulated Depreciation/Amortization	(64,220,424)	(61,554,742)
Net Capital Assets	$ 85,033,591	$ 83,092,482

Significant capital asset activity during the current fiscal year included the following:

- Construction-in-progress increased by $4,586,338 because of expenditures related to ongoing projects including the 2025 Bond Propositions ($2,128,337), Middle School HVAC rooftop units ($1,095,109) and property acquisition ($1,362,892).
- Machinery and equipment additions totaled $35,805, including instructional and technology equipment with an individual cost of $5,000 or more.

Additional information on the School District's capital assets can be found in Note 3B of this report.

Long-term Financing - At the end of the current fiscal year, the School District had outstanding principal of long-term financing arrangements of $58,422,079, composed of general obligation bonds and lease liabilities. During the current year, the outstanding principal of long-term financing arrangements decreased by $5,073,399.

Long-Term Financings

	June 30, 2026	June 30, 2025
General Obligation Bonds	$ 58,335,000	$ 63,235,000
Leases	87,079	260,478
Total	$ 58,422,079	$ 63,495,478

The $58,335,000 general obligation bonds are bonded debt, backed by the full faith and credit of the School District. During the current year, the School District did not issue general obligation bonds and retired $4,900,000. The School District also retired $173,399 of lease obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the average full valuation of taxable property within the jurisdiction. The current debt limitation for the School District is approximately $467,500,000, which is significantly more than the School District's outstanding general obligation debt.

In connection with its bond anticipation notes issuance, the School District received a MIG 1 rating from Moody's Investor Service in June 2026, reflecting strong underlying long-term credit quality, reliable cash flows, strong liquidity, and a proven history of market access. Prior to this rating, the School District received an AAA stable rating from Standard & Poor's Global Ratings Service in October 2020.

Additional information on the School District's long-term debt can be found in Note 3D of this report.

Currently Known Facts, Decisions or Conditions

The School District is aware of the following items that will impact future finances, and which were considered in developing the following fiscal year's budget.

- The School District's 2026–27 budget provides for appropriations of $98,260,000, an increase of $1,970,000, or 2.05%, over the 2025–26 budget. The budget provides for a 3.72% increase in the real property tax levy, equal to the allowable increase under the School District's calculated tax levy limit. Salaries and employee benefits represent approximately 80% of budgeted expenditures. Increases in contractual salaries ($1,030,000), health insurance ($778,000), special education ($746,000), and transportation ($262,000), partially offset by a $536,000 decrease in the budgeted transfer to the Debt Service Fund, are the principal drivers of the budget increase. The School District appropriated $2,210,000 from its fund balance to provide real property tax relief, the same as utilized in the prior year.
- In May 2025, voters approved capital projects totaling approximately $98.8 million for building improvements and an elementary school addition. In July 2026, the School District issued $30.5 million of bond anticipation notes to begin financing these projects; the notes mature on July 8, 2027. The projects are expected to result in construction expenditures and related financing costs over multiple years. The School District's estimates of the

associated real property tax impact reflect the retirement of existing debt, projected state building aid, anticipated borrowing costs, and project cost escalation. Based on those estimates, the maximum tax impact is expected in 2029; its timing and amount remain subject to project sequencing, approvals, bidding, and financing conditions.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Pelham Union Free School District
Attn: James F. Hricay
Assistant Superintendent for Business
575 Colonial Avenue
Pelham, New York, 10803-2144

Pelham Union Free School District, New York

Statement of Net Position
June 30, 2026

	Governmental Activities
ASSETS	
Cash and equivalents	$ 4,670,239
Investments	20,409,284
Receivables	
Accounts	18,410
State and Federal aid	2,324,253
Due from other governments	449,547
Prepaid expenses	2,697,877
Inventories	595
Net pension asset - TRS	12,685,341
Capital assets	
Not being depreciated	8,593,147
Being depreciated/amortized, net	76,440,444
Total Assets	128,289,137
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding bonds	308,308
Pension related	17,040,215
OPEB related	16,818,534
Total Deferred Outflows of Resources	34,167,057
LIABILITIES	
Accounts payable	1,709,529
Accrued liabilities	309,487
Deposits payable	40,527
Due to other governments	13,543
Unearned revenues	80,458
Due to retirement systems	4,832,869
Accrued interest payable	268,346
Non-current liabilities	
Due within one year	8,454,460
Due in more than one year	180,810,595
Total Liabilities	196,519,814
DEFERRED INFLOWS OF RESOURCES	
Pension related	12,015,564
OPEB related	32,346,001
Total Deferred Inflows of Resources	44,361,565
NET POSITION	
Net investment in capital assets	23,456,922
Restricted	
Capital projects	944,782
Future capital projects	493,550
Tax certiorari	2,888,203
ERS retirement contributions	2,750,045
TRS retirement contributions	2,317,426
Net pension asset - TRS	12,685,341
Debt service	5,556,620
Property damage	38,192
Unemployment benefits	160,885
Repairs	611,222
Special purposes	
Extraclassroom activities	92,134
Other	601,645
Permanent Fund	
Spendable	65,304
Nonspendable	592,839
Unrestricted	(131,680,295)
Total Net Position	$ (78,425,185)

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

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Pelham Union Free School District, New York

Statement of Activities
Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities					
General support	$ 11,693,039	$ 67,344	$ 301,482	$ -	$ (11,324,213)
Instruction	73,051,540	832,560	1,125,259	-	(71,093,721)
Pupil transportation	2,405,622	-	98,657	-	(2,306,965)
Community services	78,192	62,612	182,924	-	167,344
Cost of food sales	1,201,078	361,957	840,292	-	1,171
Other	653,883	217,132	579,411	-	142,660
Interest	1,348,083	-	-	101,729	(1,246,354)
Total Governmental Activities	$ 90,431,437	$ 1,541,605	$ 3,128,025	$ 101,729	(85,660,078)
General revenues					
Real property taxes					73,076,176
Other tax items					
School tax relief reimbursement					1,299,745
Non-property taxes					
Non-property tax distribution from County					1,475,452
Unrestricted use of money and property					906,170
Sale of property and compensation for loss					43,538
Unrestricted State aid					13,823,374
Miscellaneous					446,895
Total General Revenues					91,071,350
Change in Net Position					5,411,272
Net Position - Beginning					(83,836,457)
Net Position - Ending					$ (78,425,185)

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

Pelham Union Free School District, New York

Balance Sheet
Governmental Funds
June 30, 2026

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	$ 3,615,715	$ 65,376	$ 23,561
Investments	14,248,256	-	108,177
Receivables			
Accounts	18,410	-	-
State and Federal aid	1,486,351	689,981	-
Due from other governments	449,547	-	-
Due from other funds	2,071,293	-	-
Prepaid expenditures	2,697,877	-	-
Inventories	-	-	-
Total Assets	$ 24,587,449	$ 755,357	$ 131,738
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	$ 1,589,815	$ -	$ 6,953
Accrued liabilities	307,850	-	-
Deposits payable	40,527	-	-
Due to other governments	-	13,459	-
Unearned revenues	18,410	-	-
Due to other funds	-	741,898	1,308,340
Due to retirement systems	4,832,869	-	-
Total Liabilities	6,789,471	755,357	1,315,293
Fund balances (deficits)			
Nonspendable	2,697,877	-	-
Restricted	9,743,252	-	-
Assigned	1,426,460	-	-
Unassigned	3,930,389	-	(1,183,555)
Total Fund Balances (Deficits)	17,797,978	-	(1,183,555)
Total Liabilities and Fund Balances (Deficits)	$ 24,587,449	$ 755,357	$ 131,738

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

Debt Service	Non-Major Governmental	Total Governmental Funds
$ 76,275	$ 889,312	$ 4,670,239
5,421,447	631,404	20,409,284
-	-	18,410
-	147,921	2,324,253
-	-	449,547
58,898	-	2,130,191
-	-	2,697,877
-	595	595
$ 5,556,620	$ 1,669,232	$ 32,700,396
$ -	$ 112,761	$ 1,709,529
-	1,637	309,487
-	-	40,527
-	84	13,543
-	62,048	80,458
-	79,953	2,130,191
-	-	4,832,869
-	256,483	9,116,604
-	593,434	3,291,311
5,556,620	759,083	16,058,955
-	60,232	1,486,692
-	-	2,746,834
5,556,620	1,412,749	23,583,792
$ 5,556,620	$ 1,669,232	$ 32,700,396

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Pelham Union Free School District, New York

Reconciliation of Governmental Funds Balance Sheet
to the District-Wide Statement of Net Position
Year Ended June 30, 2026

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Total Fund Balances - Governmental Funds	$ 23,583,792
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	8,593,147
Capital assets - depreciable/amortizable	140,660,868
Accumulated depreciation/amortization	(64,220,424)
	85,033,591
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the post retirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	17,040,215
Deferred outflows - OPEB related	16,818,534
Deferred inflows - pension related	(12,015,564)
Deferred inflows - OPEB related	(32,346,001)
	(10,502,816)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Net pension asset - TRS	12,685,341
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(268,346)
General obligation bonds payable	(58,335,000)
Leases payable	(87,079)
Compensated absences	(8,902,341)
Net pension liability - ERS	(889,200)
Total OPEB Liability	(117,588,537)
	(186,070,503)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amount on refunding	308,308
Premium on general obligation bonds	(3,462,898)
	(3,154,590)
Net Position of Governmental Activities	$ (78,425,185)

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

Pelham Union Free School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2026

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	$ 73,076,176	$ -	$ -
Other tax items	1,299,745	-	-
Non-property taxes	1,475,452	-	-
Charges for services	895,172	-	-
Use of money and property	1,278,434	-	-
Sale of property and compensation for loss	43,538	-	-
State aid	14,082,764	230,217	-
Federal aid	-	734,309	-
Food sales	-	-	-
Miscellaneous	629,819	-	-
Total Revenues	92,781,100	964,526	-
EXPENDITURES			
Current			
General support	9,433,227	-	-
Instruction	53,660,472	898,759	-
Pupil transportation	2,266,054	123,321	-
Community services	60,551	-	-
Employee benefits	21,143,307	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	173,399	-	-
Interest	1,833	-	-
Capital outlay	-	-	4,586,338
Total Expenditures	86,738,843	1,022,080	4,586,338
Excess (Deficiency) of Revenues Over Expenditures	6,042,257	(57,554)	(4,586,338)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	57,554	-
Transfers out	(6,567,235)	-	-
Total Other Financing Sources (Uses)	(6,567,235)	57,554	-
Net Change in Fund Balances	(524,978)	-	(4,586,338)
FUND BALANCES (DEFICITS)			
Beginning of Year	18,322,956	-	3,402,783
End of Year	$ 17,797,978	$ -	$ (1,183,555)

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

Debt Service	Non-Major Governmental	Total Governmental Funds
$ -	$ -	$ 73,076,176
-	-	1,299,745
-	-	1,475,452
-	-	895,172
98,291	30,076	1,406,801
-	-	43,538
-	612,075	14,925,056
-	227,450	961,759
-	361,957	361,957
-	767,234	1,397,053
98,291	1,998,792	95,842,709
-	-	9,433,227
-	-	54,559,231
-	-	2,389,375
-	-	60,551
-	-	21,143,307
-	1,201,078	1,201,078
-	653,883	653,883
4,900,000	-	5,073,399
1,609,681	-	1,611,514
-	-	4,586,338
6,509,681	1,854,961	100,711,903
(6,411,390)	143,831	(4,869,194)
6,509,681	-	6,567,235
-	-	(6,567,235)
6,509,681	-	-
98,291	143,831	(4,869,194)
5,458,329	1,268,918	28,452,986
$ 5,556,620	$ 1,412,749	$ 23,583,792

Pelham Union Free School District, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2026

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	$ (4,869,194)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	
Capital outlay expenditures	4,622,143
Depreciation/amortization expense	(2,681,034)
	1,941,109
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal paid on general obligation bonds	4,900,000
Principal paid on leases	173,399
	5,073,399
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	36,100
Compensated absences	(291,845)
Changes in pension liabilities and related deferred outflows and inflows of resources	4,777,723
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(1,483,351)
Amortization of premium and loss on refunding bonds	227,331
	3,265,958
Change in Net Position of Governmental Activities	$ 5,411,272

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

Note 1 - Summary of Significant Accounting Policies

The Pelham Union Free School District, New York ("School District"), as presently constituted, was established in 1912 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below:

A. Financial Reporting Entity

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

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined by Education Law. Copies of BOCES' financial statement can be requested from Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are

Note 1 - Summary of Significant Accounting Policies (Continued)

clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

While separate district-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in

Note 1 - Summary of Significant Accounting Policies (Continued)

whole or in part with Federal or State funds. The major revenues of this fund are State and Federal aid.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

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

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with grantor or contributor stipulations. Among the activities included in the Special Purpose Fund are extraclassroom activity funds.

Permanent Fund - The Permanent Fund is used to account for assets that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs.

b. Fiduciary Fund (Not Included in District-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the School District on behalf of others. In accordance with the provision of GASB Statement No. 84, "*Fiduciary Activities*", the School District had no such activity to report in this fund category.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The 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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Fiduciary Fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application",* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or

Note 1 - Summary of Significant Accounting Policies (Continued)

other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The School District participates in the New York Cooperative Liquid Assets Securities System ("NYCLASS"), a cooperative investment pool organized under a municipal cooperation agreement pursuant to Articles 3-A and 5-G of General Municipal Law of the State of New York. NYCLASS is administered by a governing board elected by its participants. The governing board has retained PTMA Investment Advisors as its investment adviser. PTMA Investment Advisors is registered with the Securities and Exchange Commission ("SEC") and is subject to applicable federal securities laws and SEC oversight in its capacity as investment adviser. The SEC registration and oversight apply to the investment adviser and do not constitute SEC registration, approval, or direct regulation of NYCLASS.

NYCLASS is authorized to invest in obligations issued or guaranteed by the United States and certain of its agencies, obligations of the State of New York and repurchase agreements, in accordance with its investment policies. These investments are reported at fair value. NYCLASS issues separate audited financial statements for its fiscal year ending June 30th.

At June 30, 2026, the School District's investment in NYCLASS was $20,409,284, which equaled the value of its pool shares. NYCLASS's investment policy limits the maximum remaining maturity of any individual investment to 397 days and the maximum weighted-average maturity of the portfolio to 60 days.

NYCLASS is rated AAAm by S&P Global Ratings. An AAAm principal stability fund rating indicates S&P Global Ratings' opinion that the pool has an extremely strong capacity to maintain principal stability and limit exposure to principal losses due to credit risk. The rating is not a guarantee of performance or principal and is subject to change. An investment in NYCLASS is not insured or guaranteed by the FDIC or any other governmental agency.

Additional information, including NYCLASS's annual report and audited financial statements, is available at www.newyorkclass.org.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the

Note 1 - Summary of Significant Accounting Policies (Continued)

pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2026.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable in two installments in September and January. The Town of Pelham, New York ("Town") is responsible for the billing and collection of the taxes. The Town guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2026, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consists of insurance costs, which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent years budget and will benefit such periods. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Inventories - Inventories in the School Lunch Fund consists of surplus food which is recorded at a stated value, which approximates market. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets are tangible and intangible assets, which include property, plant and equipment, and are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets (except

Note 1 - Summary of Significant Accounting Policies (Continued)

intangible right-to-use assets, which are discussed in Note 3B) are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. The other tangible and intangible property, plant, equipment and right-to-use assets of the School District are depreciated/amortized using the straight line method over the following estimated useful lives.

Class	Life in Years
Buildings and Improvements	20-50
Right-to-use Leased Buildings	5
Land Improvements	15-40
Machinery and Equipment	5-20
Right-to-use Leased Assets	5

The costs associated with the acquisition or construction of tangible and intangible capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In the district-wide financial statements, unearned revenues consists of revenue received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of $18,410 for Arts in Education instructional programs in the General Fund and $62,048 for student meal monies received in advance in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

The School District reported deferred amounts on refunding bonds resulting from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is being deferred and amortized over the shorter of the life of the refunded or refunding debt.

The School District also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities in the district-wide financial statements. These amounts are detailed in the discussion of the School District's pension and other postemployment benefit liabilities in Note 3D.

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Leases - The School District is a lessee for noncancellable leases of buildings and equipment. The School District recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the district-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of $10,000 or more.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise. The School District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use leased assets are reported with other capital assets and right-to-use lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences - The liability for compensated absences represents the sick time ("leave"/"leave days") and salary related payments which have been earned for services previously rendered by employees in accordance with the School District's various collective bargaining agreements, accumulates, is allowed to be carried over to subsequent year(s) and is deemed more likely than not (by management) to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employees' rate of pay and the number of unused leave days accumulated as of year-end, management's assumption that the likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary related payments are directly and incrementally associated with payments for the leave. The School District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability for compensated absences is reflected in the district-wide financial statements as current and long-term liabilities. In the fund financial statements, only the compensated absences liability that has matured through employee resignation or retirement and is expected to be payable from expendable available financial resources is reported. The financial reporting of these amounts is presented in accordance with the provisions of GASB Statement No. 101, "*Compensated Absences*".

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68.*

Other Postemployment Benefit Liability ("OPEB") - In addition to providing pension benefits, the School District provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts is presented in accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."*

Net Position - Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the School District includes amounts restricted for capital projects, future capital projects, tax certiorari, ERS retirement contributions, TRS retirement contributions, net pension asset - TRS, debt service, property damage, unemployment benefits, repairs, special purposes and Permanent Fund.

Note 1 - Summary of Significant Accounting Policies (Continued)

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the School District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity’s highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year’s budget or delegated to the Assistant Superintendent for Business for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Note 1 - Summary of Significant Accounting Policies (Continued)

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned and unassigned.

F. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 30, 2026.

Note 2 - Stewardship, Compliance and Accountability

A. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

B. Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

Note 2 - Stewardship, Compliance and Accountability (Continued)

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

C. Capital Projects Fund Project Deficits

The deficits in the 2025 Bond Proposition capital projects arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

D. New Accounting Pronouncement

The School District has implemented GASB Statement No. 103, *"Financial Reporting Model Improvements"*, for the fiscal year ended June 30, 2026. This Statement improves key components of the financial reporting model to enhance the effectiveness of information provided for decision-making and assessing a government's accountability. As a result of implementing this Statement, the School District revised the presentation of certain financial statement information, including updates to the Management's Discussion and Analysis, budgetary presentations and other reporting elements, to conform with the new requirements.

Note 3 - Detailed Notes on All Funds

A. Interfund Receivables/Payables

The composition of due from/to other funds at June 30, 2026 was as follows:

Fund	Due From	Due To
General	$ 2,071,293	$ -
Special Aid	-	741,898
Capital Projects	-	1,308,340
Debt Service	58,898	-
Non-Major Governmental	-	79,953
	$ 2,130,191	$ 2,130,191

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Note 3 - Detailed Notes on All Funds (Continued)

B. Capital Assets

Changes in the School District's capital assets are as follows:

Class	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Capital Assets, not being depreciated:				
Land	$ 2,441,650	$ -	$ -	$ 2,441,650
Construction-in-Progress	1,565,159	4,586,338	-	6,151,497
Total Capital Assets, not being depreciated	$ 4,006,809	$ 4,586,338	$ -	$ 8,593,147
Capital Assets, being depreciated/amortized:				
Buildings and Improvements	$ 134,932,635	$ -	$ -	$ 134,932,635
Right-to-Use Leased Buildings	743,261	-	-	743,261
Land Improvements	3,517,291	-	-	3,517,291
Machinery and Equipment	1,437,154	35,805	5,278	1,467,681
Right-to-Use Leased Equipment	10,074	-	10,074	-
Total Capital Assets, being depreciated/amortized	140,640,415	35,805	15,352	140,660,868
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	57,529,892	2,318,157	-	59,848,049
Right-to-Use Leased Buildings	570,192	161,219	-	731,411
Land Improvements	2,703,480	128,242	-	2,831,722
Machinery and Equipment	743,617	70,903	5,278	809,242
Right-to-Use Leased Equipment	7,561	2,513	10,074	-
Total Accumulated Depreciation/Amortization	61,554,742	2,681,034	15,352	64,220,424
Total Capital Assets, being depreciated/amortized, net	$ 79,085,673	$ (2,645,229)	$ -	$ 76,440,444
Capital Assets, net	$ 83,092,482	$ 1,941,109	$ -	$ 85,033,591

Depreciation/amortization expense was charged to School District functions and programs as follows:

General support	$ 44,469
Instruction	2,636,565
Total Depreciation/Amortization Expense	$ 2,681,034

C. Accrued Liabilities

Accrued liabilities at June 30, 2026 were as follows:

	Fund		
	General	School Lunch	Total
Payroll and Employee Benefits	$ 307,850	$ 1,637	$ 309,487

Note 3 - Detailed Notes on All Funds (Continued)

D. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2026:

	Balance, July 1 2025	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2026	Due Within One-Year
General Obligation Bonds Payable	$ 63,235,000	$ -	$ 4,900,000	$ 58,335,000	$ 4,540,000
Plus - Unamortized premium on bonds	3,774,545	-	311,647	3,462,898	-
	67,009,545	-	5,211,647	61,797,898	4,540,000
Leases Payable	260,478	-	173,399	87,079	87,079
Other Non-Current Liabilities:					
Compensated Absences	8,610,496	291,845 *	-	8,902,341	890,000
Net Pension Liability - ERS	2,801,621	-	1,912,421	889,200	-
Other Postemployment Benefit Liability	104,015,678	16,510,240	2,937,381	117,588,537	2,937,381
Total Non-Current Liabilities	115,427,795	16,802,085	4,849,802	127,380,078	3,827,381
Total Long-Term Liabilities	$ 182,697,818	$ 16,802,085	$ 10,234,848	$ 189,265,055	$ 8,454,460

*The change in the compensated absences liability is presented as a net change.

Each governmental fund's liability for compensated absences, leases, net pension liability and other postemployment benefit liabilities are liquidated by the General Fund. The School District's indebtedness for general obligation bonds is satisfied by the Debt Service Fund, which is funded primarily by the General Fund.

General Obligation Bonds Payable

General obligation bonds payable at June 30, 2026 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2026
Refunding Bonds	2016	$ 17,150,000	August, 2029	2.000 %	$ 6,080,000
Refunding Bonds	2017	9,430,000	November, 2029	2.375 - 4.000	4,130,000
Reconstruction of School Buildings	2018	3,000,000	June, 2032	2.125 - 3.000	1,305,000
Reconstruction of School Buildings	2020	54,025,000	November, 2049	2.000 - 5.000	46,820,000
					$ 58,335,000

Interest expenditures of $1,609,681 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of $1,346,250 was recorded in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Leases Payable

Leases payable at June 30, 2026 is comprised of the following agreement:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2026
Building	2022	$ 646,317	2027	1.01 %	$ 87,079

Interest expenditures/expense of $1,833 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded debt and leases outstanding as of June 30, 2026 including interest payments of $13,085,028 are as follows:

Year Ending June 30,	General Obligation Bonds		Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2027	$ 4,540,000	$ 1,433,431	$ 87,079	$ 257	$ 4,627,079	$ 1,433,688
2028	4,695,000	1,271,688	-	-	4,695,000	1,271,688
2029	4,840,000	1,111,190	-	-	4,840,000	1,111,190
2030	5,005,000	951,525	-	-	5,005,000	951,525
2031	2,450,000	836,875	-	-	2,450,000	836,875
2032-2036	12,105,000	3,371,800	-	-	12,105,000	3,371,800
2037-2041	8,525,000	2,341,091	-	-	8,525,000	2,341,091
2042-2046	8,655,000	1,404,866	-	-	8,655,000	1,404,866
2047-2050	7,520,000	362,305	-	-	7,520,000	362,305
	$ 58,335,000	$ 13,084,771	$ 87,079	$ 257	$ 58,422,079	$ 13,085,028

The above general obligation bonds are direct borrowings of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Legal Debt Margin

The School District is subject to legal limitations on the amount of debt that it may issue. The School District's legal debt margin is 10% of the most recent five year average full valuation of taxable real property.

Compensated Absences

Generally, School District administrators may accumulate up to ten vacation days. Upon separation of service from the School District, administrators will be compensated for any unused days. Vacation time, for all other employees, generally must be taken in the year granted; however, certain CSEA employees are granted their vacation time in the year after it is earned. The School District is not required to compensate employees for accumulated sick leave upon

Note 3 - Detailed Notes on All Funds (Continued)

separation of service. The value of all compensated absences has been reflected in the district-wide financial statements.

Pension Plans

New York State and Local Retirement System and Teachers' Retirement System

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.ny.gov/retirement/resources/financial-reports#financial or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the ERS plan year ended March 31, 2026 and TRS plan year ended June 30, 2026 are as follows:

Note 3 - Detailed Notes on All Funds (Continued)

	Tier/Plan	Rate
ERS	2 75G	22.40 %
	4 A15	19.60
	5 A15	16.60
	6 A15	12.80
TRS	1-6	9.59 %

At June 30, 2026, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

	ERS	TRS
Measurement date	March 31, 2026	June 30, 2025
Net pension liability(asset)	$ 889,200	$ (12,685,341)
School District's proportion of the net pension liability (asset)	0.0157611 %	0.214241 %
Change in proportion since the prior measurement date	(0.0005790) %	0.002732 %

The net pension liability (asset) was measured as of March 31, 2026 for ERS and June 30, 2025 for TRS and the total pension liability used to calculate the net pension liability (asset) were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2026, the School District recognized its proportionate share of pension expense in the district-wide financial statements of $362,488 ($1,038,293 for ERS and $(675,805) for TRS). Pension expenditures of $5,140,211 ($1,105,729 for ERS and $4,034,482 for TRS) were recorded in the fund financial statements and were charged to the General Fund.

At June 30, 2026, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 3 - Detailed Notes on All Funds (Continued)

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 508,853	$ -	$ 6,649,947	$ -
Changes of assumptions	152,636	-	5,021,732	136,769
Net difference between projected and actual earnings on pension plan investments	-	1,594,385	-	9,907,220
Changes in proportion and differences between School District contributions and proportionate share of contributions	269,127	141,125	88,049	236,065
School District contributions subsequent to the measurement date	299,911	-	4,049,960	-
	$ 1,230,527	$ 1,735,510	$ 15,809,688	$ 10,280,054

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,158,800	$ -
Changes of assumptions	5,174,368	136,769
Net difference between projected and actual earnings on pension plan investments	-	11,501,605
Changes in proportion and differences between School District contributions and proportionate share of contributions	357,176	377,190
School District contributions subsequent to the measurement date	4,349,871	-
	$ 17,040,215	$ 12,015,564

$299,911 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the plan's year ended March 31, 2027. The $4,049,960 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31, ERS	June 30, TRS
2026	$ -	$ 6,413,647
2027	387,010	(2,716,712)
2028	(552,170)	(2,889,356)
2029	(306,211)	(633,261)
2030	(333,523)	1,074,804
Thereafter	-	230,552
	$ (804,894)	$ 1,479,674

Note 3 - Detailed Notes on All Funds (Continued)

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2026	June 30, 2025
Actuarial valuation date	April 1, 2025	June 30, 2024
Investment rate of return	5.9% *	6.95% *
Salary scale	5.2%	2.04%-5.80%
Inflation rate	2.9%	2.5%
Cost of living adjustments	1.5%	1.4%

*Compounded annually, net of pension plan investment expenses, including inflation.

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2020 - March 31, 2025. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2024.

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

Note 3 - Detailed Notes on All Funds (Continued)

	ERS March 31, 2026		TRS June 30, 2025	
Asset Type	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25 %	3.29 %	33 %	6.7 %
International Equity	14	5.85	15	7.4
Private Equity	15	7.00	9	9.8
Real Estate	12	5.20	11	6.5
Domestic Fixed Income Securities	-	-	16	2.6
Global Fixed Income Securities	-	-	2	2.4
High Yield Fixed Income Securities	-	-	1	4.7
Global Equities	-	-	4	7.0
Private Debt	-	-	2	6.1
Real Estate Debt	-	-	6	3.8
Opportunistic/Absolute Return Strategy	3	5.13	-	-
Credit	4	5.10	-	-
Real Assets	4	5.54	-	-
Fixed Income	22	1.75	-	-
Cash	1	0.25	1	0.6
	100 %		100 %	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and TRS.

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

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

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
School District's proportionate share of the ERS net pension liability (asset)	$ 6,072,993	$ 889,200	$ (3,444,680)

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension liability (asset)	$ 24,375,044	$ (12,685,341)	$ (43,869,727)

The components of the collective net pension liability (asset) as of the March 31, 2026 ERS measurement date and the June 30, 2025 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	$ 253,773,040,000	$ 148,272,068,018
Fiduciary net position	248,131,290,000	154,193,125,241
Employers' net pension liability (asset)	$ 5,641,750,000	$ (5,921,057,223)
Fiduciary net position as a percentage of total pension liability	97.78%	103.99%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2026 represent the projected employer contribution for the period April 1, 2026 through June 30, 2026 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2026 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the fiscal year ended June 30, 2026 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2026 were $299,911 to ERS and $4,532,958 to TRS (inclusive of employee contributions of $482,998).

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees who do not participate in the ERS or TRS pension plans hired on or after July 1, 2013 and earning at the annual full-time salary rate of $75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Note 3 - Detailed Notes on All Funds (Continued)

Other Postemployment Benefit Liability ("OPEB")

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing postemployment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2026, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	280
Active employees	359
	639

The School District's total OPEB liability of $117,588,537 was measured as of June 30, 2026 and was determined by an actuarial valuation as of July 1, 2025.

The total OPEB liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.4%
Discount rate	4.67%
Healthcare cost trend rates	5.4% for 2026 decreasing to an ultimate rate of 3.8% for 2073 and later years
Retirees' share of benefit-related costs	Varies from 0% to 50%, depending on applicable retirement year and bargaining unit

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

The actuarial assumptions used in the July 1, 2025 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

Note 3 - Detailed Notes on All Funds (Continued)

The School District's change in the total OPEB liability for the year ended June 30, 2026 is as follows:

Total OPEB Liability - Beginning of Year	$ 104,015,678
Service cost	3,066,136
Interest	5,492,850
Changes of benefit terms	-
Differences between expected and actual experience	(3,291,452)
Changes in assumptions or other inputs	11,242,706
Benefit payments	(2,937,381)
Total OPEB Liability - End of Year	$ 117,588,537

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.67%) or 1 percentage point higher (5.67%) than the current discount rate:

	1% Decrease (3.67%)	Current Discount Rate (4.67%)	1% Increase (5.67%)
Total OPEB Liability	$ 137,780,402	$ 117,588,537	$ 101,389,070

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.4% decreasing to 2.8%) or 1 percentage point higher (6.4% decreasing to 4.8%) than the current healthcare cost trend rates:

	1% Decrease (4.4% decreasing to 2.8%)	Current Healthcare Cost Trend Rates (5.4% decreasing to 3.8%)	1% Increase (6.4% decreasing to 4.8%)
Total OPEB Liability	$ 98,518,214	$ 117,588,537	$ 142,205,243

For the year ended June 30, 2026, the School District recognized OPEB expense of $4,420,732 in the district-wide financial statements. At June 30, 2026, the School District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	$ 12,885,838	$ 25,466,280
Differences between expected and actual experience	3,932,696	6,879,721
	$ 16,818,534	$ 32,346,001

Note 3 - Detailed Notes on All Funds (Continued)

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

Year Ended June 30,	
2027	$ (2,986,076)
2028	(4,264,048)
2029	(4,586,490)
2030	(1,971,759)
2031	(2,070,884)
Thereafter	351,790
	$ (15,527,467)

E. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

	Transfers In		
Transfers Out	Special Aid Fund	Debt Service Fund	Total
General Fund	$ 57,554	$ 6,509,681	$ 6,567,235

Transfers are used to 1) move funds from the operating funds to the Debt Service Fund as debt service principal and interest payments become due and 2) move amounts earmarked in the operating funds to fulfill commitments for Special Aid Fund expenditures.

F. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation/amortization and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, less unexpended bond proceeds and unrestricted interest earnings.

Restricted for Future Capital Projects - the component of net position that has been established in accordance with the Education Law of the State of New York to set aside funds to be used for future capital projects.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Tax Certiorari - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

Restricted for ERS Retirement Contributions - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for TRS Retirement Contributions - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for Net Pension Asset - TRS - the component of net position that reports the amount of the TRS net pension asset in accordance with GASB Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*".

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

Restricted for Property Damage - the component of net position that has been established pursuant to the General Municipal Law of the State of New York to set aside funds to be used to self-insure the School District for its annual property damage insurance deductibles.

Restricted for Unemployment Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

Restricted for Repairs - the component of net position that has been established pursuant to Section 6-d of the General Municipal Law of the State of New York to set aside funds to be used for repairs of capital improvements or equipment.

Restricted for Special Purposes - the component of net position that has been established to set aside funds to be used for extraclassroom activities and other purposes with constraints placed on their use by either external parties and/or statute.

Restricted for Permanent Fund - the component of net position that reports the difference between assets and liabilities of the non-expendable trust with constraints placed on their use by external parties.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Note 3 - Detailed Notes on All Funds (Continued)

G. Fund Balances

	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Inventories	$ -	$ -	$ -	$ 595	$ 595
Prepaid expenditures	2,697,877	-	-	-	2,697,877
Permanent Fund	-	-	-	592,839	592,839
Total Nonspendable	2,697,877	-	-	593,434	3,291,311
Restricted:					
Tax certiorari	2,888,203	-	-	-	2,888,203
Unemployment benefits	160,885	-	-	-	160,885
Employee benefit accrued liability	483,729	-	-	-	483,729
ERS retirement contributions	1,950,045	-	-	-	1,950,045
ERS retirement contributions - for subsequent year's expenditures	800,000	-	-	-	800,000
TRS retirement contributions	2,137,426	-	-	-	2,137,426
TRS retirement contributions - for subsequent year's expenditures	180,000	-	-	-	180,000
Property damage	38,192	-	-	-	38,192
Repairs	611,222	-	-	-	611,222
Debt service	-	-	4,697,870	-	4,697,870
Debt service - for subsequent year's expenditures	-	-	858,750	-	858,750
Future capital projects	493,550	-	-	-	493,550
Special purposes - extraclassroom activities	-	-	-	92,134	92,134
Special purposes - other	-	-	-	601,645	601,645
Permanent Fund	-	-	-	65,304	65,304
Total Restricted	9,743,252	-	5,556,620	759,083	16,058,955
Assigned:					
Purchases on order:					
General government support	170,727	-	-	-	170,727
Instruction	24,449	-	-	-	24,449
Community services	1,284	-	-	-	1,284
	196,460	-	-	-	196,460
For subsequent year's expenditures - General Fund	1,230,000	-	-	-	1,230,000
School Lunch Fund	-	-	-	60,232	60,232
Total Assigned	1,426,460	-	-	60,232	1,486,692
Unassigned	3,930,389	(1,183,555)	-	-	2,746,834
Total Fund Balances	$ 17,797,978	$ (1,183,555)	$ 5,556,620	$ 1,412,749	$ 23,583,792

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Note 3 - Detailed Notes on All Funds (Continued)

Prepaid Expenditures have been provided to account for certain payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The corpus of the Permanent Fund has been classified as nonspendable to indicate the portion of the trust with constraints placed on its use by external parties.

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6-p of the General Municipal Law of the State of New York to provide funds for the payment for accrued leave time granted upon termination or separation from service.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2026, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

Assigned for School Lunch Fund represents the component of fund balance that reports the difference between assets and liabilities of the School Lunch Fund.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficits in certain projects until authorized financing has been consummated.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

The School District is also a defendant in actions in which, on occasion, parents seek reimbursement for tuition paid by them to private schools where they have unilaterally placed (enrolled) their children. If the parents were successful in these claims, they could receive reimbursement for both tuition and attorneys' fees. The School District rigorously contests any liability for these claims, as it feels: a) it had provided an appropriate placement for the children at issue; and b) the parents' unilateral placement are not consistent with the Individuals with Educational Disabilities Act. As mentioned above, the School District is contending that any and all cases should be dismissed but has potential liability of $275,000 on one of these matters. However, it is not possible to express an opinion on the outcome of these matters.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

C. Risk Management

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

The School District purchases various insurance coverages from NYSIR to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to $1 million per occurrence. The School District also maintains liability coverage for school board members up to $3 million and an excess liability policy with coverage up to $30 million. Property insurance for fire loss is also maintained for the School District's buildings and contents. In addition, the School District has established a restricted fund balance for property damage in the General Fund to be used to cover the deductible portion of property damage insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District and neighboring school districts in Southern Westchester County participate in the State-Wide Schools Cooperative Health Plan. This Plan operates under an agreement, as amended, dated December 12, 1985. The purposes of the Plan are to effect cost savings in members' expenses for health coverage; to provide for centralized administration, funding and disbursements for health coverage; and to provide for such risk management services as may be appropriate to reduce future expense and liability for health coverage. The governance of the Plan

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

shall be in all respects in the hands of the Board of Trustees. The Board of Trustees shall consist of seven trustees elected by the general membership of the Plan. No action may be taken by the Board of Trustees except by a vote of a majority of the total number of trustees. Billings to participants are based upon coverage provided to each participant's employees. The School District has transferred all related risk to the Plan.

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

There were no significant reductions in insurance coverage from the previous fiscal year, nor have settlements exceeded insurance coverage in any of the prior three fiscal years.

Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 105, *"Subsequent Events*", has been issued to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2026.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the School District believes will most impact its financial statements. The School District will evaluate the impact that this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

Note 6 - Subsequent Events

The School District, in July 2026, issued bond anticipation notes to provide original financing for the 2025 Bond Propositions capital projects in the amount of $30,500,000 with interest at 4.0% and maturing on July 8, 2027.

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Pelham Union Free School District, New York

Required Supplementary Information
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget - over (under) Final Budget	Actual Amounts	Encumbr-ances	Variance with Final Budget - over (under) Actual and Encumbrances
	Original Budget	Final Budget				
REVENUES						
Real property taxes	$ 73,076,176	$ 73,076,176	$ -	$ 73,076,176	$	$ -
Other tax items	1,299,745	1,299,745	-	1,299,745		-
Non-property taxes	1,400,000	1,400,000	-	1,475,452		75,452
Charges for services	812,378	812,378	-	895,172		82,794
Use of money and property	1,112,976	1,112,976	-	1,278,434		165,458
Sale of property and compensation for loss	1,000	1,000	-	43,538		42,538
State aid	13,657,725	13,657,725	-	14,082,764		425,039
Miscellaneous	495,000	495,000	-	629,819		134,819
Total Revenues	91,855,000	91,855,000	-	92,781,100		926,100
EXPENDITURES						
Current						
General support						
Board of education	128,200	137,950	9,750	123,760	-	(14,190)
Central administration	619,524	663,724	44,200	653,615	2,250	(7,859)
Finance	980,598	1,007,098	26,500	981,824	-	(25,274)
Staff	699,536	721,279	21,743	672,462	-	(48,817)
Central services	7,110,493	6,677,293	(433,200)	5,498,937	168,477	(1,009,879)
Special items	1,083,315	1,521,671	438,356	1,502,629	-	(19,042)
Total General Support	10,621,666	10,729,015	107,349	9,433,227	170,727	(1,125,061)
Instruction						
Instruction, administration and improvement	3,628,942	3,871,306	242,364	3,785,276	17,391	(68,639)
Teaching - Regular school	33,686,539	33,666,041	(20,498)	33,031,739	4,603	(629,699)
Programs for students with disabilities	10,032,073	10,613,200	581,127	9,922,791	-	(690,409)
Instructional media	1,369,764	1,376,113	6,349	1,188,028	336	(187,749)
Pupil services	5,857,009	6,047,684	190,675	5,732,638	2,119	(312,927)
Total Instruction	54,574,327	55,574,344	1,000,017	53,660,472	24,449	(1,889,423)
Pupil transportation	2,347,286	2,317,840	(29,446)	2,266,054	-	(51,786)
Community services	96,440	96,441	1	60,551	1,284	(34,606)
Employee benefits	22,238,441	21,522,177	(716,264)	21,143,307	-	(378,870)
Debt Service						
Principal	207,272	207,272	-	173,399	-	(33,873)
Interest	10,000	10,000	-	1,833	-	(8,167)
Total Expenditures	90,095,432	90,457,089	361,657	86,738,843	196,460	(3,521,786)
Excess of Revenues Over Expenditures	1,759,568	1,397,911	(361,657)	6,042,257	(196,460)	4,447,886
OTHER FINANCING SOURCES (USES)						
Transfers in	2,225,000	2,225,000	-	-	-	(2,225,000)
Transfers out	(6,549,681)	(6,618,181)	(68,500)	(6,567,235)	-	50,946
Total Other Financing Uses	(4,324,681)	(4,393,181)	(68,500)	(6,567,235)	-	(2,174,054)
Net Change in Fund Balance	(2,565,113)	(2,995,270)	(430,157)	(524,978)	$ (196,460)	$ 2,273,832
FUND BALANCE						
Beginning of Year	2,565,113	2,995,270	430,157	18,322,956		
End of Year	$ -	$ -	$ -	$ 17,797,978		

See independent auditors' report.

1. Budgetary Basis and Control

The District annually adopts a legally authorized budget for the General Fund. The budget is approved by District voters in accordance with New York State Education Law and is prepared on a basis consistent with generally accepted accounting principles. If the proposed budget is not approved by the voters, the Board of Education may adopt a contingency budget or resubmit the original or a revised budget for voter approval. If a resubmitted budget is not approved, the Board is required to adopt a contingency budget in accordance with New York State Education Law.

The Board of Education establishes legal budgetary control at the function level. Transfers between functions and other budget amendments requiring modification at the legal level of control require Board approval.

Annual budgets are not adopted for the Special Aid, School Lunch, Debt Service, Special Purpose or Permanent Funds because their activities are controlled through grant agreements, debt requirements or other legal or contractual restrictions. The Capital Projects Fund is budgeted on a project basis rather than through an annual budget.

General Fund appropriations lapse at year-end except for outstanding encumbrances, which are carried forward and included in the subsequent year's budget.

Encumbrance accounting is used in the General Fund to record purchase orders, contracts and other commitments against applicable appropriations. Outstanding encumbrances at year-end do not constitute expenditures or liabilities and are generally reported as assigned fund balance. For purposes of evaluating compliance with the legally adopted budget, outstanding encumbrances are considered together with actual expenditures.

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2. General Fund Budgetary Highlights

Differences - Original Budget to Final Budget

	Variance with Original Budget - over (under) Final Budget	
EXPENDITURES		
Instruction -		
Programs for students with disabilities	$ 581,127	Fluctuations in anticipated and actual student need
Employee benefits	(716,264)	Use of budgeted contingent funds in other budget areas, as well as changes in budgeted versus actual health benefit census.

Differences - Final Budget to Actual Amounts and Encumbrances

	Variance with Final Budget - over (under) Actual Amounts and Encumbrances	
EXPENDITURES		
General support -		
Central services	$ (1,009,879)	Unused fuel and repair contingencies, mid-year facilities staffing attrition, and lower-than-anticipated repairs required.
Instruction -		
Teaching - Regular school	(629,699)	Savings in teacher salaries, BOCES services, and contractual services across the district.
Programs for students with disabilities	(690,409)	Savings based on projected versus actual student need for out-of-district placements, related services, and supervision.
OTHER FINANCING SOURCES		
Transfers in	(2,225,000)	The district did not utilize the planned appropriated funds from the Debt Service Fund.

Required Supplementary Information - Schedule of Changes in the
School District's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years (1) (2)

	2026	2025	2024
Total OPEB Liability:			
Service cost	$ 3,066,136	$ 4,324,780	$ 4,589,374
Interest	5,492,850	4,852,722	4,300,851
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(3,291,452)	-	5,471,246
Changes of assumptions or other inputs	11,242,706	(22,911,512)	(5,750,447)
Benefit payments	(2,937,381)	(2,782,086)	(2,619,351)
Net Change in Total OPEB Liability	13,572,859	(16,516,096)	5,991,673
Total OPEB Liability – Beginning of Year	104,015,678	120,531,774	114,540,101
Total OPEB Liability – End of Year	$ 117,588,537	$ 104,015,678	$ 120,531,774
School District's covered - employee payroll	$ 44,035,717	$ 41,438,739	$ 41,438,739
Total OPEB liability as a percentage of covered - employee payroll	267%	251%	291%
Discount Rate	4.67%	5.20%	3.93%

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*".
(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.
(3) Restated for the implementation of the provisions of GASB Statement No. 75.

See independent auditors' report.

2023	2022	2021	2020	2019	2018	
$ 4,151,767	$ 5,055,066	$ 5,260,581	$ 4,187,489	$ 4,709,439	$ 4,572,271	
3,875,289	2,804,581	2,721,203	3,560,840	3,172,791	3,008,303	
-	-	-	-	-	-	
-	(10,944,065)	-	3,276,376	-	(106,601)	
2,411,938	(14,037,589)	1,169,764	11,451,243	(9,208,820)	-	
(2,416,142)	(2,282,657)	(2,188,940)	(2,116,712)	(2,230,713)	(2,027,248)	
8,022,852	(19,404,664)	6,962,608	20,359,236	(3,557,303)	5,446,725	
106,517,249	125,921,913	118,959,305	98,600,069	102,157,372	96,710,647	(3)
$ 114,540,101	$ 106,517,249	$ 125,921,913	$ 118,959,305	$ 98,600,069	$ 102,157,372	
$ 37,646,389	$ 37,646,389	$ 37,883,045	$ 37,883,045	$ 39,525,587	$ 38,564,429	
304%	283%	332%	314%	249%	265%	
3.65%	3.54%	2.16%	2.21%	3.50%	3.50%	

Pelham Union Free School District, New York

Required Supplementary Information -
New York State Teachers' Retirement System
Last Ten Fiscal Years

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (1)

	2026 (3)	2025 (3)	2024 (3)	2023 (2)
School District's proportion of the net pension liability (asset)	0.214241%	0.211509%	0.208021%	0.206896%
School District's proportionate share of the net pension liability (asset)	$ (12,685,341)	$ (6,310,612)	$ 2,378,893	$ 3,970,116
School District's covered payroll	$ 42,276,034	$ 40,488,797	$ 38,191,422	$ 36,833,571
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(30.01%)	(15.59%)	6.23%	10.78%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.99%	102.09%	99.17%	98.57%
Discount Rate	6.95%	6.95%	6.95%	6.95%

Schedule of Contributions

	2026	2025	2024	2023
Contractually required contribution	$ 4,049,960	$ 4,274,107	$ 3,951,707	$ 3,929,897
Contributions in relation to the contractually required contribution	(4,049,960)	(4,274,107)	(3,951,707)	(3,929,897)
Contribution excess	$ -	$ -	$ -	$ -
School District's covered payroll	$ 42,231,079	$ 42,276,034	$ 40,488,797	$ 38,191,422
Contributions as a percentage of covered payroll	9.59%	10.11%	9.76%	10.29%

(1) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(2) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(3) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

2022 (3)	2021 (2)	2020 (3)	2019 (3)	2018 (3)	2017
0.209724%	0.209665%	0.211381%	0.215111%	0.211517%	0.207153%
$ (36,343,130)	$ 5,793,618	$ (5,491,687)	$ (3,889,780)	$ (1,607,743)	$ 2,218,696
$ 35,588,678	$ 35,576,040	$ 35,298,842	$ 35,031,818	$ 33,560,549	$ 31,965,022
(102.12%)	16.29%	(15.56%)	(11.10%)	(4.79%)	6.94%
113.25%	97.78%	102.17%	101.53%	100.66%	99.01%
6.95%	7.10%	7.10%	7.25%	7.25%	7.50%

2022	2021	2020	2019	2018	2017
$ 3,609,690	$ 3,391,601	$ 3,152,037	$ 3,748,737	$ 3,433,056	$ 3,933,296
(3,609,690)	(3,391,601)	(3,152,037)	(3,748,737)	(3,433,056)	(3,933,296)
$ -	$ -	$ -	$ -	$ -	$ -
$ 36,833,571	$ 35,588,678	$ 35,576,040	$ 35,298,842	$ 35,031,818	$ 33,560,549
9.80%	9.53%	8.86%	10.62%	9.80%	11.72%

Pelham Union Free School District, New York

Required Supplementary Information -
New York State and Local Employees' Retirement System
Last Ten Fiscal Years

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (1)

	2026 (3)	2025 (2)	2024 (3)	2023 (2)
School District's proportion of the net pension liability (asset)	0.0157611%	0.0163401%	0.0174364%	0.0177247%
School District's proportionate share of the net pension liability (asset)	$ 889,200	$ 2,801,621	$ 2,567,343	$ 3,800,893
School District's covered payroll	$ 6,475,934	$ 6,123,736	$ 5,849,447	$ 5,765,825
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	13.73%	45.75%	43.89%	65.92%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.78%	102.09%	93.88%	90.78%
Discount Rate	5.90%	5.90%	5.90%	5.90%

Schedule of Contributions

	2026	2025	2024	2023
Contractually required contribution	$ 1,054,274	$ 909,742	$ 731,201	$ 641,459
Contributions in relation to the contractually required contribution	(1,054,274)	(909,742)	(731,201)	(641,459)
Contribution excess	$ -	$ -	$ -	$ -
School District's covered payroll	$ 6,564,154	$ 6,118,954	$ 5,963,297	$ 5,769,825
Contributions as a percentage of covered payroll	16.06%	14.87%	12.26%	11.12%

(1) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(2) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(3) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

2022 (3)	2021(3)	2020 (2)	2019 (2)	2018 (3)	2017
0.0169553%	0.0163705%	0.0177388%	0.0173644%	0.0176969%	0.0172707%
$ (1,386,024)	$ 16,301	$ 4,697,324	$ 1,230,324	$ 571,159	$ 1,622,792
$ 5,291,033	$ 5,318,698	$ 5,313,232	$ 5,380,073	$ 5,149,195	$ 4,674,007
(26.20%)	0.31%	88.41%	22.87%	11.09%	34.72%
103.65%	99.95%	86.39%	96.27%	98.24%	94.70%
5.90%	5.90%	6.80%	7.00%	7.00%	7.00%

2022	2021	2020	2019	2018	2017
$ 822,919	$ 740,209	$ 733,681	$ 755,496	$ 760,502	$ 673,144
(822,919)	(740,209)	(733,681)	(755,496)	(760,502)	(673,144)
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,355,728	$ 5,613,740	$ 5,229,377	$ 5,408,128	$ 5,160,467	$ 4,744,940
15.37%	13.19%	14.03%	13.97%	14.74%	14.19%

Pelham Union Free School District, New York

General Fund
Schedule of Revenues and Other Financing Sources Compared to Budget
Year Ended June 30, 2026

	Original Budget	Final Budget	Actual	Variance with Final Budget - over (under) Actual
REAL PROPERTY TAXES	$ 73,076,176	$ 73,076,176	$ 73,076,176	$ -
OTHER TAX ITEMS				
School tax relief reimbursement	1,299,745	1,299,745	1,299,745	-
NON-PROPERTY TAXES				
Non-property tax distribution from County	1,400,000	1,400,000	1,475,452	75,452
CHARGES FOR SERVICES				
Day school tuition	752,378	752,378	832,560	80,182
Youth services for other districts	60,000	60,000	62,612	2,612
	812,378	812,378	895,172	82,794
USE OF MONEY AND PROPERTY				
Earnings on investments	1,050,000	1,050,000	1,211,090	161,090
Rental of real property	62,976	62,976	67,344	4,368
	1,112,976	1,112,976	1,278,434	165,458
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Minor sales and insurance recovery	1,000	1,000	43,538	42,538
STATE AID				
Basic formula	8,663,468	8,663,468	8,345,619	(317,849)
Lottery aid	2,769,253	2,769,253	3,136,110	366,857
Textbook aid	230,367	230,367	213,200	(17,167)
Computer software aid	28,432	28,432	28,472	40
BOCES aid	1,923,487	1,923,487	2,284,761	361,274
Library loan program	17,718	17,718	17,718	-
Other	25,000	25,000	56,884	31,884
	13,657,725	13,657,725	14,082,764	425,039
MISCELLANEOUS				
Refund of prior year's expenditures	125,000	125,000	143,851	18,851
Arts in education	200,000	200,000	182,924	(17,076)
Refund of BOCES aided services	150,000	150,000	294,044	144,044
Other	20,000	20,000	9,000	(11,000)
	495,000	495,000	629,819	134,819
TOTAL REVENUES	91,855,000	91,855,000	92,781,100	926,100
OTHER FINANCING SOURCES				
Transfers in				
Debt Service Fund	2,225,000	2,225,000	-	(2,225,000)
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 94,080,000	$ 94,080,000	$ 92,781,100	$ (1,298,900)

See independent auditors' report.

Pelham Union Free School District, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2026

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget - over (under) Actual and Encumbrances
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	$ 82,750	$ 85,950	$ 79,401	$ -	$ (6,549)
District clerk	15,450	17,500	17,500	-	-
District meetings	30,000	34,500	26,859	-	(7,641)
Total Board of Education	128,200	137,950	123,760	-	(14,190)
CENTRAL ADMINISTRATION					
Chief school administration	619,524	663,724	653,615	2,250	(7,859)
FINANCE					
Business administration	898,598	925,098	903,572	-	(21,526)
Auditing	82,000	82,000	78,252	-	(3,748)
Total Finance	980,598	1,007,098	981,824	-	(25,274)
STAFF					
Legal	140,000	195,000	178,616	-	(16,384)
Personnel	452,392	412,535	380,111	-	(32,424)
Public information and service	107,144	113,744	113,735	-	(9)
Total Staff	699,536	721,279	672,462	-	(48,817)
CENTRAL SERVICES					
Operation and maintenance of plant	7,110,493	6,677,293	5,498,937	168,477	(1,009,879)
SPECIAL ITEMS					
Unallocated insurance	581,114	596,114	590,399	-	(5,715)
School association dues	25,000	18,200	7,231	-	(10,969)
Assessments on school property and judgements and claims	55,000	55,000	53,042	-	(1,958)
Refunds of real property taxes	1,000	431,156	430,756	-	(400)
Administrative charge - BOCES	421,201	421,201	421,201	-	-
Total Special Items	1,083,315	1,521,671	1,502,629	-	(19,042)
Total General Support	10,621,666	10,729,015	9,433,227	170,727	(1,125,061)
INSTRUCTION					
INSTRUCTION, ADMINISTRATION AND IMPROVEMENT					
Curriculum development and supervision	155,000	188,800	174,952	500	(13,348)
Supervision - Regular school	2,868,596	3,056,160	3,015,197	3,162	(37,801)
Research, planning and evaluation	50,350	50,350	38,052	1,145	(11,153)
In-service training - Instruction	554,996	575,996	557,075	12,584	(6,337)
Total Instruction, Administration and Improvement	3,628,942	3,871,306	3,785,276	17,391	(68,639)
TEACHING - REGULAR SCHOOL	33,686,539	33,666,041	33,031,739	4,603	(629,699)
PROGRAMS FOR STUDENTS WITH DISABILITIES	10,032,073	10,613,200	9,922,791	-	(690,409)

(Continued)

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	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget - over (under) Actual and Encumbrances
INSTRUCTIONAL MEDIA					
Computer assisted instruction	$ 614,971	$ 614,971	$ 440,011	$ 336	$ (174,624)
School library and audiovisual	754,793	761,142	748,017	-	(13,125)
Total Instructional Media	1,369,764	1,376,113	1,188,028	336	(187,749)
PUPIL SERVICES					
Attendance - Regular school	827,742	937,699	785,540	-	(152,159)
Guidance - Regular school	1,672,946	1,700,194	1,663,585	-	(36,609)
Health services - Regular school	676,289	697,009	653,478	-	(43,531)
Psychological services - Regular school	1,067,408	1,067,408	1,066,385	-	(1,023)
Social work services - Regular school	226,841	226,841	226,013	-	(828)
Co-curricular activities - Regular school	250,161	250,161	226,312	-	(23,849)
Interscholastic activities - Regular school	1,135,622	1,168,372	1,111,325	2,119	(54,928)
Total Pupil Services	5,857,009	6,047,684	5,732,638	2,119	(312,927)
Total Instruction	54,574,327	55,574,344	53,660,472	24,449	(1,889,423)
PUPIL TRANSPORTATION					
Pupil transportation	2,347,286	2,317,840	2,266,054	-	(51,786)
COMMUNITY SERVICES					
Recreation and other community services	96,440	96,441	60,551	1,284	(34,606)
EMPLOYEE BENEFITS					
State retirement	1,153,740	1,105,740	1,105,729	-	(11)
Teachers' retirement	4,160,667	4,160,667	4,034,482	-	(126,185)
Social security	3,922,558	3,922,558	3,762,645	-	(159,913)
Workers' compensation benefits	236,878	236,878	235,539	-	(1,339)
Unemployment benefits	20,000	-	-	-	-
Health insurance	11,910,498	11,187,234	11,133,453	-	(53,781)
Employee benefit fund	694,100	694,100	659,856	-	(34,244)
Other unallocated benefits	140,000	215,000	211,603	-	(3,397)
Total Employee Benefits	22,238,441	21,522,177	21,143,307	-	(378,870)
DEBT SERVICE					
Leases					
Principal	207,272	207,272	173,399	-	(33,873)
Interest	10,000	10,000	1,833	-	(8,167)
Total Debt Service	217,272	217,272	175,232	-	(42,040)
TOTAL EXPENDITURES	90,095,432	90,457,089	86,738,843	196,460	(3,521,786)
OTHER FINANCING USES					
Transfers out					
Special Aid Fund	40,000	108,500	57,554	-	(50,946)
Debt Service Fund	6,509,681	6,509,681	6,509,681	-	-
TOTAL OTHER FINANCING USES	6,549,681	6,618,181	6,567,235	-	(50,946)
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 96,645,113	$ 97,075,270	$ 93,306,078	$ 196,460	$ (3,572,732)

See independent auditors' report.

Pelham Union Free School District, New York

Capital Projects Fund
Project-Length Schedule
Inception of Project Through June 30, 2026

Project	Current Project Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
2025 Bond Propositions				
High School Renovations	$ 27,315,000	$ -	$ 54,676	$ 54,676
Colonial School Renovations	12,610,000	-	587,148	587,148
Siwanoy Renovations and Addition	42,570,000	-	739,173	739,173
Prospect Hill Renovations	16,280,000	-	747,340	747,340
Total 2025 Bond Propositions	98,775,000	-	2,128,337	2,128,337
Reconstruction				
High School Masonry	500,000	86,758	-	86,758
Middle School HVAC				
Rooftop Units	1,854,700	734,515	1,095,109	1,829,624
Glover Field Turf Replacement	850,000	685,644	-	685,644
Property Acquisition	1,850,000	145,000	1,362,892	1,507,892
Totals	$ 103,829,700	$ 1,651,917	$ 4,586,338	$ 6,238,255

See independent auditors' report.

Unexpended Balance	Method of Financing: Interfund Transfers	Fund Balances (Deficits) at June 30, 2026
$ 27,260,324	$ -	$ (54,676)
12,022,852	-	(587,148)
41,830,827	-	(739,173)
15,532,660	-	(747,340)
96,646,663	-	(2,128,337)
413,242	500,000	413,242
25,076	1,854,700	25,076
164,356	850,000	164,356
342,108	1,850,000	342,108
$ 97,591,445	$ 5,054,700	$ (1,183,555)

Pelham Union Free School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2026

	School Lunch	Special Purpose	Permanent	Total Non-Major Governmental Funds
ASSETS				
Cash and equivalents	$ 73,980	$ 788,593	$ 26,739	$ 889,312
Investments	-	-	631,404	631,404
State and Federal aid receivable	147,921	-	-	147,921
Inventories	595	-	-	595
Total Assets	$ 222,496	$ 788,593	$ 658,143	$ 1,669,232
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 97,900	$ 14,861	$ -	$ 112,761
Accrued liabilities	1,637	-	-	1,637
Due to other governments	84	-	-	84
Unearned revenues	62,048	-	-	62,048
Due to other funds	-	79,953	-	79,953
Total Liabilities	161,669	94,814	-	256,483
Fund balances				
Nonspendable	595	-	592,839	593,434
Restricted	-	693,779	65,304	759,083
Assigned	60,232	-	-	60,232
Total Fund Balances	60,827	693,779	658,143	1,412,749
Total Liabilities and Fund Balances	$ 222,496	$ 788,593	$ 658,143	$ 1,669,232

See independent auditors' report.

Pelham Union Free School District, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2026

	School Lunch	Special Purpose	Permanent	Total Non-Major Governmental Funds
REVENUES				
Use of money and property	$ 767	$ 5,856	$ 23,453	$ 30,076
State aid	612,075	-	-	612,075
Federal aid	227,450	-	-	227,450
Food sales	361,957	-	-	361,957
Miscellaneous	-	767,234	-	767,234
Total Revenues	1,202,249	773,090	23,453	1,998,792
EXPENDITURES				
Current				
Cost of food sales	1,201,078	-	-	1,201,078
Other	-	653,883	-	653,883
Total Expenditures	1,201,078	653,883	-	1,854,961
Excess of Revenues Over Expenditures	1,171	119,207	23,453	143,831
FUND BALANCES				
Beginning of Year	59,656	574,572	634,690	1,268,918
End of Year	$ 60,827	$ 693,779	$ 658,143	$ 1,412,749

See independent auditors' report.

Pelham Union Free School District, New York

General Fund
Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2026

Adopted Budget	$ 96,290,000
Additions	
Encumbrances	355,113
Original Budget	96,645,113
Budget Amendments	430,157
Final Budget	$ 97,075,270

General Fund
Section 1318 of Real Property Tax Law Limit Calculation
Year Ended June 30, 2026

2026-27 Expenditure Budget		$ 98,260,000
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted fund balance		
Assigned fund balance	$ 1,426,460	
Unassigned fund balance	3,930,389	
Total Unrestricted Fund Balance	5,356,849	
Less		
Appropriated for subsequent year's budget	1,230,000	
Encumbrances	196,460	
Total Adjustments	1,426,460	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 3,930,389
Actual Percentage		4.00%

See independent auditors' report.

Pelham Union Free School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2026

Capital Assets, net		$ 85,033,591
Less		
General obligation bonds payable	$ (58,335,000)	
Leases payable	(87,079)	
Unamortized portion of premium on bonds	(3,462,898)	(61,884,977)
Plus		
Unamortized portion of loss on refunding bonds		308,308
Net Investment in Capital Assets		$ 23,456,922

See independent auditors' report.

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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*

Independent Auditors' Report

The Board of Education of the
Pelham Union Free School District, New York

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

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
September 30, 2026