Brewster Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2026

Brewster Central School District, New York

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

The Board of Education of the
Brewster Central 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 Brewster Central 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 October 8, 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
October 8, 2026

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The purpose of management's discussion and analysis ("MD&A") is to help Brewster Central 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, cost of food sales, other, and interest. Governmental activities primarily are financed by real 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*. (See 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,		Total % Change
	2026	2025	2026-2025
ASSETS			
Current and Other Assets	$ 77,051,351	$ 80,036,478	(3.7%)
Net Pension Asset - Proportionate Share	13,256,557	6,861,554	93.2%
Capital Assets, net	118,334,852	92,496,968	27.9%
Total Assets	208,642,760	179,395,000	16.3%
DEFERRED OUTFLOWS OF RESOURCES	30,639,068	24,011,558	27.6%
LIABILITIES			
Current Liabilities	68,130,445	47,158,435	44.5%
Long-term Liabilities	237,894,583	232,880,754	2.2%
Total Liabilities	306,025,028	280,039,189	9.3%
DEFERRED INFLOWS OF RESOURCES	49,502,515	57,113,374	(13.3%)
NET POSITION			
Net Investment in Capital Assets	64,916,649	53,805,256	20.7%
Restricted	37,225,998	27,040,067	37.7%
Unrestricted	(218,388,362)	(214,591,328)	(1.8%)
Total Net Position	$ (116,245,715)	$ (133,746,005)	13.1%

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 ($116.2 million), an increase of $17.5 million or 13.1% compared with 2025.

Governmental Activities

Current and other assets decreased by $2,985,127 primarily due to an increase in spending related to the ongoing capital projects at the School District.

The School District's net pension asset for the New York State Teachers' Retirement System ("TRS") increased by $6,395,003, from $6,861,554 at June 30, 2025 to $13,256,557 at June 30, 2026. The increase reflects a change in the School District's proportionate share of TRS's collective net pension asset, as determined through the pension plan's actuarial measurement. The net pension asset represents the School District's proportionate share of the plan's funded position and is not an amount available to fund School District operations.

Capital assets increased by $25,837,884, 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.

Deferred outflows of resources increased by $6,627,510 primarily due to a $6,401,050 increase in OPEB-related deferred outflows. Deferred inflows of resources decreased by $7,610,859 primarily due to a $12,884,544 decrease in OPEB-related deferred inflows, partially offset by a $5,273,685 increase in pension-related deferred inflows.

Current liabilities increased by $20,972,010 primarily due to an increase of $16,326,000 in bond anticipation notes payable.

Long-term liabilities increased by $5,013,829 from the previous year. The increase was primarily attributable to a $14,524,058 increase in the OPEB liability, partially offset by decreases in bonds, leases, and the net pension liability. The School District's long-term financing activity, including the retirement of outstanding debt, is discussed further in the Significant Capital Asset and Long-Term Financing Activity section in this MD&A.

A large component of the School District's net position ($64,916,649) 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 ($37,225,998) reflects amounts restricted for specific purposes, i.e., capital improvements, debt service, tax certiorari claims, unemployment benefits, retirement system contributions, special purposes, and the net pension asset, etc. There is a negative balance of unrestricted net position of ($218,388,362), 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 Revenue:			
Charges for Services	$ 434,353	$ 475,175	(8.6%)
Operating Grants and Contributions	7,838,101	7,460,878	5.1%
Capital Grants and Contributions	2,207,535	1,643,022	34.4%
Total Program Revenues	10,479,989	9,579,075	9.4%
General Revenue:			
Property Taxes and Tax Items	84,129,440	83,142,660	1.2%
Use of Money and Property	1,268,785	1,400,135	(9.4%)
Unrestricted State Aid	34,134,050	31,828,239	7.2%
Other	1,324,343	2,156,304	(38.6%)
Total General Revenues	120,856,618	118,527,338	2.0%
Total Revenues	131,336,607	128,106,413	2.5%
EXPENSES			
General support	15,780,429	14,282,738	10.5%
Instruction	83,631,728	89,766,217	(6.8%)
Pupil transportation	9,399,540	9,403,607	(0.0%)
Cost of food sales	2,540,817	2,572,337	(1.2%)
Other	401,257	497,402	(19.3%)
Interest	2,082,546	1,341,473	55.2%
Total Expenses	113,836,317	117,863,774	(3.4%)
Change in Net Position	17,500,290	10,242,639	70.9%
Net position - Beginning	(133,746,005)	(143,988,644)	7.1%
Net position - Ending	$ (116,245,715)	$ (133,746,005)	13.1%

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 ($116.2 million), an increase of $17.5 million or 13.1% 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 an increase of $900,914, general revenues increased by $2,329,280 for a total increase of $3,230,194. The primary drivers of these changes were:

- Capital grants and contributions increased by $564,513. This increase is due to increased interest earned on outstanding bond anticipation notes of $50,326,000, of which, $29,903,581 was unspent at the end of the year. The School District also received a premium on the bond anticipation note that was issued during the year in the amount of $851,013.

- Real property taxes increased by $1,295,300. This was due to the 1.28% tax levy increase included in the voter-approved budget.

- Unrestricted State aid increased by $2,305,811. This was due to an increase in the New York State formula used to allocate Foundation Aid. In addition, Excess Cost Aid increased based on expenditures incurred for special needs' students educated in private-placement settings.

- Miscellaneous revenue decreased by $534,241. This was due to a prior year receipt of a one-time payment owed on a delinquent PILOT mortgage.

Expenses:

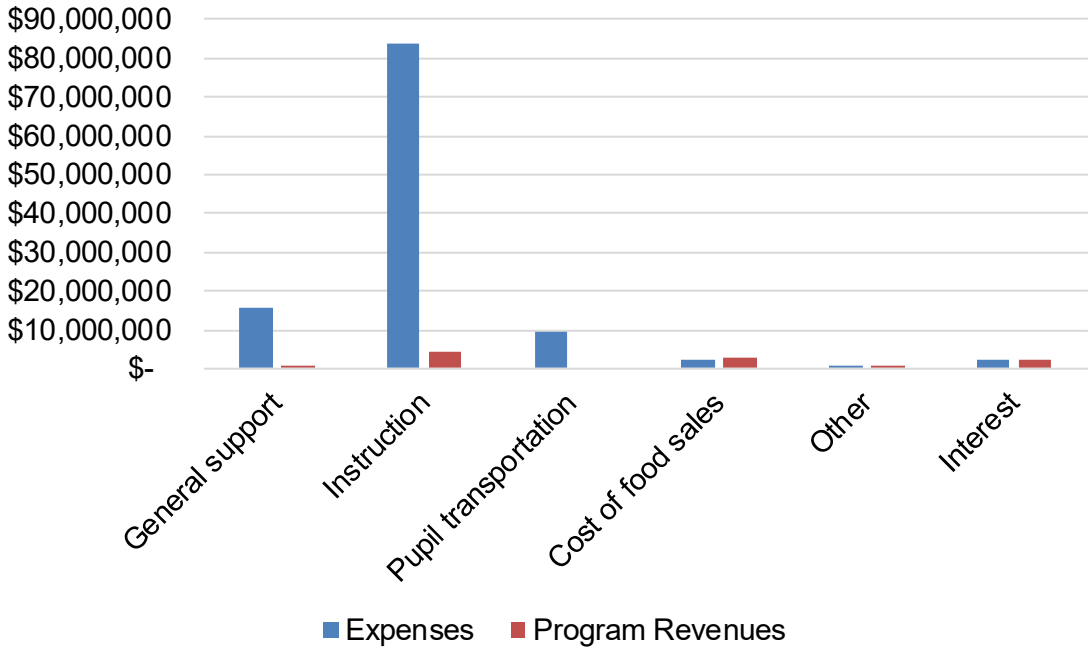
The School District's expenses decreased by $4,027,457. Major factors contributing to the decrease included:

- General support increased by $1,497,691. This was primarily due to increases in property & casualty insurance, non-instructional technology and cyber-security, and operations and maintenance repairs/renovations to our campus.

- Instruction decreased by $6,134,489. This was primarily due to the increase in the net pension asset for the Teachers' Retirement System, which offsets expenses.

- Interest increased by $741,073. This was primarily due to increases in the bond anticipation note borrowing amount, and the interest owed on this debt, as well as, interest rates.

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 $5.1 million, while total fund balance increased to $29.8 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 4.4% of total general fund expenditures, while total fund balance represents 25.3% of that same amount.

Of the General Fund's $29.8 million total fund balance, $ 1.3 million is nonspendable, $22.0 million is restricted and $1.5 million is assigned for specific purposes; therefore, those amounts are not available for general operating purposes. Restricted fund balance includes amounts for tax certioraris ($.41 million), unemployment insurance ($.20 million), employee benefit accrued liability ($3.58 million), ERS/TRS retirement contributions ($7.00 million, including $200,000 for subsequent year's expenditures), and future capital improvements ($10.96 million). Assigned fund balance includes $1.3 million appropriated to balance the 2026-27 adopted budget, and $.25 million for outstanding purchase orders. The remaining $5.14 million is unassigned and available for general purposes, subject to applicable statutory limitations.

The fund balance of the School District's General Fund increased by $3.0 million during the current fiscal year. Significant factors affecting the change in fund balance came from both revenues and expenditures:

- The School District was successful in controlling expenditures during the current year. Certain facility and maintenance projects were completed at lower-than-expected costs. Lower tuition costs due to reduction in the number of students in the programs for students with disabilities resulted in savings. Vacant positions and retirements during the year led to cost savings related to pupil transportation along with savings in social security expenditures. Lastly, each year the School District must estimate how much health insurance costs will increase the following year (i.e. the second half of their next fiscal year). These costs increased less than expected, resulting in significant savings.

- The School District's revenues exceeded expectations by approximately $150,000, which is within less than a percentage point of the expected amount. Unexpected refunds of prior years' expenditures created a surplus in the miscellaneous revenues during the year, which contributed to the increase in fund balance.

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 in annually no change in fund balance being reported. The School District accounts for its Summer Handicapped, Universal Pre-K, IDEA and other various programs in this fund. Revenues (and other financial sources) and expenditures increased by $139,106, or 3%, from the prior year. The School District expended $65,506, $44,820, and $23,005 more in the current year in its Pathways in Tech, Universal Pre-K, and Title II programs, respectively. The School District also expended $32,023 less in the current year in its Title I program.

Capital Projects Fund - Fund balance in the Capital Projects Fund was a deficit of $27.3 million at year end, representing a decrease of $28.4 million from the prior year. The change was primarily attributable to the accounting treatment of bond anticipation note proceeds, which are not recognized as other financing sources until redeemed. Significant project activity during the year included capital outlay expenditures of $30,223,050. 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.

Another reason for the decrease in fund balance for the current year was the use of short-term debt. In the case of the Capital Projects Fund, bond anticipation notes ("BANS") were issued to finance expenditures of certain capital projects. When issued, short-term BANS are reported as a liability on the balance sheet, with no effect on fund balance (i.e., proceeds = liability for debt). However, as the proceeds are spent, the related expenditures cause a decrease in fund balance. BANS in the amount of $50.3 million remained outstanding and were reported as a liability in the Capital Projects Fund at year end, while only $29.9 million of the proceeds remained unspent. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

Debt Service Fund - Fund balance in the Debt Service Fund increased by $1,277,535 to $5,273,705. Use of money and property increased by $564,513, and transfers out increased by $780,000.

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, amounts to $118.3 million (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, improvements other than buildings, buildings and improvements, machinery and equipment, and right-to-use leased equipment. The total increase in capital assets for the current fiscal year was $25.8 million.

Capital Assets (net of depreciation/amortization)

	June 30, 2026	June 30, 2025
Land	$ 2,098,644	$ 2,098,644
Construction-in-progress	45,393,195	15,268,994
Improvements other than buildings	3,519,537	3,420,687
Buildings and improvements	117,763,836	117,763,836
Machinery and equipment	13,344,231	12,411,313
Right-to-use leased equipment	3,337,996	4,158,208
Total	185,457,439	155,121,682
Less: Accumulated Depreciation	(67,122,587)	(62,624,714)
Net Capital Assets	$ 118,334,852	$ 92,496,968

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

- Construction-in-progress additions totaled $30,124,201.
- Machinery and equipment additions totaled $1,367,292.
- Improvements other than buildings additions totaled $98,850.

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 $26,126,156 million, composed of general obligation bond, unamortized premiums on bonds and lease liabilities. During the current year, outstanding principal of long-term financing arrangements and unamortized premiums on bonds decreased by a net of $5,834,764 million.

Long-Term Financings

	June 30, 2026	June 30, 2025
General Obligation Bonds	$ 22,750,000	$ 27,510,000
Unamortized Premium on Bonds	3,015,911	3,432,347
Lease Liabilities	360,245	1,018,573
Total	$ 26,126,156	$ 31,960,920

The $22,750,000 million 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 $4,760,000.

During the current year, the School District repaid $658,328 of lease liabilities.

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 $388.8 million, which is significantly more than the School District's outstanding general obligation debt.

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

Currently Known Facts, Decisions or Conditions

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

- Capital improvement program - In March 2023, voters approved $83.1 million of capital improvements. The Capital Projects Fund project-length schedule reports $37.6M of unexpended authorization at June 30, 2026. It is anticipated that all projects will be completed by September 2027.
- Like most school districts in New York State, student enrollment has been slightly declining by approximately 1% each year for the past two decades.
- The School District has adopted Tax Levies below the "Tax Cap" in ten out of fifteen years resulting in cumulative tax relief of nearly $11M. It is the intent of the School District to continue developing budgets at or below the "Tax Cap" in future years.
- Future State Aid increases figure to be minimal as the State struggles to balance its budget each year.
- While future salary costs have been contained by changes to various collective bargaining agreements, increases to employer-mandated pension and health insurance contributions continue to strain future budgets.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was $5.1 million. The School District has appropriated $1.5 million for spending in the 2026-2027 fiscal year budget. This allocation represents just 1.2% of the ensuing year's budget, used to offset contingency on the expenditure-side of the budget.

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:

Brewster Central School District
Attn: Victor Karlsson, CPA
Assistant Superintendent for Finance and Operations
30 Farm to Market Road
Brewster, New York 10509.

Brewster Central School District, New York

Statement of Net Position
June 30, 2026

	Governmental Activities
ASSETS	
Cash and equivalents	$ 4,603,591
Investments	64,973,441
Receivables	
Accounts	53,141
State and Federal aid	6,044,104
Due from other governments	163,678
Inventories	48,247
Prepaid expenses	1,165,149
Net pension asset - TRS	13,256,557
Capital assets	
Not being depreciated	47,491,839
Being depreciated/amortized, net	70,843,013
Total Assets	208,642,760
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	19,858,937
OPEB related	10,780,131
Total Deferred Outflows of Resources	30,639,068
LIABILITIES	
Accounts payable	9,432,919
Accrued liabilities	1,171,849
Employee payroll deductions	153,610
Due to other governments	31,278
Due to retirement systems	5,930,355
Bond anticipation notes payable	50,326,000
Unearned revenues	151,378
Accrued interest payable	933,056
Non-current liabilities	
Due within one year	12,827,380
Due in more than one year	225,067,203
Total Liabilities	306,025,028
DEFERRED INFLOWS OF RESOURCES	
Pension related	14,301,230
OPEB related	35,201,285
Total Deferred Inflows of Resources	49,502,515
NET POSITION	
Net investment in capital assets	64,916,649
Restricted	
Capital improvements	10,957,026
Debt service	5,273,705
Tax certiorari	406,776
Unemployment benefits	20,000
ERS retirement system contributions	2,601,964
TRS retirement system contributions	4,396,048
Special purposes	
Extraclassroom activities	191,592
Other	122,330
Net pension asset - TRS	13,256,557
Unrestricted	(218,388,362)
Total Net Position	$ (116,245,715)

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

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Brewster Central 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	$ 15,780,429	$ 13,970	$ 689,804	$ -	$ (15,076,655)
Instruction	83,631,728	-	4,329,468	-	(79,302,260)
Pupil transportation	9,399,540	-	-	-	(9,399,540)
Cost of food sales	2,540,817	420,383	2,381,260	-	260,826
Other	401,257	-	437,569	-	36,312
Interest	2,082,546	-	-	2,207,535	124,989
Total Governmental Activities	$ 113,836,317	$ 434,353	$ 7,838,101	$ 2,207,535	(103,356,328)
General revenues					
Real property taxes					80,068,014
Other tax items					
School tax relief reimbursement					3,495,718
Payments in lieu of taxes					507,283
Interest and penalties on real property taxes					58,425
Unrestricted use of money and property					1,268,785
Sale of property and compensation for loss					4,000
Unrestricted State aid					34,134,050
Miscellaneous					1,302,713
Insurance recoveries					17,630
Total General Revenues					120,856,618
Change in Net Position					17,500,290
NET POSITION					
Beginning					(133,746,005)
Ending					$ (116,245,715)

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

Brewster Central School District, New York

Balance Sheet
Governmental Funds
June 30, 2026

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	$ 3,812,124	$ 10,000	$ 252,990
Investments	31,880,201	-	27,819,537
Receivables			
Accounts	53,141	-	-
State and Federal aid	3,085,738	2,669,103	-
Due from other governments	126,576	37,102	-
Due from other funds	2,286,870	31,516	3,160,000
Inventories	-	-	-
Prepaid expenditures	1,131,613	33,536	-
Total Assets	$ 42,376,263	$ 2,781,257	$ 31,232,527
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 2,156,655	$ 372,723	$ 6,869,628
Accrued liabilities	1,090,410	57,372	-
Employee payroll deductions	153,610	-	-
Due to other funds	3,206,152	2,262,416	1,328,946
Due to other governments	30,764	-	-
Due to retirement systems	5,930,355	-	-
Bond anticipation notes payable	-	-	50,326,000
Unearned revenues	28,005	88,746	-
Total Liabilities	12,595,951	2,781,257	58,524,574
Fund balances			
Nonspendable	1,131,613	33,536	-
Restricted	21,960,799	-	-
Assigned	1,549,086	-	-
Unassigned	5,138,814	(33,536)	(27,292,047)
Total Fund Balances	29,780,312	-	(27,292,047)
Total Liabilities and Fund Balances	$ 42,376,263	$ 2,781,257	$ 31,232,527

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

Debt Service	Non-Major Governmental	Total Governmental Funds
$ -	$ 528,477	$ 4,603,591
3,944,759	1,328,944	64,973,441
-	-	53,141
-	289,263	6,044,104
-	-	163,678
1,328,946	14,861	6,822,193
-	48,247	48,247
-	-	1,165,149
$ 5,273,705	$ 2,209,792	$ 83,873,544
$ -	$ 33,913	$ 9,432,919
-	24,067	1,171,849
-	-	153,610
-	24,679	6,822,193
-	514	31,278
-	-	5,930,355
-	-	50,326,000
-	34,627	151,378
-	117,800	74,019,582
-	48,247	1,213,396
5,273,705	313,922	27,548,426
-	1,729,823	3,278,909
-	-	(22,186,769)
5,273,705	2,091,992	9,853,962
$ 5,273,705	$ 2,209,792	$ 83,873,544

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Brewster Central School District, New York

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

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

Fund Balances - Total Governmental Funds	$ 9,853,962
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	47,491,839
Capital assets - depreciable/amortizable	137,965,600
Accumulated depreciation/amortization	(67,122,587)
	118,334,852
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 postretirement 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	19,858,937
Deferred outflows - OPEB related	10,780,131
Deferred inflows - pension related	(14,301,230)
Deferred inflows - OPEB related	(35,201,285)
	(18,863,447)
Other long-term assets are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.	
Net pension asset - TRS	13,256,557
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(933,056)
General obligation bonds payable	(22,750,000)
Leases payable	(360,245)
Compensated absences	(12,864,627)
Net pension liability - ERS	(1,874,794)
Total OPEB liability	(197,029,006)
	(235,811,728)
Governmental funds do not 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	
Premium on general obligation bonds	(3,015,911)
Net Position of Governmental Activities	$ (116,245,715)

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

Brewster Central 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	$ 80,068,014	$ -	$ -
Other tax items	4,061,426	-	-
Use of money and property	1,972,559	-	-
Sale of property and compensation for loss	4,000	-	-
State aid	34,449,906	2,445,038	-
Federal aid	-	1,542,985	-
Food sales	-	-	-
Miscellaneous	1,302,713	25,589	-
Total Revenues	121,858,618	4,013,612	-
EXPENDITURES			
Current			
General support	12,478,635	-	-
Instruction	59,040,241	4,490,610	-
Pupil transportation	7,399,266	-	-
Employee benefits	30,855,576	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	5,418,328	-	-
Interest	2,289,487	-	-
Capital outlay	-	-	30,223,050
Total Expenditures	117,481,533	4,490,610	30,223,050
Excess (Deficiency) of Revenues Over Expenditures	4,377,085	(476,998)	(30,223,050)
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	17,630	-	-
Transfers in	930,000	476,998	1,800,000
Transfers out	(2,276,998)	-	-
Total Other Financing Sources (Uses)	(1,329,368)	476,998	1,800,000
Net Change in Fund Balances	3,047,717	-	(28,423,050)
FUND BALANCES (DEFICITS)			
Beginning of Year	26,732,595	-	1,131,003
End of Year	$ 29,780,312	$ -	$ (27,292,047)

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

Debt Service	Non-Major Governmental	Total Governmental Funds
$ -	$ -	$ 80,068,014
-	-	4,061,426
2,207,535	57,595	4,237,689
-	-	4,000
-	865,075	37,760,019
-	1,454,637	2,997,622
-	420,383	420,383
-	441,522	1,769,824
2,207,535	3,239,212	131,318,977
-	-	12,478,635
-	-	63,530,851
-	-	7,399,266
-	-	30,855,576
-	2,487,799	2,487,799
-	401,257	401,257
-	-	5,418,328
-	-	2,289,487
-	-	30,223,050
-	2,889,056	155,084,249
2,207,535	350,156	(23,765,272)
-	-	17,630
-	-	3,206,998
(930,000)	-	(3,206,998)
(930,000)	-	17,630
1,277,535	350,156	(23,747,642)
3,996,170	1,741,836	33,601,604
$ 5,273,705	$ 2,091,992	$ 9,853,962

Brewster Central 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	$ (23,747,642)
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	31,590,343
Depreciation/amortization expense	(5,752,459)
	25,837,884
Bond and other debt proceeds provide current financial resources to governmental funds while 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. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal paid on general obligation bonds	4,760,000
Principal paid on leases	658,328
	5,418,328
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	(209,495)
Compensated absences	18,004
Changes in pension liabilities and related deferred outflows and inflows of resources	5,005,239
Changes in OPEB liabilities and related deferred outflows and inflows of resources	4,761,536
Amortization of premium on bonds	416,436
	9,991,720
Change in Net Position of Governmental Activities	$ 17,500,290

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

Note 1 - Summary of Significant Accounting Policies

The Brewster Central School District, New York ("School District"), as presently constituted, was established in 1973 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 Putnam-Northern 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 districts' 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 enrollments as defined in Education Law. Copies of BOCES' financial statements can be requested from Putnam-Northern Westchester BOCES, 200 BOCES Drive, Yorktown Heights, New York 10598.

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 primary government 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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 operating fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Note 1 - Summary of Significant Accounting Policies (Continued)

Special Revenue Funds - Special revenue funds are established 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 whole or in part with Federal, State or local 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 the 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:

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.

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 provisions 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 liabilities 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. Issuance 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.

The School District utilizes a pooled investment concept for all governmental funds to facilitate its investment program. Investment income from this pooling is allocated to the respective funds based upon the sources of funds invested.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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 $64,973,441, 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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 on that date. The School District is responsible for the billing and collection of the taxes through October 31st, at which time the responsibility for uncollected taxes is transferred to the County of Putnam, New York ("County"). On or about April 1st, the County remits to the School District the balance of all uncollected taxes, thus making the School District whole.

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.

Inventories - Inventories in the School Lunch Fund consist of food and supplies and are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at a stated value, which approximates market. These inventories consist primarily of items held for consumption. 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.

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 consist of certain costs which have been satisfied prior to the end of the fiscal year, but represent items which have been

Note 1 - Summary of Significant Accounting Policies (Continued)

provided for in the subsequent year's 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.

Capital Assets - Capital assets are tangible and intangible assets, which include property, plant and equipment, 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 $25,000 and an estimated useful life in excess of one year. Such assets (except intangible right-to-use assets, which is 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 and 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
Improvements Other than Buildings	20
Buildings and Improvements	20-50
Machinery and Equipment	5-10
Right-to-use assets	3-5

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 have been satisfied. In the district-wide financial statements, unearned revenues consist of amounts 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 $28,005 for fees received in advance in the General Fund, $88,746 of local grant monies received in advance in the Special Aid Fund and $34,627 for prepaid lunch cards in the School Lunch Fund.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

The School District 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 3E.

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 the 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 or Debt Service funds expenditures.

Leases - The School District is a lessee for noncancellable leases of 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 $25,000 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 lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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 employee's 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 are 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 are 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 restricted

Note 1 - Summary of Significant Accounting Policies (Continued)

for capital improvements, debt service, tax certiorari, unemployment benefits, ERS retirement system contributions, TRS retirement system contributions, special purpose and net pension asset - TRS.

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:

Non-spendable 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 General Municipal Law or 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 School District 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 for balancing the subsequent year's budget or the Assistant Superintendent for Finance and Operations for the 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

Note 1 - Summary of Significant Accounting Policies (Continued)

amounts, except for negative balances, that are not classified as nonspendable and are neither restricted or committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as non-spendable, 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 October 8, 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 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 Capital Projects Fund arise, in part, because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent 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 were as follows:

Fund	Due From	Due To
General	$ 2,286,870	$ 3,206,152
Special Aid	31,516	2,262,416
Capital Projects	3,160,000	1,328,946
Debt Service	1,328,946	-
Non-Major Governmental	14,861	24,679
	$ 6,822,193	$ 6,822,193

The outstanding balances between funds result mainly from the time lag between the dates that 1) the 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	$ 2,098,644	$ -	$ -	$ 2,098,644
Construction-in-progress	15,268,994	30,124,201	-	45,393,195
Total Capital Assets, not being depreciated	$ 17,367,638	$ 30,124,201	$ -	$ 47,491,839
Capital Assets, being depreciated/ amortized:				
Improvements other than buildings	$ 3,420,687	$ 98,850	$ -	$ 3,519,537
Buildings and improvements	117,763,836	-	-	117,763,836
Machinery and equipment	12,411,313	1,367,292	434,374	13,344,231
Right-to-use leased equipment	4,158,208	-	820,212	3,337,996
Total Capital Assets, being depreciated, amortized	137,754,044	1,466,142	1,254,586	137,965,600
Less Accumulated Depreciation/ Amortization for:				
Improvements other than buildings	2,498,516	88,052	-	2,586,568
Buildings and improvements	50,697,581	3,278,844	-	53,976,425
Machinery and equipment	6,680,772	1,078,305	434,374	7,324,703
Right-to-use leased equipment	2,747,845	1,307,258	820,212	3,234,891
Total Accumulated Depreciation/ Amortization	62,624,714	5,752,459	1,254,586	67,122,587
Total Capital Assets, being depreciated/amortized, net	$ 75,129,330	$ (4,286,317)	$ -	$ 70,843,013
Capital Assets, net	$ 92,496,968	$ 25,837,884	$ -	$ 118,334,852

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

General Support	$ 2,546,341
Instruction	2,299,211
Cost of Food Sales	31,080
Pupil Transportation	875,827
	$ 5,752,459

Note 3 - Detailed Notes on All Funds (Continued)

C. Accrued Liabilities

The accrued liabilities at June 30, 2026 were as follows:

	General Fund	Special Aid Fund	Non-Major Governmental Fund	Total
Payroll and Employee Benefits	$ 677,949	$ -	$ 24,067	$ 702,016
Other	412,461	57,372	-	469,833
	$ 1,090,410	$ 57,372	$ 24,067	$ 1,171,849

D. Short-Term Capital Borrowings - Bond Anticipation Notes

The schedule below details the changes in short-term capital borrowings.

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance July 1, 2025	New Issues	Redemptions	Balance June 30, 2026
District-wide improvements	2024	2/12/27	4.00 %	$ 29,000,000	$ -	$ 1,800,000	$ 27,200,000
District-wide improvements	2025	2/12/27	4.00	5,000,000	18,126,000	-	23,126,000
				$ 34,000,000	$ 18,126,000	$ 1,800,000	$ 50,326,000

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within seven years after the original issue date. However, bond anticipation notes issued for assessable improvements projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of $1,360,000 were recorded in the fund financial statements in the General Fund. Interest expense of $1,610,629 was recorded in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

E. 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	$ 27,510,000	$ -	$ 4,760,000	$ 22,750,000	$ 4,855,000
Plus - Unamortized Premium on bonds	3,432,347	-	416,436	3,015,911	-
	30,942,347	-	5,176,436	25,765,911	4,855,000
Leases payable	1,018,573	-	658,328	360,245	353,522
Other Non-Current Liabilities:					
Compensated absences	12,882,631	-	18,004 *	12,864,627	1,286,000
Net Pension Liability - ERS	5,532,255	-	3,657,461	1,874,794	-
Other Post Employment Benefit Liability	182,504,948	20,940,769	6,416,711	197,029,006	6,332,858
Total Non-Current Liabilities	200,919,834	20,940,769	10,092,176	211,768,427	7,618,858
Total Long-Term Liabilities	$ 232,880,754	$ 20,940,769	$ 15,926,940	$ 237,894,583	$ 12,827,380

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

Each governmental fund's liability for general obligation bonds, leases, compensated absences, net pension liabilities and other postemployment benefit liability is liquidated 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
District-Wide Improvements	2020	$ 31,180,000	October, 2033	2.0 - 5.0 %	$ 20,040,000
District-Wide Improvements	2015	26,410,000	October, 2026	3.0	2,710,000
					$ 22,750,000

Interest expenditures of $904,725 was recorded in the fund financial statements in the General Fund. Interest expense of $447,155 was recorded in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Leases Payable

Leases payable at June 30, 2026 are comprised of the following individual agreements:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2026
Postage Machine	2024	$ 26,687	September, 2028	3.0 %	$ 11,923
Modular Classrooms	2024	960,266	February, 2027	3.0	238,399
Equipment	2023	400,000	June, 2027	6.5	109,923
					$ 360,245

Interest expense/expenditures of $24,762 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 bond and lease debt outstanding as of June 30, 2026, including interest payments of $2,605,832 are as follows:

Year Ending June 30,	General Obligation Bonds		Leases	
	Principal	Interest	Principal	Interest
2027	$ 4,855,000	$ 718,875	$ 353,522	$ 17,622
2028	2,255,000	568,225	5,358	128
2029	2,370,000	452,600	1,365	7
2030	2,480,000	343,750	-	-
2031	2,580,000	242,550	-	-
2032-2034	8,210,000	262,075	-	-
	$ 22,750,000	$ 2,588,075	$ 360,245	$ 17,757

Year Ending June 30,	Totals	
	Principal	Interest
2027	$ 5,208,522	$ 736,497
2028	2,260,358	568,353
2029	2,371,365	452,607
2030	2,480,000	343,750
2031	2,580,000	242,550
2032-2034	8,210,000	262,075
	$ 23,110,245	$ 2,605,832

Note 3 - Detailed Notes on All Funds (Continued)

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 five year average full valuation of taxable real property.

Compensated Absences

Under the terms of existing collective bargaining agreements, the School District is required to compensate retiring employees for accumulated sick leave. Upon retirement, all employees are compensated for fifty percent of their accumulated unused sick leave at the current daily rate. All retiring employees must notify the School District of their intent to retire at least one year in advance. Vacation time must be taken in the year earned. However, certain employees earn vacation after the completion of one year of service. As a result, these employees are owed vacation time from the previous year. The value of the 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.state.ny.us/retire/about_us/financial_statements_index.php 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

Note 3 - Detailed Notes on All Funds (Continued)

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 except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 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 ending March 31, 2026 and TRS plan year ended June 30, 2026 are as follows:

	Tier/Plan	Rate
ERS	2 75I	23.1 %
	3 A14	19.4
	4 A15	19.4
	5 A15	16.4
	6 A15	12.7
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)	$ 1,874,794	$ (13,256,557)
School District's proportion of the net pension liability (asset)	0.0332307 %	0.223888 %
Change in proportion since the prior measurement date (asset)	0.0009646 %	(0.006087) %

The net pension liability 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 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.

Note 3 - Detailed Notes on All Funds (Continued)

For the year ended June 30, 2026, the School District recognized pension expense in the district-wide financial statements of $1,662,006, ($2,288,874 for ERS and ($626,868) for TRS). Pension expenditures for ERS of $2,172,101, $136,239 and $27,216 were recorded in the fund financial statements and were charged to the General, School Lunch and Special Aid funds, respectively. Pension expenditures for TRS of $4,303,358 and $28,331, were recorded in the fund financial statements and were charged to the General and Special Aid funds, respectively.

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:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,072,867	$ -	$ 6,949,392	$ -
Changes of assumptions	321,819	-	5,247,858	142,927
Net difference between projected and actual earnings on pension plan investments	-	3,361,609	-	10,353,338
Changes in proportion and differences between School District contributions and proportionate share of contributions	918,251	232,492	232,550	210,864
School District contributions subsequent to the measurement date	789,866	-	4,326,334	-
	$ 3,102,803	$ 3,594,101	$ 16,756,134	$ 10,707,129

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,022,259	$ -
Changes of assumptions	5,569,677	142,927
Net difference between projected and actual earnings on pension plan investments	-	13,714,947
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,150,801	443,356
School District contributions subsequent to the measurement date	5,116,200	-
	$ 19,858,937	$ 14,301,230

$789,866 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 $4,326,334 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:

Note 3 - Detailed Notes on All Funds (Continued)

Year Ended	March 31, ERS	June 30, TRS
2026	$ -	$ 6,686,086
2027	968,450	(2,819,672)
2028	(1,046,828)	(2,983,369)
2029	(555,723)	(604,965)
2030	(647,063)	1,185,066
Thereafter	-	259,525
	$ (1,281,164)	$ 1,722,671

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, 2015 to March 31, 2020. 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

Note 3 - Detailed Notes on All Funds (Continued)

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:

	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 bonds	-	-	2	2.4
High Yield bonds	-	-	1	4.7
Global Equities	-	-	4	7.0
Private Debt	-	-	2	6.1
Real Estate Debt	-	-	6	3.8
Opportunistic/ARS Portfolio	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 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)	$ 12,804,328	$ 1,874,794	$ (7,262,781)

	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)	$ 25,472,643	$ (13,256,557)	$ (45,845,164)

The components of the collective net pension liability 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 $789,866 to ERS and $5,140,489 to TRS inclusive of $814,155 of employee contributions.

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees 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 the 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	460
Active employees	615
	1,075

The School District's total OPEB liability of $197,029,006 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	3.0%, average, including inflation
Discount rate	4.26%
Healthcare cost trend rates	7.0% for 2027, decreasing 0.25% per year to an ultimate rate of 4.0% for 2039 and later years
Retirees' share of benefit-related costs	Varies depending on applicable retirement year and bargaining unit

The discount rate was based on an average of two 20-year bond indices (e.g., S&P municipal Bond 20 Year High Grade Rate Index and Fidelity GA AA 20 Years) as of June 30, 2026.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement, projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

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	$ 182,504,948
Service cost	4,813,057
Interest	7,638,035
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	8,489,677
Benefit payments	(6,416,711)
Total OPEB Liability - End of Year	$ 197,029,006

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 (3.26%) or 1 percentage point higher (5.26%) than the current discount rate:

	1% Decrease (3.26%)	Current Discount Rate (4.26%)	1% Increase (5.26%)
Total OPEB Liability	$ 230,311,961	$ 197,029,006	$ 170,608,714

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 (6.0% decreasing to 3.0%) or 1 percentage point higher (8.0% decreasing to 5.00%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.0%)	Current Healthcare Cost Trend Rates (7.0% decreasing to 4.0%)	1% Increase (8.0% decreasing to 5.0%)
Total OPEB Liability	$ 168,447,063	$ 197,029,006	$ 233,713,966

For the year ended June 30, 2026, the School District recognized OPEB expense of $1,655,175 in the district-wide financial statements. At June 30, 2026, the School District reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	$ 10,780,131	$ 35,201,285

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	$ (10,795,917)
2028	(10,795,918)
2029	(1,705,386)
2030	(730,465)
2031	(1,606,279)
Thereafter	1,212,811
	$ (24,421,154)

F. 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 asset in return. The interfund transfers reflected below have been reported as transfers.

	Transfers In			
Transfers Out	General Fund	Special Aid Fund	Capital Projects Fund	Total
General Fund	$ -	$ 476,998	$ 1,800,000	$ 2,276,998
Debt Service Fund	930,000	-	-	930,000
	$ 930,000	$ 476,998	$ 1,800,000	$ 3,206,998

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects funds expenditures and 2) transfer budgeted funds from the Debt Service Fund to the General Fund.

G. 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 and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Capital Improvements – the component of net position that has been established in accordance with Education Law of the State of New York to provide funding for future capital improvements.

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

Restricted for Unemployment Benefits - the component of net position that reports the amounts set aside 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 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 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 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*".

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)

H. Fund Balances

	General Fund	Special Aid Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Inventories	$ -	$ -	$ -	$ -	$ 48,247	$ 48,247
Prepaid expenditures	1,131,613	33,536	-	-	-	1,165,149
Total Nonspendable	1,131,613	33,536	-	-	48,247	1,213,396
Restricted:						
Debt service	-	-	-	2,973,705	-	2,973,705
Debt service - for subsequent year's expenditures	-	-	-	2,300,000	-	2,300,000
Tax certiorari	406,776	-	-	-	-	406,776
Unemployment insurance	20,000	-	-	-	-	20,000
Employee benefit accrued liability	3,578,985	-	-	-	-	3,578,985
ERS retirement contributions	2,401,964	-	-	-	-	2,401,964
ERS retirement contributions - for subsequent year's expenditures	200,000	-	-	-	-	200,000
TRS retirement contributions	4,396,048	-	-	-	-	4,396,048
Capital improvements	10,957,026	-	-	-	-	10,957,026
Special purpose - extraclassroom activities	-	-	-	-	191,592	191,592
Special purpose - other	-	-	-	-	122,330	122,330
Total Restricted	21,960,799	-	-	5,273,705	313,922	27,548,426
Assigned:						
Purchases on order:						
General government support	148,270	-	-	-	-	148,270
Instruction	99,805	-	-	-	-	99,805
Pupil transportation	1,011	-	-	-	-	1,011
	249,086	-	-	-	-	249,086
Subsequent year's expenditures	1,300,000	-	-	-	-	1,300,000
School Lunch Fund	-	-	-	-	1,729,823	1,729,823
Total Assigned	1,549,086	-	-	-	1,729,823	3,278,909
Unassigned	5,138,814	(33,536)	(27,292,047)	-	-	(22,186,769)
Total Fund Balance	$ 29,780,312	$ -	$ (27,292,047)	$ 5,273,705	$ 2,091,992	$ 9,853,962

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.

Prepaid Expenditures has 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.

Note 3 - Detailed Notes on All Funds (Continued)

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to General Municipal Law to provide funds for the payment of unused sick time and other forms of 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, committed or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit in the fund.

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.

In common with other school districts, the School District from time to time receives notices of claim and is party to litigation. In the opinion of the Attorney for the School District, apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the School District, would have an adverse material effect on the financial condition of the School District.

B. Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Grant 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.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Risk Management

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

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to $1 million, umbrella liability insurance coverage with policy limits of $15 million and professional liability insurance coverage with limits of $1 million. 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 Northern Westchester and Putnam Counties participate in the Westchester-Putnam Schools Cooperative Self-Insurance Plan for Workers' Compensation. This Plan operates under an agreement, as amended, dated February 6, 1987. The purposes of the Plan are to provide for the efficient and economical evaluation, processing, administration, defense and payment of claims against Plan members for workers' compensation payments. The Board of Trustees of the Plan consists of five Trustees selected by the Plan members. Each Trustee shall have one vote and no action may be taken except by a majority of the total membership of Trustees. Billings to each participant are based upon the cost incurred for workers' compensation. The School District has transferred all related risk to the Plan.

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Northern Westchester - Putnam Schools Cooperative Medical Expense Benefit Plan. The Plan operates under an agreement dated February 17, 1989. The purposes of the Plan are to provide for the efficient and economical evaluation, processing, administration and payment of claims against Plan members for medical expenses through self- insurance and to provide for centralized administration, funding and disbursements for such services. The governance of the Plan rests in the Board of Trustees which shall consist of five Trustees selected by the Plan members. A majority vote of the total number of Trustees shall be required to take any actions. The billings are based upon coverages provided to each participant's employees.

Note 5 - Tax Abatements

The School District has a real property tax abatement agreement with the County of Putnam Industrial Development Agency ("IDA"), established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 922.

Information relevant to disclosure of the agreements for the fiscal year ended June 30, 2026 is as follows:

Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
Ace Endico	$ 22,404,900	$ 23.159009	$ 518,875	$ 406,876	$ 111,999
O'Hana Hospitality	5,940,000	23.159009	137,565	99,205	38,360
	$ 28,344,900		$ 656,440	$ 506,081	$ 150,359

Note 6 - 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.

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Brewster Central School District, New York

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

	Budgeted Amounts		Variance with Original Budget - over (under) Final Budget	Actual Amounts	Encumbrances	Variance with Final Budget - over (under) Actual and Encumbrances
	Original	Final				
REVENUES						
Real property taxes	$ 83,681,521	$ 80,185,803	$ (3,495,718)	$ 80,068,014	$	$ (117,789)
Other tax items	535,000	4,030,718	3,495,718	4,061,426		30,708
Charges for services	-	-	-	-		-
Use of money and property	1,950,000	1,950,000	-	1,972,559		22,559
Sale of property and compensation for loss	10,000	10,000	-	4,000		(6,000)
State aid	34,489,000	34,489,000	-	34,449,906		(39,094)
Miscellaneous	701,000	1,043,000	342,000	1,302,713		259,713
Total Revenues	121,366,521	121,708,521	342,000	121,858,618		150,097
EXPENDITURES						
Current						
General support						
Board of education	99,372	100,335	963	65,840	-	(34,495)
Central administration	382,827	389,952	7,125	381,317	-	(8,635)
Finance	1,073,428	1,083,468	10,040	1,041,199	-	(42,269)
Staff	1,246,528	1,239,106	(7,422)	1,119,903	-	(119,203)
Central services	8,936,367	9,171,282	234,915	8,469,898	148,270	(553,114)
Special items	1,388,000	1,440,111	52,111	1,400,478	-	(39,633)
Total General Support	13,126,522	13,424,254	297,732	12,478,635	148,270	(797,349)
Instruction						
Instruction, administration and improvement	3,357,951	3,715,417	357,466	3,687,457	1,614	(26,346)
Teaching - Regular school	31,722,908	28,920,192	(2,802,716)	28,549,826	32,750	(337,616)
Programs for students with disabilities	15,143,036	15,000,103	(142,933)	13,640,608	-	(1,359,495)
Programs for English and dual language learners	-	2,850,968	2,850,968	2,850,784	-	(184)
Occupational education	1,416,083	1,416,083	-	1,416,083	-	-
Teaching - Special schools	-	2,821	2,821	2,821	-	-
Instructional media	3,788,899	3,386,871	(402,028)	3,172,588	52,459	(161,824)
Pupil services	5,859,175	5,927,599	68,424	5,720,074	12,982	(194,543)
Total Instruction	61,288,052	61,220,054	(67,998)	59,040,241	99,805	(2,080,008)
Pupil transportation	8,381,843	8,256,069	(125,774)	7,399,266	1,011	(855,792)
Employee benefits	31,827,000	31,726,364	(100,636)	30,855,576	-	(870,788)
Debt service						
Principal	5,072,000	5,418,328	346,328	5,418,328	-	-
Interest	2,264,725	2,289,487	24,762	2,289,487	-	-
Total Expenditures	121,960,142	122,334,556	374,414	117,481,533	249,086	(4,603,937)
Excess (Deficiency) of Revenues Over Expenditures	(593,621)	(626,035)	32,414	4,377,085	(249,086)	4,754,034
OTHER FINANCING SOURCES (USES)						
Insurance recoveries	40,000	40,000	-	17,630	-	(22,370)
Transfers in	930,000	930,000	-	930,000	-	-
Transfers out	(2,250,000)	(2,276,998)	(26,998)	(2,276,998)	-	-
Total Other Financing Uses	(1,280,000)	(1,306,998)	(26,998)	(1,329,368)	-	(22,370)
Net Change in Fund Balance	(1,873,621)	(1,933,033)	(59,412)	3,047,717	$ (249,086)	$ 4,731,664
FUND BALANCE						
Beginning of Year	1,873,621	1,933,033	59,412	26,732,595		
End of Year	$ -	$ -	$ -	$ 29,780,312		

See independent auditors' report.

1. Budgetary Basis and Control

The School District annually adopts a legally authorized budget for the General Fund. The budget is approved by School 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, Debt Service, School Lunch or Special Purpose 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.

2. General Fund Budgetary Highlights

Difference - Original Budget to Final Budget

	Variance with Original Budget - over (under) Final Budget	
REVENUES		
Real property taxes	$ (3,495,718)	Variance due to reclassification of STAR aid from Real Property Tax to Other Tax Items.
Other tax items	3,495,718	Variance due to reclassification of STAR aid from Real Property Tax to Other Tax Items.
EXPENDITURES		
Instruction		
Teaching - Regular school	$ (2,802,716)	Variance due to the reclassification of instructional salaries from Teaching – Regular School to Programs for English and Dual Language Learners.
Programs for English and dual language learners	2,850,968	Variance due to the reclassification of instructional salaries from Teaching – Regular School to Programs for English and Dual Language Learners.

2. General Fund Budgetary Highlights *(Continued)*

Differences - Final Budget to Actual and Encumbrances

	Variance with Final Budget - over (under) Actual and Encumbrances	
EXPENDITURES		
General support -		
Central services	$ (553,114)	Variance due to lower-than-anticipated costs for various contractual and operational services.
Programs for students with disabilities	(1,359,495)	Variance due to lower tuition costs resulting from fewer students than anticipated.
Pupil transportation	(855,792)	Variance due to unfilled positions and mid-year retirements and resignations.
Employee benefits	(870,788)	Variance due to lower-than-anticipated retirement, Social Security, and health insurance costs resulting from lower payroll and employee enrollment levels.

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	$ 4,813,057	$ 4,558,765	$ 5,353,832
Interest	7,638,035	9,119,391	7,310,304
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	8,489,677	(19,733,648)	6,130,713
Benefit payments	(6,416,711)	(6,046,813)	(5,847,260)
Net Change in Total OPEB Liability	14,524,058	(12,102,305)	12,947,589
Total OPEB Liability – Beginning of Year	182,504,948	194,607,253	181,659,664
Total OPEB Liability – End of Year	$ 197,029,006	$ 182,504,948	$ 194,607,253
School District's covered-employee payroll	$ 54,480,439	$ 52,978,085	$ 52,978,085
Total OPEB liability as a percentage of covered-employee payroll	361.65%	344.49%	367.34%
Discount Rate	4.26%	4.76%	4.09%

(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.
(4) Decrease in liability is due to change in discount rate since the prior year reporting and changes in census demographics (number of employees, average years of services, coverage tier, number of vested employees) and changes in assumptions (mortality tables, turnover tables, disability tables, health plan costs and healthcare trend rates).

See independent auditors' report.

2023	2022	2021	2020	2019	2018	
$ 4,582,415	$ 4,758,410	$ 7,274,372	$ 6,376,350	$ 1,971,110	$ 1,706,260	
7,174,814	8,841,722	4,512,586	5,106,684	6,656,170	7,038,192	
-	-	-	-	-	-	
-	-	-	-	-	-	
(6,824,428)	(63,633,732) (4)	11,816,203	(8,720,005)	21,669,108	-	
(5,286,977)	(4,961,975)	(5,013,909)	(4,706,423)	(5,957,800)	(5,881,793)	
(354,176)	(54,995,575)	18,589,252	(1,943,394)	24,338,588	2,862,659	
182,013,840	237,009,415	218,420,163	220,363,557	196,024,969	193,162,310	(3)
$ 181,659,664	$ 182,013,840	$ 237,009,415	$ 218,420,163	$ 220,363,557	$ 196,024,969	
$ 48,735,150	$ 48,735,150	$ 39,893,691	$ 39,893,691	$ 37,644,842	$ 37,644,842	
372.75%	373.48%	594.10%	547.51%	585.38%	520.72%	
4.00%	3.77%	2.09%	2.44%	3.10%	3.70%	

Brewster Central 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)	0.223888%	0.229975%	0.226306%	0.224256%
School District's proportionate share of the net pension liability (asset)	$ (13,256,557)	$ (6,861,554)	$ 2,587,999	$ 4,303,235
School District's covered payroll	$ 44,439,386	$ 44,119,272	$ 41,926,400	$ 38,890,155
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(29.83%)	(15.55%)	6.17%	11.07%
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	$ 4,326,344	$ 4,492,822	$ 4,306,041	$ 4,314,227
Contributions in relation to the contractually required contribution	(4,326,344)	(4,492,822)	(4,306,041)	(4,314,227)
Contribution excess	$ -	$ -	$ -	$ -
School District's covered payroll	$ 45,113,076	$ 44,439,386	$ 44,119,272	$ 41,926,400
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 pension 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 pension due to investment gains.

See independent auditors' report.

2022 (3)	2021 (2)	2020	2019	2018	2017
0.223906%	0.223891%	0.220127%	0.228958%	0.227985%	0.232602%
$ (38,800,844)	$ 6,186,722	$ (5,718,916)	$ (4,140,166)	$ (1,732,916)	$ 2,491,265
$ 38,043,646	$ 38,070,158	$ 36,976,654	$ 37,445,910	$ 36,252,312	$ 39,906,727
(101.99%)	16.25%	(15.47%)	(11.06%)	(4.78%)	6.24%
113.25%	97.76%	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
$ 3,909,235	$ 3,625,559	$ 3,373,016	$ 3,926,921	$ 3,669,222	$ 4,248,771
(3,909,235)	(3,625,559)	(3,373,016)	(3,926,921)	(3,669,222)	(4,248,771)
$ -	$ -	$ -	$ -	$ -	$ -
$ 38,890,155	$ 38,043,646	$ 38,070,158	$ 36,976,654	$ 37,445,910	$ 36,252,312
10.05%	9.53%	8.86%	10.62%	9.80%	11.72%

Brewster Central 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)	0.0332307%	0.0322661%	0.0348062%	0.0360960%
School District's proportionate share of the net pension liability (asset)	$ 1,874,794	$ 5,532,255	$ 5,124,877	$ 7,740,448
School District's covered payroll	$ 15,858,042	$ 15,618,917	$ 15,911,652	$ 13,374,042
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	11.82%	35.42%	32.21%	57.88%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.78%	93.08%	93.88%	90.78%
Discount Rate	5.90%	5.90%	5.90%	5.90%

Schedule of Contributions

	2026	2025	2024	2023
Contractually required contribution	$ 2,264,340	$ 2,010,607	$ 1,667,631	$ 1,456,376
Contributions in relation to the contractually required contribution	(2,264,340)	(2,010,607)	(1,667,631)	(1,456,376)
Contribution excess	$ -	$ -	$ -	$ -
School District's covered payroll	$ 15,956,339	$ 15,731,795	$ 15,881,281	$ 14,011,917
Contributions as a percentage of covered payroll	14.19%	12.78%	10.50%	10.39%

(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	2018	2017
0.0339172%	0.036282%	0.034601%	0.037806%	0.035940%	0.038518%
$ (2,772,591)	$ 36,127	$ 9,162,537	$ 2,678,679	$ 1,159,941	$ 3,619,198
$ 13,186,532	$ 12,131,978	$ 12,768,869	$ 12,070,378	$ 12,482,755	$ 11,287,858
(21.03)%	0.30%	71.76%	22.19%	9.29%	32.06%
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
$ 1,868,243	$ 1,811,840	$ 1,719,568	$ 1,807,631	$ 1,700,793	$ 1,722,568
(1,868,243)	(1,811,840)	(1,719,568)	(1,807,631)	(1,700,793)	(1,722,568)
$ -	$ -	$ -	$ -	$ -	$ -
$ 13,268,282	$ 12,512,294	$ 12,624,241	$ 12,226,111	$ 12,765,305	$ 11,346,806
14.08%	14.48%	13.62%	14.79%	13.32%	15.18%

Brewster Central 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
REAL PROPERTY TAXES	$ 83,681,521	$ 80,185,803	$ 80,068,014	$ (117,789)
OTHER TAX ITEMS				
School tax relief reimbursement	-	3,495,718	3,495,718	-
Payments in lieu of taxes	535,000	535,000	507,283	(27,717)
Interest and penalties on real property taxes	-	-	58,425	58,425
	535,000	4,030,718	4,061,426	30,708
USE OF MONEY AND PROPERTY				
Earnings on investments	1,900,000	1,900,000	1,958,589	58,589
Rental of real property	50,000	50,000	13,970	(36,030)
	1,950,000	1,950,000	1,972,559	22,559
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of equipment	10,000	10,000	4,000	(6,000)
STATE AID				
Basic formula	30,316,000	30,316,000	30,312,670	(3,330)
BOCES	2,700,000	2,700,000	2,756,100	56,100
Lottery aid	1,200,000	1,200,000	1,065,280	(134,720)
Textbooks	177,000	177,000	144,868	(32,132)
Computer software	78,000	78,000	51,557	(26,443)
Library aid	18,000	18,000	13,926	(4,074)
Other aid	-	-	105,505	105,505
	34,489,000	34,489,000	34,449,906	(39,094)
MISCELLANEOUS				
Refund of prior year's expenditures	150,000	492,000	691,377	199,377
Refund from BOCES	200,000	200,000	299,366	99,366
Gifts and donations	1,000	1,000	-	(1,000)
Other	350,000	350,000	311,970	(38,030)
	701,000	1,043,000	1,302,713	259,713
TOTAL REVENUES	121,366,521	121,708,521	121,858,618	150,097

(Continued)

Brewster Central 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
OTHER FINANCING SOURCES				
Insurance recoveries	$ 40,000	$ 40,000	$ 17,630	$ (22,370)
Transfers in				
Debt Service Fund	930,000	930,000	930,000	-
TOTAL OTHER FINANCING SOURCES	970,000	970,000	947,630	(22,370)
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 122,336,521	$ 122,678,521	$ 122,806,248	$ 127,727

See independent auditors' report.

Brewster Central 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	Encumbr-ances	Variance with Final Budget
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	$ 63,000	$ 63,963	$ 45,614	$ -	$ (18,349)
District clerk	11,597	11,597	11,597	-	-
District meeting	24,775	24,775	8,629	-	(16,146)
Total Board of Education	99,372	100,335	65,840	-	(34,495)
CENTRAL ADMINISTRATION					
Chief school administrator	382,827	389,952	381,317	-	(8,635)
FINANCE					
Business administration	833,285	827,324	795,901	-	(31,423)
Auditing	79,857	79,857	75,857	-	(4,000)
Treasurer	112,750	112,750	112,750	-	-
Tax collection	32,536	32,536	26,317	-	(6,219)
Purchasing	15,000	31,001	30,374	-	(627)
Total Finance	1,073,428	1,083,468	1,041,199	-	(42,269)
STAFF					
Legal	338,000	326,288	249,446	-	(76,842)
Personnel	750,628	750,378	708,042	-	(42,336)
Records management officer	42,000	66,040	66,040	-	-
Public information and services	115,900	96,400	96,375	-	(25)
Total Staff	1,246,528	1,239,106	1,119,903	-	(119,203)
CENTRAL SERVICES					
Operation of plant	5,631,826	5,600,051	5,285,770	44,437	(269,844)
Maintenance of plant	1,600,261	1,626,768	1,431,562	-	(195,206)
Central printing and mailing	59,000	53,513	42,746	-	(10,767)
Central data processing	1,645,280	1,890,950	1,709,820	103,833	(77,297)
Total Central Services	8,936,367	9,171,282	8,469,898	148,270	(553,114)
SPECIAL ITEMS					
Unallocated insurance	564,000	608,975	608,715	-	(260)
School association dues	16,000	16,000	12,249	-	(3,751)
Refunds of real property taxes	75,000	82,136	52,111	-	(30,025)
Judgments and claims	5,000	5,000	-	-	(5,000)
Administrative charge - BOCES	716,000	716,000	715,495	-	(505)
Other	12,000	12,000	11,908	-	(92)
Total Special Items	1,388,000	1,440,111	1,400,478	-	(39,633)
Total General Support	13,126,522	13,424,254	12,478,635	148,270	(797,349)

(Continued)

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

	Original Budget	Final Budget	Actual	Encumbr-ances	Variance with Final Budget
INSTRUCTION					
INSTRUCTION, ADMINISTRATION AND IMPROVEMENT					
Curriculum development and supervision	$ 896,249	$ 1,193,796	$ 1,179,527	$ 1,614	$ (12,655)
Supervision - Regular school	2,291,702	2,370,216	2,369,042	-	(1,174)
In-service training	170,000	151,405	138,888	-	(12,517)
Total Instruction, Administration and Improvement	3,357,951	3,715,417	3,687,457	1,614	(26,346)
TEACHING - REGULAR SCHOOL	31,722,908	28,920,192	28,549,826	32,750	(337,616)
PROGRAMS FOR STUDENTS WITH DISABILITIES	15,143,036	15,000,103	13,640,608	-	(1,359,495)
PROGRAMS FOR ENGLISH AND DUAL LANGUAGE LEARNERS	-	2,850,968	2,850,784	-	(184)
OCCUPATIONAL EDUCATION	1,416,083	1,416,083	1,416,083	-	-
TEACHING - SPECIAL SCHOOLS	-	2,821	2,821	-	-
INSTRUCTIONAL MEDIA					
School library and audiovisual	679,955	696,956	690,353	-	(6,603)
Computer assisted instruction	3,108,944	2,689,915	2,482,235	52,459	(155,221)
Total Instructional Media	3,788,899	3,386,871	3,172,588	52,459	(161,824)
PUPIL SERVICES					
Attendance - Regular school	332,493	332,756	205,770	-	(126,986)
Guidance - Regular school	1,838,519	1,845,108	1,831,905	746	(12,457)
Health services - Regular school	789,467	807,467	772,843	-	(34,624)
Psychological services - Regular school	545,692	574,939	571,552	-	(3,387)
Social work services - Regular school	470,142	452,157	449,737	-	(2,420)
Co-curricular activities - Regular school	372,713	403,625	392,250	47	(11,328)
Interscholastic athletics - Regular school	1,510,149	1,511,547	1,496,017	12,189	(3,341)
Total Pupil Services	5,859,175	5,927,599	5,720,074	12,982	(194,543)
Total Instruction	61,288,052	61,220,054	59,040,241	99,805	(2,080,008)
PUPIL TRANSPORTATION					
District transportation services	8,252,843	8,108,107	7,287,417	-	(820,690)
Garage building	129,000	147,962	111,849	1,011	(35,102)
Total Pupil Transportation	8,381,843	8,256,069	7,399,266	1,011	(855,792)

(Continued)

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

	Original Budget	Final Budget	Actual	Encumbr-ances	Variance with Final Budget
EMPLOYEE BENEFITS					
State retirement	$ 2,271,000	$ 2,271,000	$ 2,172,101	$ -	$ (98,899)
Teachers' retirement	4,300,000	4,303,358	4,303,358	-	-
Social security	4,739,000	4,739,000	4,537,022	-	(201,978)
Workers' compensation benefits	501,000	501,000	480,286	-	(20,714)
Life insurance	22,000	22,000	18,895	-	(3,105)
Disability insurance	36,000	36,000	28,715	-	(7,285)
Unemployment benefits	20,000	38,771	38,771	-	-
Hospital, medical and dental insurance	17,876,000	17,386,148	16,999,888	-	(386,260)
Union welfare benefits	802,000	922,000	901,212	-	(20,788)
Other employee benefits	310,000	310,000	258,741	-	(51,259)
Retirement payments	950,000	1,197,087	1,116,587	-	(80,500)
Total Employee Benefits	31,827,000	31,726,364	30,855,576	-	(870,788)
DEBT SERVICE					
Principal					
Serial bonds	4,760,000	4,760,000	4,760,000	-	-
Leases	312,000	658,328	658,328	-	-
	5,072,000	5,418,328	5,418,328	-	-
Interest					
Serial bonds	904,725	904,725	904,725	-	-
Bond anticipation notes	1,360,000	1,360,000	1,360,000	-	-
Leases	-	24,762	24,762	-	-
	2,264,725	2,289,487	2,289,487	-	-
Total Debt Service	7,336,725	7,707,815	7,707,815	-	-
TOTAL EXPENDITURES	121,960,142	122,334,556	117,481,533	249,086	(4,603,937)
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	1,800,000	1,800,000	1,800,000	-	-
Special Aid Fund	450,000	476,998	476,998	-	-
TOTAL OTHER FINANCING USES	2,250,000	2,276,998	2,276,998	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 124,210,142	$ 124,611,554	$ 119,758,531	$ 249,086	$ (4,603,937)

See independent auditors' report.

Brewster Central School District, New York

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

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
CVS Cafetorium	$ 22,866,525	$ 4,399,583	$ 10,562,702	$ 14,962,285
CVS/WMS BCS	4,516,594	215,584	2,531,278	2,746,862
JFK BSC & HVAC	10,307,613	545,935	5,197,437	5,743,372
BHS Security and Fields	10,102,227	8,590,347	1,378,665	9,969,012
BHS Field House	27,326,000	1,192,687	7,938,161	9,130,848
BHS BCS	7,995,041	324,861	2,614,807	2,939,668
Totals	$ 83,114,000	$ 15,268,997	$ 30,223,050	$ 45,492,047

See independent auditors' report.

Unexpended Balance	Methods of Financing: Proceeds of Obligations	Methods of Financing: Transfers In	Methods of Financing: Total	Fund Deficit at June 30, 2026	Bond Anticipation Notes Outstanding at June 30, 2026
$ 7,904,240	$ -	$ 7,800,000	$ 7,800,000	$ (7,162,285)	14,066,525
1,769,732	-	-	-	(2,746,862)	4,516,594
4,564,241	-	2,000,000	2,000,000	(3,743,372)	8,307,613
133,215	4,200,000	-	4,200,000	(5,769,012)	4,902,227
18,195,152	-	4,200,000	4,200,000	(4,930,848)	10,538,000
5,055,373	-	-	-	(2,939,668)	7,995,041
$ 37,621,953	$ 4,200,000	$ 14,000,000	$ 18,200,000	$ (27,292,047)	$ 50,326,000

Brewster Central School District, New York

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

	School Lunch	Special Purpose	Total Non-Major Governmental Funds
ASSETS			
Cash and equivalents	$ 235,909	$ 292,568	$ 528,477
Investments	1,322,226	6,718	1,328,944
Receivables			
State and Federal aid	289,263	-	289,263
Due from other funds	225	14,636	14,861
	289,488	14,636	304,124
Inventories	48,247	-	48,247
Total Assets	$ 1,895,870	$ 313,922	$ 2,209,792
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 33,913	$ -	$ 33,913
Accrued liabilities	24,067	-	24,067
Due to other funds	24,679	-	24,679
Due to other governments	514	-	514
Unearned revenues	34,627	-	34,627
Total Liabilities	117,800	-	117,800
Fund balances			
Nonspendable	48,247	-	48,247
Restricted	-	313,922	313,922
Assigned	1,729,823	-	1,729,823
Total Fund Balances	1,778,070	313,922	2,091,992
Total Liabilities and Fund Balances	$ 1,895,870	$ 313,922	$ 2,209,792

See independent auditors' report.

Brewster Central 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	Total Non-Major Governmental Funds
REVENUES			
Use of money and property	$ 57,347	$ 248	$ 57,595
State aid	865,075	-	865,075
Federal aid	1,454,637	-	1,454,637
Food sales	420,383	-	420,383
Miscellaneous	4,201	437,321	441,522
Total Revenues	2,801,643	437,569	3,239,212
EXPENDITURES			
Current			
Cost of food sales	2,487,799	-	2,487,799
Other	-	401,257	401,257
Total Expenditures	2,487,799	401,257	2,889,056
Excess of Revenues Over Expenditures	313,844	36,312	350,156
FUND BALANCES			
Beginning of Year	1,464,226	277,610	1,741,836
End of Year	$ 1,778,070	$ 313,922	$ 2,091,992

See independent auditors' report.

Brewster Central School District, New York

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

Adopted Budget	$ 123,836,521
Additions	
Encumbrances	373,621
Original Budget	124,210,142
Budget Amendments	401,412
Final Budget	$ 124,611,554

General Fund
Section 1318 of Real Property Tax Law Limit Calculation

2026-27 Expenditure Budget		$ 128,470,363
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted fund balance		
Assigned fund balance	$ 1,549,086	
Unassigned fund balance	5,138,814	
Total Unrestricted Fund Balance	6,687,900	
Less		
Appropriated for subsequent year's budget	1,300,000	
Encumbrances	249,086	
Total Adjustments	1,549,086	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 5,138,814
Actual Percentage		4.00%

See independent auditors' report.

Brewster Central School District, New York

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

Capital Assets, net		$ 118,334,852
Less		
Bonds payable	$ (22,750,000)	
Bond anticipation notes payable	(50,326,000)	
Leases payable	(360,245)	
Unamortized portion of premium on bonds	(3,015,911)	
Accounts payable	(6,869,628)	(83,321,784)
Plus		
Unexpended debt proceeds		29,903,581
Net Investment in Capital Assets		$ 64,916,649

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
Brewster Central 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 Brewster Central 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 October 8, 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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
October 8, 2026