PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS
ESTABLISHED IN 1891

Hastings-on-Hudson Union Free School District, New York

Report to Those Charged with Governance

June 30, 2026



October 15, 2026

Prepared by

Jeffrey Shaver, CPA
Partner
jshaver@pkfod.com

October 15, 2026

Board of Education
Hastings-on-Hudson Union Free School District
27 Farragut Avenue
Hastings-on-Hudson, New York 10706

We have audited the financial statements of the Hastings-on-Hudson Union Free School District, New York ("School District") as of and for the year ended June 30, 2026 and have issued our report thereon dated October 15, 2026.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards,* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 25, 2023. Professional standards also require that we communicate to you the following information related to our audit.

We are pleased to be of service to you and the School District and appreciate the opportunity to present our audit findings to you. We are also pleased to discuss other matters which may be of interest to you and to answer any questions you may have.

This information is intended solely for the information and use of Those Charged with Governance and management of the School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP

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Status of the Audit

Audit of Financial Statements

- Audit fieldwork is complete.
- The financial statements have been reviewed by management and issued.
- We have issued an unmodified report on the financial statements.

Required Communications and Other Matters

Required Item	Comments
Auditor's responsibility under professional standards and planned scope and timing of the audit	We have communicated such information in our engagement letter to you dated May 25, 2023. Generally, these responsibilities include: • Forming and expressing an opinion on the financial statements. • Obtaining *reasonable assurance* that the financial statements are *free of material misstatements*, whether caused by error or fraud. • Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG"). • Maintaining professional skepticism. • Communicating audit related matters that are, in our professional judgment, significant to TCWG.
Supplementary information accompanying the financial statements	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 supplementary information is presented for purposes of additional analysis and is 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.
Required supplementary information accompanying the financial statements	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.

Required Item	Comments
Other information in documents containing audited financial statements	Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the auditors' report, and we are not required to perform any procedures to determine that such other information is properly stated.
Our responsibilities under the Yellow Book	In connection with our audit we performed tests of the Entity's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.
Responsibilities of management and TCWG	Management's responsibilities include: • The fair presentation of the financial statements, including the selection of appropriate accounting policies. • Establishing and maintaining effective internal control. • Complying with laws, regulations, grants and contracts. • Providing the auditors with all financial records and related information and a signed representation letter. • Evaluate if there are any conditions or events, considered in the aggregate that raise substantial doubt about the Entity'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. • Setting the proper tone at the top. • Designing and implementing policies and controls to prevent and detect fraud. TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.

Required Item	Comments
Qualitative aspects of accounting practices - *Accounting Policies*	Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except for the adoption of the provisions of Governmental Accounting Standards Board Statement No. 10, *"Financial Reporting Model Improvements".* The accounting policies of the Entity conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Entity's reports are based on all applicable GASB pronouncements. We noted no transactions entered into by the Entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
Qualitative aspects of accounting practices – *Significant Unusual Transactions*	No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.
Qualitative aspects of accounting practices - *Accounting Estimates and Management's Judgment*	Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the School District's financial statements were: • Actuarial assumptions related to the Other Postemployment Benefit Liability ("OPEB") • Actuarial assumptions and proportionate share calculations related to pension liabilities • Asset lives for depreciable capital assets • Estimates of certain receivable balances and allowances for uncollectible amounts • Estimates for compensated absences liabilities • Estimates for certain operating and long-term liabilities

Required Item	Comments
Qualitative aspects of accounting practices - *Financial Statement Disclosures*	Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are: • Other postemployment benefit liabilities payable • Pension plan information • Outstanding bonded indebtedness • Fund balances The financial statement disclosures are neutral, consistent and clear.
Going concern	The auditor is required to communicate with TCWG events or conditions that, when considered in the aggregate; indicate a substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time. We concur with management's assessment that the Entity will continue as a going concern for one year from the balance sheet date.
Significant risks	Significant risks are defined as risks that require special audit consideration without regard to identified internal controls related to those risks. In most audits, one or more significant risks normally arise. We have identified the following significant risks in connection with our audit. **Management override of internal controls** Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is, nevertheless, present in all entities. Our audit procedures did not identify any management override of internal controls. **Improper revenue recognition due to fraud** Auditing standards require the auditor to ordinarily presume that improper revenue recognition is a fraud risk on all audit engagements unless the auditor can conclude that the risk is not applicable to the entity. Our audit procedures did not identify any improper revenue recognition due to fraud. The audit procedures applied as a result of the aforementioned significant risks were designed to and have reduced the risk of material misstatement to low.

Required Item	Comments
Difficulties encountered in performing the audit	We encountered no significant difficulties in dealing with management in performing and completing our audit.
Corrected and uncorrected misstatements	Professional standards require us to accumulate all known and likely misstatements identified during the audit (including passed adjustments and omitted financial statement disclosures), other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, corrected misstatements that were brought to the attention of management as a result of our audit procedures are also included in Appendix 1.
Disagreements with management	For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.
Management representations	We have requested certain representations from management that are included in the management representation letter (see Appendix 2).
Management's consultations with other accountants	In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
Auditor independence	We affirm that PKF O'Connor Davies, LLP is independent with respect to the School District in accordance with relevant professional standards.
Significant issues discussed with management prior to retention	We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the Entity's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hastings-on-Hudson Union Free School District, New York (the "School District") 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 opinion 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 express no such opinion.

Professional standards require that we communicate to you, in writing, all significant deficiencies and/or material weaknesses in internal control that we identify in performing our audit. For this purpose, deficiencies in internal control are categorized as follows:

- 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis.

- A ***significant deficiency*** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, we share for your consideration on the following pages other observations about internal control and operations.

This communication is intended solely for the information and use of management and others charged with governance and is not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

PKF O'Connor Davies, LLP
Harrison, New York
October 15, 2026

Hastings-on-Hudson Union Free School District, New York

Control Deficiencies

- **Special Purpose**

  Inactive Trusts

  The following accounts were inactive during the fiscal year: Meyers Fund Principal, T&E Combo Interest, Burke Estate Principal, Burke Estate Interest, Steinway Piano Restoration, Lucy M. Wester Memorial Scholarship, Lisa Kaiser Scholarship and Brian Foster Memorial Scholarship, for a total balance of $35,362.

  Recommendation

  Management should continue to pursue the purposes for which the accounts were created and appropriately determine their disposition.

- **Extraclassroom**

  Extraclassroom Activity Funds, which are authorized by the New York State Education Department, are an integral part of the educational program of the School District. The following areas were not in compliance with the regulations of the Commissioner of Education:

  Inactive Clubs

  There were six inactive clubs for High School and two inactive clubs for the Middle School during the current year with accumulated balances of approximately $2,400. The clubs are Art Club, Astronomy Club, Foreign Language Club, Photography Club, Clay Club, Business Club, Gender Sexuality Alliance Club, and Student Activity Club-5/6.

  Recommendation

  State Education Regulations provide that the funds of a discontinued activity shall automatically revert to the account of the general student organization or the student council and shall be expended in accordance with that organization's constitution. A determination of the status of financially inactive clubs should be made to determine the proper disposition of funds.

Hastings-on-Hudson Union Free School District, New York

Control Deficiencies

- **School Lunch Fund**

  Observation

  As of June 30, 2026, the School District's School Food Service Fund net cash resources exceeded three months of average operating expenditures but were less than six months of average operating expenditures. NYSED guidance indicates that when net cash resources exceed three months of average operating expenditures, School Food Authorities should implement a plan to reduce excess funds by using available resources for allowable Child Nutrition Program purposes. A formal Excess Fund Balance Plan is required to be submitted to NYSED only when net cash resources equal or exceed six months of average operating expenditures and the School District is notified by NYSED.

  Recommendation

  The School District should develop and implement a plan to reduce excess net cash resources through allowable School Food Service Program expenditures, such as enhancing meal quality, replacing or upgrading equipment, or purchasing other eligible supplies and services that benefit the food service program. The School District should continue to monitor the School Food Service Fund balance to help ensure net cash resources are appropriately managed and do not increase to a level requiring submission of an Excess Fund Balance Plan to NYSED.

On the Horizon

GASB Statement No. 105 – Subsequent Events

GASB Statement No. 105, *Subsequent Events*, establishes guidance for the recognition and disclosure of events occurring after the financial statement date but before the financial statements are issued (or available to be issued). The Statement requires governments to distinguish between recognized subsequent events (those requiring adjustment to the financial statements) and nonrecognized subsequent events (those requiring disclosure only), and to disclose the date through which subsequent events were evaluated.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026 (i.e. the School District's financial statements for the year ended June 30, 2027).

Appendix 1

Audit Adjustments Proposed and Recorded by Management

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS
ESTABLISHED IN 1091

Hastings-on-Hudson Union Free School District, New York

Auditor Adjustments Proposed and Recorded by Management

May 31, 2026

Account	Description	Debit	Credit
General Fund			
Adjusting Journal Entries JE			
To reclass appropriated fund balance to tie into adopted budget			
A909	FUND BALANCE, UNRESERVED	1,310,000	
A910	APPROPRIATED FUND BALANCE		1,310,000
Total		**1,310,000**	**1,310,000**
School Lunch Fund			
Adjusting Journal Entries JE			
To reclassify State and Federal Receivables			
C 410	DUE FROM STATE & FEDERAL	63,428	
C 380	ACCOUNTS RECEIVABLE		63,428
Total		**63,428**	**63,428**

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Appendix 2

Management Representation Letter

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Hastings-on-Hudson Public Schools

Office of the Superintendent
27 Farragut Avenue, Hastings-on-Hudson, New York 10706
***tel:* (914) 478-6205 *fax:* (914) 478-6209**
www.hohschools.org

William S. McKersie, Ph.D.
Superintendent of Schools
mckersiew@hohschools.org

October 15, 2026

PKF O'Connor Davies, LLP
500 Mamaroneck Avenue, Suite 301
Harrison, New York 10528

This representation letter is provided in connection with your audit of the financial statements of the Hastings-on-Hudson Union Free School District, New York ("School District") ("School District"), which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2026, and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

This representation letter is also provided in connection with your audit of the financial statements of the Extraclassroom Activity Funds of the School District, which comprise the statement of cash receipts, cash disbursements and cash balances as of June 30, 2026 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with the basis of accounting prescribed by the New York State Department of Education.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter, the following representations made to you during your audit:

Our Responsibilities

1) We acknowledge that we have fulfilled our responsibilities as set forth in the terms of the engagement letter dated May 25, 2023 for:
   a) The preparation and fair presentation of the financial statements in accordance with US GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity. The combining and individual fund financial statements have been prepared

and presented in conformity with the accounting principles used to prepare the basic financial statements.

b) The preparation and fair presentation of the financial statements of the School District's Extraclassroom Activity Funds in conformity with the accounting principles prescribed by the New York State Department of Education, which is a comprehensive basis of accounting other than US GAAP.
c) 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; and
d) The design, implementation, and maintenance of internal control to prevent and detect fraud.

2) We understand that the term "fraud" refers to intentional acts by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements. Two types of intentional misstatements are relevant to your audit – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Fraudulent financial reporting involves intentional misstatements, including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets.

3) In regard to the financial statement preparation non-attest services performed by you, we have:
a) Assumed all management responsibilities.
b) Designated individuals within senior management, who have suitable skill, knowledge, or experience to oversee the services.
c) Evaluated the adequacy and results of the services performed.
d) Accepted responsibility for the result of the services.

4) We are further responsible for reviewing, accepting and processing the standard, adjusting, or correcting journal entries that you proposed during the course of your engagement. We confirm that we designated a suitably qualified individual who understands the nature and impact of the proposed entries to the financial statements, and we accept responsibility for the proposed entries that we authorized and processed.

5) We acknowledge our responsibility for presenting the combining and individual fund financial statements and schedules in accordance with US GAAP, and we believe the combining and individual fund financial statements and schedules, including its form and content, is fairly presented in accordance with US GAAP. The methods of measurement and presentation of the combining and individual fund financial statements and schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Financial Statements

6) The financial statements referred to above are fairly presented in conformity with US GAAP and include all disclosures necessary for such fair presentation. In that connection, we specifically confirm that:
a) The School District's accounting policies, and the practices and methods followed in applying them, are appropriate and are as disclosed in the financial statements.
b) Except for the implementation of GASB Statement No. 103 and 104 as described in the financial statements, there have been no changes during the period audited in the School District's accounting policies and practices.
c) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

7) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

8) The following, where they exist, have been appropriately disclosed to you and accounted for and/or disclosed in the financial statements in accordance with the requirements of US GAAP:
   a) The identity of all related parties and related party relationships and transactions including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
   b) Guarantees, whether written or oral, under which the School District is contingently liable, if any.
   c) The effects of all known actual or possible litigation, claims and assessments.

9) We have evaluated events subsequent to the date of the financial statements through the date of this letter, and no such events have occurred which would require adjustment or disclosure in the financial statements. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

10) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the School District's accounts. We are in agreement with those adjustments.

Information Provided

11) We have provided you with:
   a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
   b) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, if applicable.
   c) Additional information that you have requested from us for the purpose of the audit.
   d) Unrestricted access to persons within the School District from whom you determined it necessary to obtain audit evidence.
   e) Completeness and availability of all minutes of the meetings of the Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.
   f) All significant contracts and agreements.
   g) All documents and records provided electronically are accurate and complete reproductions of the original documents and records.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Based on our assessment, we did not identify any fraud risks that we believe would result in a material misstatement of the financial statements.

13) There are no deficiencies in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the School District's ability to initiate, authorize, record, process, and report financial data reliably in accordance with US GAAP.

14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
   a) Management,
   b) Employees who have significant roles in internal control, or
   c) Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the School District's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

Hosting Services

17) We acknowledge that electronic portals used during the audit are only a method of transferring data and the data may be deleted by you at any time.

18) We are responsible for maintaining our financial and non-financial information, licensing and hosting of any applications, and downloading and retaining anything you uploaded to such portal in a timely manner.

Government—specific

19) We have process to track the status of audit findings and recommendations.

20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

22) The School District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balance or net position.

23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we believe have a material effect on the financial statements.

25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

26) As part of your audit, you assisted with the preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably with senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services We have reviewed, approved, and accepted responsibility for those financial statements and disclosures. We also understand that as part of your audit, you prepared various adjusting journal entries, both on the fund and entity-wide level, and acknowledge that we have reviewed and approved those entries and accepted responsibility for them.

27) The School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

28) The School District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

29) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

30) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

31) The financial statements include all fiduciary activities required by GASB Statement No. 84.

32) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.

33) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

34) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

35) Investments and land are properly valued.

36) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.

37) Provisions for uncollectible receivables have been properly identified and recorded.

38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

39) We agree with the findings of specialists in evaluating the other postemployment benefit obligation and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.

40) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

41) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

42) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

43) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

45) Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.

46) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.

47) We have appropriately disclosed the School District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

48) We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.

49) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines. Except for the changes resulting from the implementation of GASB Statement No, 103, "*Financial Reporting Model Improvements*," the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

50) Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.

51) The School District has agreements that meet the definition of leases contained in GASB Statement No. 87, "Leases". However, the total value of the lease agreements for the year ended June 30, 2026 was deemed immaterial, therefore, the related amounts and disclosures have been excluded from these financials statements.

52) The School District has agreements that meet the definition of subscriptions contained in GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*". However, the total value of the subscription agreements for the year ended June 30, 2026 was deemed immaterial, therefore, the related amounts and disclosures have been excluded from these financials statements.

53) We have provided all relevant employment contracts, leave policies, employee leave records, and other information used to determine the School District's compensated absences liability under GASB Statement No. 101, "Compensated Absences." We believe the methods and assumptions used are appropriate, and the related amounts and disclosures have been properly included in the financial statements.

54) In accordance with GASB Statement No. 102, "Certain Risk Disclosures", we have evaluated the School District's exposure to risks arising from concentrations or externally imposed constraints. Management has determined that no concentration or constraint exists that makes the School District vulnerable to a substantial impact, nor has any related event occurred, begun to occur, or is more-likely-than-not to begin within 12 months of the date the financial statements are issued. Accordingly, no disclosure under GASB Statement No. 102 is required.

55) We have provided you with all relevant information concerning the flooding at Farragut Middle School, including insurance settlements, payments made directly by the insurer, restoration costs, and District-funded improvements. All related insurance recoveries, expenditures, expenses, capital additions, and outstanding obligations have been appropriately recorded and disclosed. We believe the determination that no impairment loss was required is reasonable, considering the extent of the affected area and the impact on the service utility of the building as a whole.

56) The School District implemented GASB Statement No. 103, "Financial Reporting Model Improvements," for the year ended June 30, 2026. We have incorporated the applicable requirements into the financial statements and required supplementary information, including management's discussion and analysis and budgetary comparison information.

57) The School District implemented GASB Statement No. 104, "Disclosure of Certain Capital Assets," for the year ended June 30, 2026. We have evaluated the applicability of its requirements, including separate disclosures for certain intangible capital assets and capital assets held for sale, and have included all applicable disclosures in the notes to the financial statements.

58) Expenditures of federal awards were below the $1,000,000 threshold for the year ended June 30, 2026, and we were not required to have an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance").

Signature: 

Title: William S. McKersie, Ph.D., Superintendent

Signature: 

Title: Maureen Caraballo, Business Official

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Appendix 3

About PKF O'Connor Davies, LLP

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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– *Crain's New York Businesses*, 2025

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Hastings-On-Hudson Union Free School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2026

Hastings-On-Hudson Union Free School District, New York

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

The Board of Education of the
Hastings-on-Hudson Union Free School District, New York

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter - Implementation of New Accounting Standard

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

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Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 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 15, 2026

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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
Hastings-on-Hudson Union Free School District, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hastings-on-Hudson Union Free School District, New York ("School District"), as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 15, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
October 15, 2026

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

Overview of the Financial Statements

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

- *Governmental activities* comprise the School District's most basic functions, such as instruction and general support. 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.
- Fiduciary fund financial statements are used to account for resources held for the benefit of parties outside the School District. In accordance with 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	Fiduciary Fund	Governmental Fund
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short-term and long-term		Only current financial resources, such as cash, taxes receivable, and accounts payable
Types of revenues/additions	All types of revenues/additions that flow into the entity during the year that relate to that year, regardless of when cash is received		Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/deductions/ expenditures	All types of expenses/deductions that flow out of the entity during the year that relate to that year, regardless of when cash is paid		Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	All types of resources that flow into and out of the entity during the year that relate to a future year		Current financial resources that flow into and out of the governmental funds during the year that relate to a future year

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

Financial Summary

Statement of Net Position

	June 30, 2026	June 30, 2025	Total % Change 2026-2025
ASSETS			
Current and Other Assets	$ 33,066,995	$ 22,538,901	46.7%
Net Pension Asset-Proportionate Share	7,392,325	3,781,915	95.5%
Capital Assets, net	32,936,541	30,258,766	8.8%
Total Assets	73,395,861	56,579,582	29.7%
DEFERRED OUTFLOWS OF RESOURCES	28,701,870	25,289,431	13.5%
LIABILITIES			
Current Liabilities	19,173,274	5,833,340	228.7%
Long-term Liabilities	123,467,078	112,008,190	10.2%
Total Liabilities	142,640,352	117,841,530	21.0%
DEFERRED INFLOWS OF RESOURCES	35,919,358	41,086,277	(12.6%)
NET POSITION			
Net Investment in Capital Assets	11,936,325	9,798,311	21.8%
Restricted	19,045,410	13,036,226	46.1%
Unrestricted	(107,443,714)	(99,893,331)	7.6%
Total Net Position	$ (76,461,979)	$ (77,058,794)	(0.8%)

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 negative $76,461,979, an increase of $596,815 compared with 2025.

Governmental Activities

Current assets increased by $10,528,094 primarily due to a $12,182,464 increase in cash and equivalents (primarily due to the unspent bond anticipation note), partly offset by a $1,995,725 decrease in investments. Capital assets increased by $2,677,775, primarily due to ongoing capital project activity, which is discussed further in the Significant Capital Asset and Long-Term Financing Activity section in this MD&A.

Current liabilities increased by $13,339,934 primarily due to the issuance of $12,371,250 in bond anticipation notes.

Deferred outflows of resources increased by $3,412,439 primarily due to a $3,220,433 increase in OPEB-related deferred outflows. Deferred inflows of resources decreased by $5,166,919 primarily due to a $7,772,721 decrease in OPEB-related deferred inflows, partly offset by a $2,605,802 increase in pension-related deferred inflows.

Long-term liabilities increased by $11,458,888 from the previous year, primarily due to a $14,799,338 increase in the other postemployment benefits (OPEB) liability. This was partially offset by decreases of $1,774,148 in long-term financing liabilities, $1,552,132 in the ERS net pension liability, and $14,170 in compensated absences. The School District's repayment of general obligation bonds and energy performance contract debt is discussed further in the Significant Capital Asset and Long-Term Financing Activity section of this MD&A.

A large component of the School District's net position ($11,936,325) 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 ($19,045,410) reflects amounts restricted for specific purposes, i.e., tax certiorari, insurance, liability claims, unemployment benefits, retirement contributions, debt service, capital projects, special purposes, and the TRS net pension asset, etc. There is a negative balance of unrestricted net position of $107,443,714, 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	$ 1,763,587	$ 2,037,248	(13.4%)
Operating Grants and Contributions	1,438,941	1,461,145	(1.5%)
Capital Grants and Contributions	4,650,567	74,728	6123.3%
Total Program Revenues	7,853,095	3,573,121	119.8%
General Revenue:			
Property Taxes and Tax Items	49,956,069	48,193,948	3.7%
Non-property tax distribution from County	1,065,760	983,602	8.4%
Use of Money and Property	451,466	620,536	(27.2%)
Unrestricted State aid	8,379,183	8,390,083	(0.1%)
Other	651,508	645,658	0.9%
Total General Revenues	60,503,986	58,833,827	2.8%
Total Revenues	68,357,081	62,406,948	9.5%
EXPENSES			
General support	13,908,334	9,317,468	49.3%
Instruction	49,947,671	50,355,814	(0.8%)
Pupil transportation	2,012,499	1,839,316	9.4%
Cost of food sales	1,202,836	1,083,170	11.0%
Other	189,550	135,652	39.7%
Interest	499,376	533,792	(6.4%)
Total Expenses	67,760,266	63,265,212	7.1%
Change in Net Position	596,815	(858,264)	(169.5%)
Net position - Beginning, 2025 as restated	(77,058,794)	(76,200,530)	1.1%
Net position - Ending	$ (76,461,979)	$ (77,058,794)	(0.8%)

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 negative $76,461,979, an increase of $596,815 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 increased $4,279,974, general revenues increased by $1,670,159 for a total increase of $5,950,133. The primary drivers of these changes were:

- Charges for services decreased by $273,661, including declines of $142,248 in cost of food sales program charges and $118,691 in instruction program charges. The decrease in food service program charges is primarily attributable to Hillside participating in the National School Lunch Program, under which eligible meal revenues are received through state and federal reimbursements rather than being recorded as direct food sales charges. Despite the decrease in reported food service program charges, the District's overall food service revenues increased year over year. The decrease in instructional program charges was primarily due to lower tuition receipts related to out-of-district placements.

- Capital grants and contributions increased by $4,575,839, primarily attributable to insurance recoveries recorded related to District's Farragut restoration and upgrade work. A portion of the Farragut project costs was funded through insurance recoveries.

- Real property taxes increased by $1,996,341. The increase reflects the annual increase in the District's property tax levy, which was established to support the District's adopted operating budget and provide funding for ongoing educational and operational expenditures.

- School Tax Relief (STAR) reimbursement decreased by $234,916. The decrease is attributable in part to changes in the way New York State administers and distributes STAR benefits, with STAR benefits increasingly being provided directly to eligible homeowners as a credit rather than through the school district's tax levy. In addition, eligibility for STAR benefits is subject to income limitations; for the 2026 benefit year, the Basic STAR credit has an income limit of $500,000, while the Enhanced STAR income limit is $110,750 for eligible seniors.

- Sale of property and compensation for loss increased by $195,016, principally reflecting General Fund insurance recoveries of $250,000 compared with $54,596 in the prior year. These recoveries related to the flood at Farragut Middle School and are separate from the $4,487,880 of insurance recoveries reported in the Capital Projects Fund and as capital grants and contributions in the district-wide financial statements.

Expenses:

The School District's expenses increased by $4,495,054. Major factors contributing to the increase included:

- General support expenses increased by $4,590,866. The increase in expenses was primarily attributable to costs associated with the District's Farragut restoration and upgrade work.

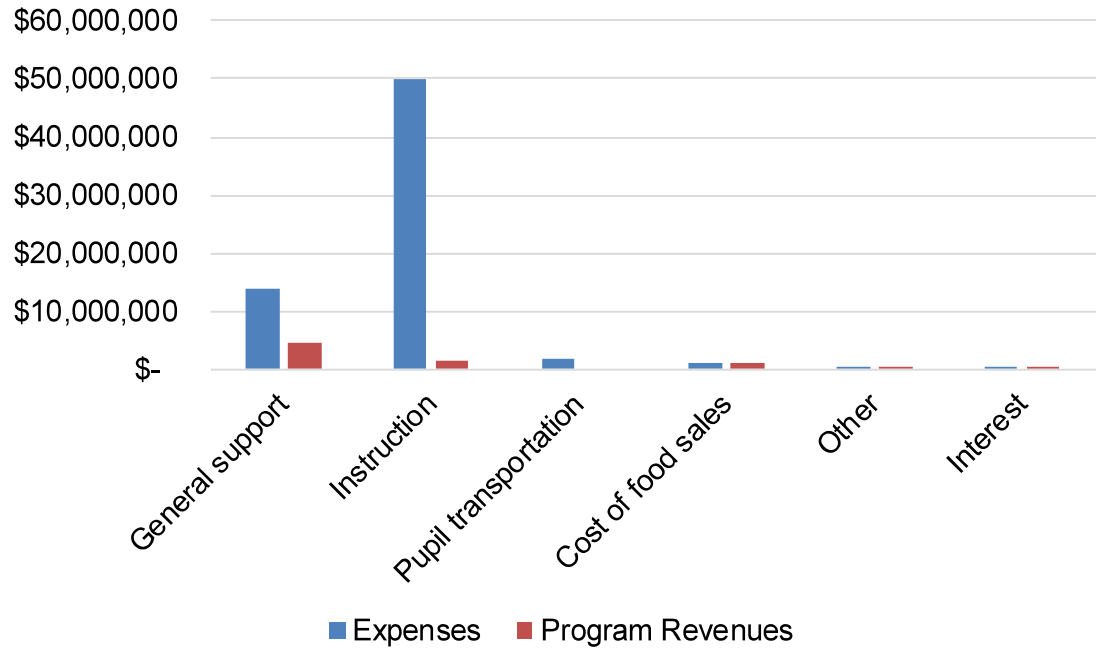
- Instruction expenses decreased by $408,143. Governmental fund instruction expenditures increased by $588,163, reflecting a $610,628 increase in the General Fund partly offset by a $22,465 decrease in the Special Aid Fund, as discussed below. Net district-wide allocations and adjustments decreased by $996,306, more than offsetting the fund-level increase.

- Pupil transportation expenses increased by $173,183. Governmental fund expenditures increased by $168,052, reflecting a $200,482 increase in the General Fund partly offset by a $32,430 decrease in the Special Aid Fund. Net district-wide adjustments increased by $5,131.

- Cost of food sales expenses increased by $119,666. School Lunch Fund expenditures increased by $114,801. Net district-wide adjustments increased by $4,865.

- The differences between fund-level expenditures and district-wide expenses include employee benefit allocations and accounting adjustments. Across governmental activities, pension expense decreased by $2,057,793, OPEB expense increased by $1,122,075, and depreciation expense increased by $39,226. The compensated absences adjustment changed from a $576,326 increase in expense in 2025 to a $14,170 decrease in expense in 2026.

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 three major funds individually in the governmental fund financial statements, the General Fund, Special Aid Fund and Capital Projects 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 $2,637,913, while total fund balance decreased to $13,381,956. 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 22.3% of that same amount. Of the General Fund's $13,381,956 total fund balance, $9,577,166 is restricted and $1,166,877 is assigned for specific purposes. The remaining $2,637,913 is unassigned and available for general purposes, subject to applicable statutory limitations.

The fund balance of the School District's General Fund decreased by $851,124 during the current fiscal year. Significant factors affecting the change in fund balance included the following:

- Real property taxes increased by $1,996,341. This reflects the increased levy to support the school budget. The amount raised was within the state's allowable tax cap.

- Instruction expenditures increased by $610,628; spending for programs for students with disabilities increased by $402,486 within this category. The increase in instruction expenditures was primarily attributable to salary increases and the addition of support staff needed to meet student needs. The increase in programs for students with disabilities was also driven by salary increases, additional support staff, and increased tuition costs for students requiring out-of-district or specialized educational services.

- Employee benefits increased by $987,223; hospital, medical, and dental insurance increased by $799,513 within this category. The increase in employee benefits was primarily due to higher health insurance costs, including hospital, medical, and dental insurance premiums. The District continues to monitor these costs closely, as health insurance remains one of the most significant areas of expenditure growth.

- General support expenditures increased by $1,212,565; operation of plant increased by $1,306,928 within this category. The increase in operation of plant expenditures was primarily attributable to increased utility costs as well as expenditures associated with the District's Farragut restoration and upgrade work. A portion of the Farragut project costs was funded through an allocation from the District's reserves, which contributed to the increase in expenditures in this category.

Special Aid Fund - Revenues and expenditures in the Special Aid Fund decreased by $51,973 and $54,895, respectively, from the prior year. This change from the prior year was primarily attributable to a higher allocation in the grant funding in the previous year due to rollover amounts. Significant revenues and expenditures during the current year related to state and federal aid and instruction and pupil transportation expenditures. Activity in the fund may fluctuate from year to year based on the timing and availability of grant funding and related expenditures.

Capital Projects Fund - Fund balance in the Capital Projects Fund was a deficit of $1,495,135 at year end, representing a decrease of $2,187,097 from the prior year. The change was primarily attributable to $6,949,977 in capital outlay, partly offset by $275,000 in transfers in and $4,487,880 in insurance recoveries. Significant project activity during the year included expenditures for the Farragut Complex ($1,382,746), Burke Field ($762,615), Hillside Alteration ($168,548), district-wide improvements ($148,188) and Flood restoration ($4,487,880). 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 $12.4 million remained outstanding and were reported as a liability in the Capital Projects Fund at year end, while $10.1 million of the proceeds remained unspent.

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 $32,936,541 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, land improvements, buildings and improvements, and machinery and equipment. The total increase in capital assets for the current fiscal year was $2,677,775.

Capital Assets

	June 30, 2026	June 30, 2025	Percent Change
Land	$ 115,000	$ 115,000	0.00%
Construction-in-progress	2,842,737	423,778	570.81%
Land Improvements	8,862,938	8,830,033	0.37%
Buildings and Improvements	47,791,014	46,199,357	3.45%
Machinery and Equipment	1,570,040	1,569,847	0.01%
Total	61,181,729	57,138,015	7.08%
Less: Accumulated Depreciation	(28,245,188)	(26,879,249)	5.08%
Net Capital Assets	$ 32,936,541	$ 30,258,766	8.85%

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

- Construction-in-progress increased by $2,418,959 during the fiscal year.
- Buildings and improvements increased by $1,591,657 during the fiscal year. The increase is due to the improvements made in the Farragut Complex due to the flood which occurred and the restoration and improvements made.

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

Long-term financing - At the end of the current fiscal year, the School District had total long-term financing liabilities of $18,686,307, composed of general obligation bonds, the unamortized bond premium, and energy performance contract liabilities. During the current year, long-term financing liabilities decreased by $1,774,148.

Long-Term Financings

	June 30, 2026	June 30, 2025
General Obligation Bonds	$ 16,865,000	$ 18,330,000
Energy Performance Contracts	75,258	220,337
Unamortized Premium on Bonds	1,746,049	1,910,118
Total	$ 18,686,307	$ 20,460,455

The $16,865,000 general obligation bonds are bonded debt, backed by the full faith and credit of the School District. During the current year, the School District retired $1,465,000 of general obligation bond principal.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the full valuation of taxable property within the jurisdiction. The current debt limitation for the School District is $200,000,000 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 3.E 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 subsequent fiscal year's budget:

Health Insurance Costs: Over the past three years, the District has experienced significant increases in health insurance costs, creating considerable pressure on the annual budget. Although the District participates in a health insurance consortium with 26 other school districts, costs have continued to rise, and the District is anticipating an additional increase of approximately 8% to 10% in the coming year. The consortium is contractually required to mirror the New York State Health Insurance Program (NYSHIP); however, it continues to be less expensive than NYSHIP and has generated millions of dollars in premium savings for the District over the years.

Retirement Contributions: Employer contributions to the New York State retirement systems continue to represent a significant budget expense. Recent state-level legislative changes are expected to contribute to additional increases in retirement costs. Even a relatively modest increase of approximately one-half of one percentage point in the applicable contribution rate could result in an additional annual cost of approximately $250,000 to the District.

Capital Debt Service: In the coming years, the District will begin making payments on the additional debt associated with the $38 million capital bond approved by voters in June 2025. Although eligible debt service is treated separately under the tax levy limit calculation, the District

remains mindful of the long-term financial commitment and the potential impact on taxpayers as these payments begin.

Transportation and Utilities: Transportation and utility costs have also remained significant areas of expenditure growth, placing additional pressure on the District's ability to manage annual budget increases. These costs, along with other contractual and operational obligations, limit the funding available for other district priorities.

Fund Balance and Reserve Management: The District has been able to maintain a modest level of fund balance and reserves to help address anticipated future expenses and unexpected costs. However, the District remains cautious about relying too heavily on these resources to balance future budgets, recognizing that reserves are finite and may not be replenished at the same rate as in prior years. Responsible fund balance and reserve management will remain an important component of maintaining the District's long-term financial stability.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was $2,637,913. The School District appropriated $1,050,000 from unrestricted fund balance for the 2026-2027 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 School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Maureen Caraballo, Business Official, caraballom@hohschools.org.

Hastings-on-Hudson Union Free School District, New York

Statement of Net Position
June 30, 2026

	Governmental Activities
ASSETS	
Cash and equivalents	$ 23,079,523
Investments	8,381,829
Receivables	
Accounts	107,994
State and Federal aid	1,244,983
Due from other governments	250,000
Inventories	2,666
Net pension asset - TRS	7,392,325
Capital assets	
Not being depreciated	2,957,737
Being depreciated, net	29,978,804
Total Assets	73,395,861
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	10,856,763
OPEB related	17,845,107
Total Deferred Outflows of Resources	28,701,870
LIABILITIES	
Accounts payable	1,830,011
Accrued liabilities	913,370
Bond anticipation notes payable	12,371,250
Due to other governments	9,105
Due to retirement systems	3,376,996
Deposits	195,105
Employee payroll deductions	150,307
Unearned revenues	87,377
Accrued interest payable	239,753
Non-current liabilities	
Due within one year	4,808,406
Due in more than one year	118,658,672
Total Liabilities	142,640,352
DEFERRED INFLOWS OF RESOURCES	
Pension related	7,381,800
OPEB related	28,537,558
Total Deferred Inflows of Resources	35,919,358
NET POSITION	
Net investment in capital assets	11,936,325
Restricted	
Tax certiorari	810,571
Insurance	781,855
Liability claims	1,068,442
Unemployment benefits	114,786
ERS retirement system contributions	2,103,100
TRS retirement system contributions	1,295,172
Debt service	1,559,686
Capital projects	818,774
Future capital projects	2,795,727
Special purpose	304,972
Net pension asset - TRS	7,392,325
Unrestricted	(107,443,714)
Total Net Position	$ (76,461,979)

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

Hastings-on-Hudson Union Free School District, New York

Statement of Activities
Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities					
General support	$ 13,908,334	$ 52,792	$ 103,785	$ 4,487,880	$ (9,263,877)
Instruction	49,947,671	738,415	794,887	-	(48,414,369)
Pupil transportation	2,012,499	-	-	-	(2,012,499)
Cost of food sales	1,202,836	972,380	322,113	-	91,657
Other	189,550	-	218,156	-	28,606
Interest	499,376	-	-	162,687	(336,689)
Total Governmental Activities	$ 67,760,266	$ 1,763,587	$ 1,438,941	$ 4,650,567	(59,907,171)
General revenues					
Real property taxes					48,662,379
Other tax items					
Payments in lieu of taxes					9,111
School tax relief reimbursement					1,284,579
Non-property taxes					
Non-property tax distribution from County					1,065,760
Unrestricted use of money and property					451,466
Sale of property and compensation for loss					251,757
Unrestricted State aid					8,379,183
Miscellaneous					399,751
Total General Revenues					60,503,986
Change in Net Position					596,815
NET POSITION					
Beginning					(77,058,794)
Ending					$ (76,461,979)

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

Hastings-on-Hudson Union Free School District, New York

Balance Sheet
Governmental Funds
June 30, 2026

	General	Capital Projects	Special Aid
ASSETS			
Cash and equivalents	$ 9,707,661	$ 12,448,101	$ 144,582
Investments	8,381,829	-	-
Receivables			
Accounts	82,145	-	-
State and Federal aid	868,086	-	312,500
Due from other governments	250,000	-	-
Due from other funds	447,401	-	-
Inventories	-	-	-
Total Assets	$ 19,737,122	$ 12,448,101	$ 457,082
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	$ 1,692,194	$ 63,228	$ -
Accrued liabilities	913,370	-	-
Bond anticipation notes payable	-	12,371,250	-
Due to other funds	-	1,508,758	457,082
Due to other governments	-	-	-
Due to retirement systems	3,376,996	-	-
Employee payroll deductions	150,307	-	-
Deposits payable	195,105	-	-
Unearned revenues	27,194	-	-
Total Liabilities	6,355,166	13,943,236	457,082
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	9,577,166	-	-
Assigned	1,166,877	-	-
Unassigned	2,637,913	(1,495,135)	-
Total Fund Balances (Deficits)	13,381,956	(1,495,135)	-
Total Liabilities and Fund Balances (Deficits)	$ 19,737,122	$ 12,448,101	$ 457,082

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

Non-Major Governmental Funds	Total Governmental Funds
$ 779,179	$ 23,079,523
-	8,381,829
25,849	107,994
64,397	1,244,983
-	250,000
1,518,439	1,965,840
2,666	2,666
$ 2,390,530	$ 35,032,835
$ 74,589	$ 1,830,011
-	913,370
-	12,371,250
-	1,965,840
9,105	9,105
-	3,376,996
-	150,307
-	195,105
60,183	87,377
143,877	20,899,361
2,666	2,666
1,842,699	11,419,865
401,288	1,568,165
-	1,142,778
2,246,653	14,133,474
$ 2,390,530	$ 35,032,835

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Hastings-on-Hudson Union Free 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	$ 14,133,474
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	2,957,737
Capital assets - depreciable	58,223,992
Accumulated depreciation	(28,245,188)
	32,936,541
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	10,856,763
Deferred outflows - OPEB related	17,845,107
Deferred inflows - pension related	(7,381,800)
Deferred inflows - OPEB related	(28,537,558)
	(7,217,488)
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	7,392,325
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(239,753)
General obligation bonds payable	(16,865,000)
Energy performance contract debt payable	(75,258)
Net pension liability - ERS	(805,576)
Compensated absences	(5,664,551)
Total OPEB liability	(98,310,644)
	(121,960,782)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issues, whereas these amounts are deferred and amortized in the statement of activities.	
Premium on general obligation bonds	(1,746,049)
Net Position of Governmental Activities	$ (76,461,979)

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

Hastings-on-Hudson Union Free School District, New York

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

	General	Capital Projects	Special Aid
REVENUES			
Real property taxes	$ 48,662,379	$ -	$ -
Other tax items	1,293,690	-	-
Non-property taxes	1,065,760	-	-
Charges for services	738,415	-	-
Use of money and property	651,529	-	-
Sale of property and compensation for loss	251,757	-	-
State aid	8,509,879	-	213,151
Federal aid	10,225	-	440,815
Food sales	-	-	-
Miscellaneous	399,751	-	-
Total Revenues	61,583,385	-	653,966
EXPENDITURES			
Current			
General support	8,082,604	-	-
Instruction	34,897,402	-	636,990
Pupil transportation	1,921,768	-	49,293
Employee benefits	14,954,758	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	145,079	-	-
Interest	6,143	-	-
Capital outlay	-	6,949,977	-
Total Expenditures	60,007,754	6,949,977	686,283
Excess (Deficiency) of Revenues Over Expenditures	1,575,631	(6,949,977)	(32,317)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	275,000	32,317
Transfers out	(2,426,755)	-	-
Insurance recoveries	-	4,487,880	-
Total Other Financing Sources (Uses)	(2,426,755)	4,762,880	32,317
Net Change in Fund Balances	(851,124)	(2,187,097)	-
FUND BALANCES (DEFICITS)			
Beginning of Year	14,233,080	691,962	-
End of Year	$ 13,381,956	$ (1,495,135)	$ -

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

Non-Major Governmental Funds	Total Governmental Funds
$ -	$ 48,662,379
-	1,293,690
-	1,065,760
-	738,415
124,830	776,359
-	251,757
269,356	8,992,386
49,201	500,241
972,380	972,380
216,083	615,834
1,631,850	63,869,201
-	8,082,604
-	35,534,392
-	1,971,061
-	14,954,758
1,197,971	1,197,971
204,634	204,634
1,465,000	1,610,079
654,438	660,581
-	6,949,977
3,522,043	71,166,057
(1,890,193)	(7,296,856)
2,119,438	2,426,755
-	(2,426,755)
-	4,487,880
2,119,438	4,487,880
229,245	(2,808,976)
2,017,408	16,942,450
$ 2,246,653	$ 14,133,474

Hastings-on-Hudson Union Free School District, New York

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

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

Net Change in Fund Balances - Total Governmental Funds	$ (2,808,976)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures	4,140,385
Depreciation expense	(1,462,610)
	2,677,775
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities.	
Principal paid on general obligation bonds	1,465,000
Principal paid on energy performance contract debt	145,079
	1,610,079
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	(2,864)
Compensated absences	14,170
Changes in pension liabilities and related deferred outflows and inflows of resources	2,748,746
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(3,806,184)
Amortization of premium on bonds	164,069
	(882,063)
Change in Net Position of Governmental Activities	$ 596,815

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

Note 1 - Summary of Significant Accounting Policies

The Hastings-on-Hudson Union Free School District, New York ("School District") as presently constituted, was established in 1903 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

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

A. Financial Reporting Entity

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

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

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

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the 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 are 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

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

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 Federal and State aid.

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, lunch and milk 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.

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

b. Fiduciary Funds (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*. 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Cash and Equivalents, Investments and Risk Disclosure

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 $8,381,829, which equaled the value of its pool shares. NYCLASS's investment policy limits the maximum remaining maturity of any individual investment to 397 days and the maximum weighted-average maturity of the portfolio to 60 days.

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

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

Risk Disclosure

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 levied and payable in September and January. The Town of Greenburgh, New York ("Town") is responsible for the billing and collection of the taxes. The Town guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

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

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

Inventory - Inventory in the School Lunch Fund consists 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.

Capital Assets - Capital 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 $5,000 and an estimated useful life in excess of one year. Such assets 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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

Class	Life in Years
Land Improvements	20-30
Buildings and Improvements	20-50
Machinery and Equipment	5-20

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

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of $27,194 within the General Fund for tuition and retiree health insurance billings received in advance and $60,183 for amounts received in advance for the lunch program in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The liability for compensated absences represents the vacation and 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. 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 that 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 - 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 for tax certiorari, insurance, liability claims, unemployment benefits, retirement system contributions, debt service, capital projects, future capital projects, 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 balance classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) 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 assigned for balancing the subsequent year's budget or the Treasurer for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot

Note 1 - Summary of Significant Accounting Policies (Continued)

result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

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

F. Use of Estimates

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

G. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 15, 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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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.

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 of $168,548, $1,382,746 and $762,615 in the Hillside Alteration Project - Proposition 1, Farragut Complex – Proposition 2 and Burke Field – Proposition 3 projects arise 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 issued are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. Deficits in these projects will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. The Capital Projects Fund is in an overall deficit of $1,495,135.

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 is as follows:

Fund	Due From	Due To
General	$ 447,401	$ -
Capital Projects	-	1,508,758
Special Aid	-	457,082
Non-Major Governmental	1,518,439	-
	$ 1,965,840	$ 1,965,840

Note 3 - Detailed Notes on All Funds (Continued)

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

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	$ 115,000	$ -	$ -	$ 115,000
Construction-in-progress	423,778	2,418,959	-	2,842,737
	$ 538,778	$ 2,418,959	$ -	$ 2,957,737
Capital Assets, being depreciated:				
Land Improvements	$ 8,830,033	$ 32,905	$ -	$ 8,862,938
Buildings and Improvements	46,199,357	1,591,657	-	47,791,014
Machinery and Equipment	1,569,847	96,864	96,671	1,570,040
Total Capital Assets, being Depreciated	56,599,237	1,721,426	96,671	58,223,992
Less Accumulated Depreciation for:				
Land Improvements	3,597,023	447,354	-	4,044,377
Buildings and Improvements	22,282,601	935,164	-	23,217,765
Machinery and Equipment	999,625	80,092	96,671	983,046
Total Accumulated Depreciation	26,879,249	1,462,610	96,671	28,245,188
Total Capital Assets, being depreciated, net	$ 29,719,988	$ 258,816	$ -	$ 29,978,804
Governmental Activities Capital Assets, net	$ 30,258,766	$ 2,677,775	$ -	$ 32,936,541

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

General Support	$ 1,055,674
Instruction	396,989
Cost of Food Sales	9,947
Total Depreciation Expense	$ 1,462,610

Flooding at Farragut Middle School required reconstruction and restoration work. The School District's insurance provider paid approximately $4.5 million directly to contractors on behalf of the School District. These amounts were recognized as insurance recoveries, reported as other financing sources in the Capital Projects Fund and revenue in the district-wide financial statements, with corresponding restoration expenditures and expenses, respectively. The decline in service utility was determined not to be significant in relation to the building as a whole, and no impairment loss was recognized.

Note 3 - Detailed Notes on All Funds (Continued)

In addition, the School District incurred approximately $1.5 million for improvements to bring the damaged areas into compliance with current building standards. These costs were reported as General Fund expenditures and capitalized as building improvements in the district-wide financial statements.

C. Accrued Liabilities

Accrued liabilities as of June 30, 2026 were as follows:

	General Fund
Payroll and Employee Benefits	$ 913,370

D. Short-Term Capital Borrowings

Purpose	Original Issue Date	Maturity Date	Rate of Interest	Balance July 1, 2025	New Issues	Balance June 30, 2026
Construction of Improvements and Alterations to District Buildings	6/11/2026	1/15/2027	4.00 %	$ -	$ 12,371,250	$ 12,371,250

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 improvement 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 expense of $25,638 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	$ 18,330,000	$ -		$ 1,465,000	$ 16,865,000	$ 1,520,000
Plus						
Unamortized premium on bonds	1,910,118	-		164,069	1,746,049	-
	20,240,118	-		1,629,069	18,611,049	1,520,000
Energy Performance Contract Debt Payable	220,337	-		145,079	75,258	75,258
	20,460,455	-		1,774,148	18,686,307	1,595,258
Other Non-current Liabilities:						
Net Pension Liability - ERS	2,357,708	-		1,552,132	805,576	-
Compensated Absences	5,678,721	-	**	14,170	5,664,551	566,000
Other Postemployment Benefit Liability	83,511,306	17,674,889		2,875,551	98,310,644	2,647,148
Total Non-Current Liabilities	91,547,735	17,674,889		4,441,853	104,780,771	3,213,148
Total Long-Term Liabilities	$ 112,008,190	$ 17,674,889		$ 6,216,001	$ 123,467,078	$ 4,808,406

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

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

General Obligation Bonds Payable

General Obligation Bonds payable at June 30, 2026 is comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2026
School Construction	2016	$ 8,150,701	July, 2031	2.0 - 2.125 %	$ 3,565,000
School Construction	2022	16,560,000	March, 2037	3.0 - 5.0	13,300,000
					$ 16,865,000

Interest expenditures of $654,438 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of $469,619 was recorded in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Energy Performance Contract Debt Payable

The School District, in August 2012 entered into a $1,698,397 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over fourteen years, with semi-annual installments of $75,611 through August 2026. Payments include interest at 3.348%. The balance due at June 30, 2026 was $75,258. Interest expenditures of $6,143 were recorded in the fund financial statements in the General Fund. Interest expense of $4,119 was recorded in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonded and energy performance contract debt as of June 30, 2026, including interest payments of $3,317,528 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2027	$ 1,520,000	$ 597,588	$ 75,258	$ 1,244	$ 1,595,258	$ 598,832
2028	1,585,000	538,238	-	-	1,585,000	538,238
2029	1,640,000	476,138	-	-	1,640,000	476,138
2030	1,705,000	411,538	-	-	1,705,000	411,538
2031	1,785,000	344,138	-	-	1,785,000	344,138
2032-2036	7,180,000	905,144	-	-	7,180,000	905,144
2037	1,450,000	43,500	-	-	1,450,000	43,500
	$ 16,865,000	$ 3,316,284	$ 75,258	$ 1,244	$ 16,940,258	$ 3,317,528

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

Legal Debt Margin

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

Compensated Absences

The School District is obligated to compensate employees for accrued vacation upon separation of service in accordance with applicable collective bargaining agreements. The School District is not required to compensate employees for accumulated sick leave. The value of the compensated absences has been reflected in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plans

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

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

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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

Note 3 - Detailed Notes on All Funds (Continued)

	Tier/Plan	Rate
ERS	4 A15 41J	19.6 %
	5 A15 41J	16.6
	6 A15 41J1	12.8
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)	$ 805,576	$ (7,392,325)
School District's proportion of the net pension liability (asset)	0.0142788 %	0.124848 %
Change in proportion since the prior measurement date	0.0005278 %	(0.001908) %

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

For the year ended June 30, 2026, the School District recognized its proportionate share of pension expense in the district-wide financial statements of $654,530 ($988,543 for ERS and ($334,013) for TRS). Pension expenditures for ERS of $912,189 and $6,688 were charged to the General and Special Aid Funds. Pension expenditures for TRS of $2,468,470 and $15,929 were reported in the fund financial statements and were charged to the General and Special Aid Fund.

Note 3 - Detailed Notes on All Funds (Continued)

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	$ 460,998	$ -	$ 3,875,226	$ -
Changes of assumptions	138,282	-	2,926,391	79,701
Net difference between projected and actual earnings on pension plan investments	-	1,444,442	-	5,773,387
Changes in proportion and differences between School District contributions and proportionate share of contributions	269,187	36,346	321,744	47,924
School District contributions subsequent to the measurement date	327,043	-	2,537,892	-
	$ 1,195,510	$ 1,480,788	$ 9,661,253	$ 5,901,012

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,336,224	$ -
Changes of assumptions	3,064,673	79,701
Net difference between projected and actual earnings on pension plan investments	-	7,217,829
Changes in proportion and differences between School District contributions and proportionate share of contributions	590,931	84,270
School District contributions subsequent to the measurement date	2,864,935	-
	$ 10,856,763	$ 7,381,800

$327,043 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 $2,537,892 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31, ERS	June 30, TRS
2026	$ -	$ 3,785,799
2027	389,189	(1,487,254)
2028	(460,413)	(1,592,098)
2029	(248,242)	(293,494)
2030	(292,855)	667,765
Thereafter	-	141,631
	$ (612,321)	$ 1,222,349

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

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

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

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

Note 3 - Detailed Notes on All Funds (Continued)

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)	$ 5,501,862	$ 805,576	$ (3,120,727)

	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)	$ 14,204,446	$ (7,392,325)	$ (25,564,883)

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

	ERS	TRS
Total pension liability	$ 253,773,040,000	$ 148,272,069,000
Fiduciary net position	248,131,290,000	154,193,125,000
Employers' net pension liability (asset)	$ 5,641,750,000	$ (5,921,056,000)
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 $327,043 to ERS and $3,049,953 to TRS, inclusive of $512,061 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 5% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. An employee of the School

Note 3 - Detailed Notes on All Funds (Continued)

District is participating in this program and employer contributions of $25,786 for the year ended June 30, 2026 were recorded in the General Fund.

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	176
Active employees	275
	451

The School District's total OPEB liability of $98,310,644 was measured as of June 30, 2026, and was determined by an actuarial valuation as of June 30, 2024.

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	Varied by years of service and retirement system, ranging from 2.2% - 12.3%
Discount rate	4.32%
Healthcare cost trend rates	6.5%, decreasing to an ultimate rate of 4.04% by 2075
Retirees' share of benefit related costs	Varies from 15% to 60%, depending on applicable years of service and bargaining unit

The discount rate was based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were updated to Pub-2010 Headcount-weighted table for General Employees Teachers and Retirees projected fully generationally using 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	$ 83,511,306
Service cost	3,181,393
Interest	4,101,574
Changes of benefit terms	-
Differences between expected and actual experience	3,224,981
Changes in assumptions or other inputs	7,166,941
Benefit payments	(2,875,551)
Total OPEB Liability - End of Year	$ 98,310,644

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 (3.32%) or 1 percentage point higher (5.32%) than the current discount rate:

	1% Decrease (3.32%)	Current Discount Rate (4.32%)	1% Increase (5.32%)
Total OPEB Liability	$ 115,692,974	$ 98,310,644	$ 84,468,016

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 (5.5% decreasing to 3.04%) or 1 percentage point higher (7.5% decreasing to 5.04%) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 3.04%)	Current Healthcare Cost Trend Rates (6.5% decreasing to 4.04%)	1% Increase (7.5% decreasing to 5.04%)
Total OPEB Liability	$ 81,208,019	$ 98,310,644	$ 120,747,186

For the year ended June 30, 2026, the School District recognized OPEB expense of $6,681,736 in the district-wide financial statements. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	$ 10,956,691	$ 21,589,759
Differences between expected and actual experience	6,888,416	6,947,799
	$ 17,845,107	$ 28,537,558

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	$ (302,406)
2028	(5,042,421)
2029	(3,305,901)
2030	(3,305,900)
2031	(244,719)
Thereafter	1,508,896
	$ (10,692,451)

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

	Transfers In			
Transfers Out	Capital Projects Fund	Special Aid Fund	Non-Major Governmental Funds	Total
General Fund	$ 275,000	$ 32,317	$ 2,119,438	$ 2,426,755

Transfers are used to 1) move funds from the operating funds to the Debt Service Fund as debt service principal and interest payments become due, 2) move amounts earmarked in the operating funds to fulfill commitments for the Special Aid Fund and 3) move funds from the operating funds to the Capital Projects Fund to fund capital projects.

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.

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

Note 3 - Detailed Notes on All Funds (Continued)

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

Restricted for Liability Claims - the component of net position that has been established to set aside funds to be used for the payment of future claims made upon the School District in accordance with Section 6-n of the General Municipal Law of the State of New York.

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

Restricted for ERS Retirement System 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 General Municipal Law of the State of New York.

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

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

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

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 the provisions of 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	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable				
Inventories	$ -	$ -	$ 2,666	$ 2,666
Restricted				
Tax certiorari	235,571	-	-	235,571
Tax certiorari - for subsequent year's expenditures	575,000	-	-	575,000
Employee benefit accrued liability	585,554	-	-	585,554
Insurance	781,855	-	-	781,855
Liability Claims	1,068,442	-	-	1,068,442
Unemployment Benefits	114,786	-	-	114,786
ERS retirement system contributions	1,003,100	-	-	1,003,100
ERS retirement system contributions - for subsequent year's expenditures	1,100,000	-	-	1,100,000
TRS retirement system contributions	1,095,172	-	-	1,095,172
TRS retirement system contributions - for subsequent year's expenditures	200,000	-	-	200,000
Debt service	21,959	-	1,537,727	1,559,686
Future capital projects	2,695,727	-	-	2,695,727
Future capital projects - for subsequent year's expenditures	100,000	-	-	100,000
Special purposes - extraclassroom activities	-	-	76,867	76,867
Special purposes - other	-	-	228,105	228,105
Total Restricted	9,577,166	-	1,842,699	11,419,865
Assigned				
Purchases on order				
General government support	35,627	-	-	35,627
Instruction	81,250	-	-	81,250
	116,877	-	-	116,877
Subsequent year's expenditures	1,050,000	-	-	1,050,000
School Lunch Fund	-	-	401,288	401,288
Total Assigned	1,166,877	-	401,288	1,568,165
Unassigned	2,637,913	(1,495,135)	-	1,142,778
Total Fund Balance	$ 13,381,956	$ (1,495,135)	$ 2,246,653	$ 14,133,474

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

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

Note 3 - Detailed Notes on All Funds (Continued)

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 in the School Lunch Fund, less nonspendable fund balance.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balance in the Capital Projects Funds 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. Additional payments resulting from adverse decisions will be funded in the year the payment is made.

The School District is involved in litigation challenging the construction contract and environmental review for improvements to the athletic facilities at the Burke Estate. An unfavorable outcome could result in a work stoppage, delay completion and increase project costs. The likelihood of a work stoppage and the amount of any resulting additional costs cannot presently be determined.

In addition, there are several civil matters involving the School District. All of these matters have been assigned to the School District's insurance carrier, New York State Insurance Reciprocal ("NYSIR"). Any potential loss is within the policy limits according to the attorneys assigned the civil cases by NYSIR.

B. Contingencies

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

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to $1 million per occurrence. The School District maintains liability coverage for school board members up to $1 million. The School District also maintains an excess catastrophe liability policy with coverage up to $25 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 Southern Westchester County participate in the Southern Westchester Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon the participants' experience rating. The School District has transferred all related risk to the Plan.

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

Note 5 - Recently Issued GASB Pronouncements

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

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

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Hastings-on-Hudson Union Free School District, New York

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

	Budgeted Amounts		Variance with Original Budget - over (under) Final Budget	Actual Amounts	Encumbr-ances	Variance with Final Budget - over (under) Actual and Encumbrances
	Original	Final				
REVENUES						
Real property taxes	$ 48,448,549	$ 48,662,379	$ 213,830	$ 48,662,379	$	$ -
Other tax items	1,498,409	1,284,579	(213,830)	1,293,690		9,111
Non-property taxes	900,000	900,000	-	1,065,760		165,760
Charges for services	530,000	530,000	-	738,415		208,415
Use of money and property	550,500	550,500	-	651,529		101,029
Sale of property and compensation for loss	-	-	-	251,757		251,757
State aid	8,548,530	8,548,530	-	8,509,879		(38,651)
Federal aid	-	-	-	10,225		10,225
Miscellaneous	100,000	100,000	-	399,751		299,751
Total Revenues	60,575,988	60,575,988	-	61,583,385		1,007,397
EXPENDITURES						
Current						
General support						
Board of education	74,200	85,328	11,128	81,735	259	(3,334)
Central administration	412,889	428,791	15,902	428,449	-	(342)
Finance	739,250	790,953	51,703	743,134	-	(47,819)
Staff	315,500	349,830	34,330	344,026	-	(5,804)
Central services	3,811,766	6,094,863	2,283,097	5,800,296	35,368	(259,199)
Special items	654,397	691,333	36,936	684,964	-	(6,369)
Total General Support	6,008,002	8,441,098	2,433,096	8,082,604	35,627	(322,867)
Instruction						
Instruction, administration and improvement	1,947,532	1,879,444	(68,088)	1,832,043	2,057	(45,344)
Teaching - Regular school	18,310,957	17,396,641	(914,316)	17,162,962	11,760	(221,919)
Programs for students with disabilities	9,697,028	9,128,013	(569,015)	8,894,734	23,103	(210,176)
Occupational education	45,000	45,000	-	34,574	-	(10,426)
Instructional media	1,948,485	2,405,640	457,155	2,256,474	7,083	(142,083)
Pupil services	4,651,836	4,889,649	237,813	4,716,615	37,247	(135,787)
Total Instruction	36,600,838	35,744,387	(856,451)	34,897,402	81,250	(765,735)
Pupil transportation	1,987,920	2,043,418	55,498	1,921,768	-	(121,650)
Employee benefits	15,490,652	15,401,340	(89,312)	14,954,758	-	(446,582)
Debt service						
Principal	145,079	145,079	-	145,079	-	-
Interest	6,143	6,143	-	6,143	-	-
Total Expenditures	60,238,634	61,781,465	1,542,831	60,007,754	116,877	(1,656,834)
Excess (Deficiency) of Revenues Over Expenditures	337,354	(1,205,477)	(1,542,831)	1,575,631	(116,877)	2,664,231
OTHER FINANCING USES						
Transfers out	(2,432,438)	(2,432,438)	-	(2,426,755)	-	5,683
Net Change in Fund Balance	(2,095,084)	(3,637,915)	(1,542,831)	(851,124)	$ (116,877)	$ 2,669,914
FUND BALANCE						
Beginning of Year	2,095,084	3,637,915	1,542,831	14,233,080		
End of Year	$ -	$ -	$ -	$ 13,381,956		

See independent auditors' report.

1. Budgetary Basis and Control

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

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

Annual budgets are not adopted for the Special Aid, School Lunch, Debt Service 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.

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2. General Fund Budgetary Highlights

Differences - Original Budget to Final Budget

	Variance with Original Budget - over (under) Final Budget	
EXPENDITURES		
General Support:		
Central services	$ 2,283,097	The final budget increased by $2.3 million to provide for significant flood-related repairs and renovations throughout the District.
Instruction:		
Teaching- Regular school	(914,316)	The final budget was reduced primarily to reflect anticipated salary savings from employee retirements, fewer instructional sections, lower leave-replacement costs, and contractual salary savings.
Programs for students with disabilities	(569,015)	The final budget was reduced as a result of changes in student placements, including students who relocated or were parentally placed outside the District.
Instructional media	457,155	The final budget increased to provide for additional technology replacements, Chromebook purchases, and unanticipated closet repairs.

Differences - Final Budget to Actual and Encumbrances

	Variance with Final Budget - over (under) Actual and Encumbrances	
EXPENDITURES		
Employee benefits	$ (446,582)	The final budget exceeded actual expenditures and encumbrances by $446,582, primarily due to salary-related retirement savings, lower staffing levels, and lower health insurance costs resulting from employee coverage changes.

Hastings-on-Hudson Union Free School District, New York

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

	2026	2025	2024
Total OPEB Liability:			
Service cost	$ 3,181,393	$ 3,686,570	$ 3,474,891
Interest	4,101,574	3,773,313	3,370,227
Changes of benefit terms	-	-	-
Differences between expected and actual experience	3,224,981	(3,815,461)	4,279,588
Changes of assumptions or other inputs	7,166,941	(4,897,228)	(1,140,425)
Benefit payments	(2,875,551)	(2,329,409)	(2,018,412)
Net Change in Total OPEB Liability	14,799,338	(3,582,215)	7,965,869
Total OPEB Liability – Beginning of Year	83,511,306	87,093,521	79,127,652
Total OPEB Liability – End of Year	$ 98,310,644	$ 83,511,306	$ 87,093,521
School District's covered employee payroll	$ 27,928,160	$ 27,446,647	$ 27,843,372
Total OPEB liability as a percentage of covered - employee payroll	352%	304%	313%
*Discount Rate	4.32%	4.81%	4.21%

(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 GASB Statement No. 75 to pay related benefits.
(3) Restated for the implementation of the provisions of GASB Statement No. 75.

See independent auditors' report.

2023	2022	2021	2020	2019	2018	
$ 3,894,658	$ 5,887,447	$ 6,113,474	$ 4,109,006	$ 1,967,225	$ 2,046,669	
2,996,616	2,326,199	2,539,471	3,045,589	2,399,060	2,156,899	
-	-	(119,330)	-	-	-	
1,664,747	(4,068,122)	(7,604,852)	(3,015,515)	4,202,630	-	
(9,287,865)	(23,482,569)	(6,287,357)	23,612,074	15,606,987	(3,045,590)	
(1,776,567)	(1,658,825)	(1,599,655)	(1,627,744)	(1,452,456)	(1,326,449)	
(2,508,411)	(20,995,870)	(6,958,249)	26,123,410	22,723,446	(168,471)	
81,636,063	102,631,933	109,590,182	83,466,772	60,743,326	60,911,797	(3)
$ 79,127,652	$ 81,636,063	$ 102,631,933	$ 109,590,182	$ 83,466,772	$ 60,743,326	
$ 25,926,280	$ 24,942,780	$ 24,874,335	$ 25,957,919	$ 23,640,143	$ 23,937,435	
305%	327%	413%	422%	353%	254%	
4.13%	3.54%	2.16%	2.21%	3.51%	3.87%	

Hastings-on-Hudson Union Free School District, New York

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

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

	2026 (3)	2025 (3)	2024 (3)	2023 (2)
School District's proportion of the net pension liability (asset)	0.124848%	0.126756%	0.128700%	0.132715%
School District's proportionate share of the net pension liability (asset)	$ (7,392,325)	$ (3,781,915)	$ 1,471,796	$ 2,546,663
School District's covered payroll	$ 25,581,128	$ 25,615,605	$ 24,723,790	$ 24,407,579
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-28.90%	-14.76%	5.95%	10.43%
Plan fiduciary net position as a percentage of the total pension liability	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	$ 2,537,892	$ 2,586,252	$ 2,500,083	$ 2,544,078
Contributions in relation to the contractually required contribution	(2,537,892)	(2,586,252)	(2,500,083)	(2,544,078)
Contribution excess	$ -	$ -	$ -	$ -
School District's covered payroll	$ 26,463,937	$ 25,581,128	$ 25,615,605	$ 24,723,790
Contributions as a percentage of covered payroll	9.59%	10.11%	9.76%	10.29%

(1) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.
(2) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.
(3) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

2022 (3)	2021 (2)	2020	2019	2018	2017
0.135192%	0.136613%	0.131508%	0.129438%	0.126703%	0.125303%
$ (23,427,562)	$ 3,774,984	$ (3,416,594)	$ (2,340,574)	$ (963,071)	$ 1,342,046
$ 23,725,236	$ 23,790,158	$ 22,710,088	$ 21,686,282	$ 20,650,000	$ 19,978,000
(98.75)%	15.87%	(15.04)%	(10.79)%	(4.66)%	6.72%
113.20%	97.76%	102.20%	101.53%	100.66%	99.01%
6.95%	7.10%	7.10%	7.25%	7.25%	7.50%

2022	2021	2020	2019	2018	2017
$ 2,391,943	$ 2,261,015	$ 2,107,808	$ 2,411,811	$ 2,125,256	$ 2,420,168
(2,391,943)	(2,261,015)	(2,107,808)	(2,411,811)	(2,125,256)	(2,420,168)
$ -	$ -	$ -	$ -	$ -	$ -
$ 24,407,579	$ 23,725,236	$ 23,790,158	$ 22,710,088	$ 21,686,282	$ 20,650,000
9.80%	9.53%	8.86%	10.62%	9.80%	11.72%

Hastings-on-Hudson Union Free School District, New York

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

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

	2026 (3)	2025 (2)	2024 (3)	2023 (2)
School District's proportion of the net pension liability (asset)	0.0142788%	0.0137510%	0.0140099%	0.0144168%
School District's proportionate share of the net pension liability (asset)	$ 805,576	$ 2,357,708	$ 2,062,829	$ 3,091,541
School District's covered payroll	$ 5,893,217	$ 5,530,859	$ 5,258,295	$ 5,069,702
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	13.67%	42.63%	39.23%	60.98%
Plan fiduciary net position as a percentage of the total pension liability	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	$ 886,358	$ 784,460	$ 659,558	$ 568,945
Contributions in relation to the contractually required contribution	(886,358)	(784,460)	(659,558)	(568,945)
Contribution excess	$ -	$ -	$ -	$ -
School District's covered payroll	$ 6,073,208	$ 5,526,865	$ 5,433,528	$ 5,063,317
Contributions as a percentage of covered payroll	14.59%	14.19%	12.14%	11.24%

(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
0.0146110%	0.0137620%	0.0155258%	0.0150164%	0.013976%	0.014336%
$ (1,194,388)	$ 13,703	$ 4,111,309	$ 1,063,960	$ 451,063	$ 1,347,035
$ 4,933,258	$ 4,863,968	$ 4,823,120	$ 4,407,649	$ 4,025,661	$ 4,015,853
(24.21)%	0.28%	85.24%	24.14%	11.20%	33.54%
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
$ 785,346	$ 698,064	$ 661,169	$ 631,914	$ 593,212	$ 595,517
(785,346)	(698,064)	(661,169)	(631,914)	(593,212)	(595,517)
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,009,776	$ 4,885,764	$ 4,774,706	$ 4,757,500	$ 4,438,062	$ 4,092,000
15.68%	14.29%	13.85%	13.28%	13.37%	14.55%

Hastings-on-Hudson Union Free School District, New York

General Fund
Schedule of Revenues Compared to Budget
Year Ended June 30, 2026

	Original Budget	Final Budget	Actual	Variance with Final Budget over (under) Actual
REAL PROPERTY TAXES	$ 48,448,549	$ 48,662,379	$ 48,662,379	$ -
OTHER TAX ITEMS				
Payments in lieu of taxes	-	-	9,111	9,111
School tax relief reimbursement	1,498,409	1,284,579	1,284,579	-
	1,498,409	1,284,579	1,293,690	9,111
NON-PROPERTY TAXES				
Non-property tax distribution from County	900,000	900,000	1,065,760	165,760
CHARGES FOR SERVICES				
Day school tuition	305,000	305,000	416,378	111,378
Other student fees and charges	145,000	145,000	218,632	73,632
Health services for other districts	80,000	80,000	103,405	23,405
	530,000	530,000	738,415	208,415
USE OF MONEY AND PROPERTY				
Earnings on investments	510,500	510,500	598,737	88,237
Rental income	40,000	40,000	52,792	12,792
	550,500	550,500	651,529	101,029
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	250,000	250,000
Other	-	-	1,757	1,757
	-	-	251,757	251,757
STATE AID				
Basic formula	5,483,530	5,483,530	5,130,071	(353,459)
BOCES	1,115,000	1,115,000	1,316,423	201,423
Lottery	1,800,000	1,800,000	1,932,689	132,689
Textbook aid	80,000	80,000	69,797	(10,203)
Computer software aid	60,000	60,000	41,001	(18,999)
Library aid	10,000	10,000	10,450	450
Other	-	-	9,448	9,448
	8,548,530	8,548,530	8,509,879	(38,651)
FEDERAL AID				
Federal Emergency Management Agency	-	-	10,225	10,225
MISCELLANEOUS				
Refund of BOCES aided services	75,000	75,000	-	(75,000)
Refund of prior year's expenditures	25,000	25,000	396,004	371,004
Other	-	-	3,747	3,747
	100,000	100,000	399,751	299,751
TOTAL REVENUES	$ 60,575,988	$ 60,575,988	$ 61,583,385	$ 1,007,397

See independent auditors' report.

Hastings-on-Hudson Union Free School District, New York

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

	Original Budget	Final Budget	Actual	Encumbr-ances	Variance with Final Budget - over (under) Actual and Encumbrances
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	$ 38,200	$ 44,871	$ 42,239	$ 119	$ (2,513)
District clerk	36,000	40,457	39,496	140	(821)
Total Board of Education	74,200	85,328	81,735	259	(3,334)
CENTRAL ADMINISTRATION					
Chief school administrator	412,889	428,791	428,449	-	(342)
FINANCE					
Business administration	645,500	695,417	686,456	-	(8,961)
Accounting and auditing	85,550	87,000	48,142	-	(38,858)
Treasurer	8,200	8,536	8,536	-	-
Total Finance	739,250	790,953	743,134	-	(47,819)
STAFF					
Legal	105,000	114,439	109,345	-	(5,094)
Personnel	134,000	124,692	123,982	-	(710)
Public information and services	76,500	110,699	110,699	-	-
Total Staff	315,500	349,830	344,026	-	(5,804)
CENTRAL SERVICES					
Operation of plant	3,367,393	5,619,369	5,376,248	19,725	(223,396)
Maintenance of plant	444,373	475,494	424,048	15,643	(35,803)
Total Central Services	3,811,766	6,094,863	5,800,296	35,368	(259,199)
SPECIAL ITEMS					
Unallocated insurance	322,050	322,050	317,650	-	(4,400)
Assessments on school property	36,000	40,113	40,113	-	-
Refunds of real property taxes	-	32,823	32,823	-	-
Administrative charge - BOCES	296,347	296,347	294,378	-	(1,969)
Unclassified	-	-	-	-	-
Total Special Items	654,397	691,333	684,964	-	(6,369)
Total General Support	6,008,002	8,441,098	8,082,604	35,627	(322,867)

(Continued)

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

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget - over (under) Actual and Encumbrances
INSTRUCTION					
INSTRUCTION, ADMINISTRATION AND IMPROVEMENT					
Curriculum development and supervision	$ 300,881	$ 316,582	$ 315,666	$ 430	$ (486)
Supervision - Regular school	1,646,651	1,562,862	1,516,377	1,627	(44,858)
Total Instruction, Administration and Improvement	1,947,532	1,879,444	1,832,043	2,057	(45,344)
TEACHING - REGULAR SCHOOL	18,310,957	17,396,641	17,162,962	11,760	(221,919)
PROGRAMS FOR STUDENTS WITH DISABILITIES	9,697,028	9,128,013	8,894,734	23,103	(210,176)
OCCUPATIONAL EDUCATION	45,000	45,000	34,574	-	(10,426)
INSTRUCTIONAL MEDIA					
School library and audiovisual	460,881	485,322	453,298	4,213	(27,811)
Computer assisted instruction	1,487,604	1,920,318	1,803,176	2,870	(114,272)
Total Instructional Media	1,948,485	2,405,640	2,256,474	7,083	(142,083)
PUPIL SERVICES					
Guidance - Regular school	1,284,355	1,225,245	1,203,305	342	(21,598)
Health services - Regular school	598,324	686,650	633,410	4,837	(48,403)
Psychological services - Regular school	779,980	926,889	921,742	351	(4,796)
Co-curricular activities - Regular school	596,419	663,216	637,252	-	(25,964)
Interscholastic athletics - Regular school	1,021,656	1,004,522	948,180	31,717	(24,625)
English Language Learners	371,102	383,127	372,726	-	(10,401)
Total Pupil Services	4,651,836	4,889,649	4,716,615	37,247	(135,787)
Total Instruction	36,600,838	35,744,387	34,897,402	81,250	(765,735)
PUPIL TRANSPORTATION					
District transportation services	62,000	71,278	71,276	-	(2)
Contract transportation	1,925,920	1,972,140	1,850,492	-	(121,648)
Total Pupil Transportation	1,987,920	2,043,418	1,921,768	-	(121,650)

(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 - over (under) Actual and Encumbrances
EMPLOYEE BENEFITS					
State retirement	$ 881,000	$ 954,878	$ 912,189	$ -	$ (42,689)
Teachers' retirement	2,840,023	2,751,074	2,468,470	-	(282,604)
Social security	2,512,107	2,493,782	2,414,629	-	(79,153)
Workers' compensation benefits	210,000	210,000	197,183	-	(12,817)
Life insurance	16,500	16,669	16,669	-	-
Unemployment benefits	-	10,000	7,640	-	(2,360)
Hospital, medical and dental insurance	8,458,149	8,387,176	8,365,390	-	(21,786)
Union welfare benefits	572,873	577,761	572,588	-	(5,173)
Total Employee Benefits	15,490,652	15,401,340	14,954,758	-	(446,582)
DEBT SERVICE					
Energy performance contract debt					
Principal	145,079	145,079	145,079	-	-
Interest	6,143	6,143	6,143	-	-
Total Debt Service	151,222	151,222	151,222	-	-
TOTAL EXPENDITURES	60,238,634	61,781,465	60,007,754	116,877	(1,656,834)
OTHER FINANCING USES					
Transfers out					
Special Aid Fund	38,000	38,000	32,317	-	(5,683)
Debt Service Fund	2,119,438	2,119,438	2,119,438	-	-
Capital Projects Fund	275,000	275,000	275,000	-	-
TOTAL OTHER FINANCING USES	2,432,438	2,432,438	2,426,755	-	(5,683)
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 62,671,072	$ 64,213,903	$ 62,434,509	$ 116,877	$ (1,662,517)

See independent auditors' report.

Hastings-on-Hudson Union Free 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	Expenditures and Transfers To Date: Current Year	Expenditures and Transfers To Date: Totals
District-Wide Improvements - 2025/26	$ 275,000	$ -	$ 95,135	$ 95,135
Hillside Alteration Project - Proposition 1	2,100,000	-	168,548	168,548
Farragut Complex - Proposition 2	2,100,000	-	1,382,746	1,382,746
Burke Field- Proposition 3	8,171,250	-	762,615	762,615
District-Wide Improvements - 2024/25	275,000	115,225	53,053	168,278
District-Wide Improvements - 2023/24	550,000	48,780	-	48,780
Excel	907,969	877,002	-	877,002
Flood restoration	4,487,880	-	4,487,880	4,487,880
Totals	$ 18,867,099	$ 1,041,007	$ 6,949,977	$ 7,990,984

See independent auditors' report.

Unexpended Balance	Methods of Financing			Fund Balance (Deficit) at June 30, 2026	Bond Anticipation Notes Outstanding at June 30, 2026
	Miscellaneous	Interfund Transfers	Total		
$ 179,865	$ -	$ 275,000	$ 275,000	$ 179,865	$ -
1,931,452	-	-	-	(168,548)	2,100,000
717,254	-	-	-	(1,382,746)	2,100,000
7,408,635	-	-	-	(762,615)	8,171,250
106,722	-	275,000	275,000	106,722	-
501,220	-	550,000	550,000	501,220	-
30,967	-	907,969	907,969	30,967	-
-	4,487,880	-	4,487,880	-	-
$ 10,876,115	$ 4,487,880	$ 2,007,969	$ 6,495,849	$ (1,495,135)	$ 12,371,250

Hastings-on-Hudson Union Free School District, New York

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

	School Lunch	Special Purpose	Debt Service	Total Non-Major Governmental Funds
ASSETS				
Cash and equivalents	$ 454,095	$ 304,972	$ 20,112	$ 779,179
Receivables				
Accounts	25,849	-	-	25,849
State and Federal aid	64,397	-	-	64,397
Due from other funds	824	-	1,517,615	1,518,439
	91,070	-	1,517,615	1,608,685
Inventories	2,666	-	-	2,666
Total Assets	$ 547,831	$ 304,972	$ 1,537,727	$ 2,390,530
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 74,589	$ -	$ -	$ 74,589
Due to other governments	9,105	-	-	9,105
Unearned revenues	60,183	-	-	60,183
Total Liabilities	143,877	-	-	143,877
Fund balances				
Nonspendable	2,666	-	-	2,666
Restricted	-	304,972	1,537,727	1,842,699
Assigned	401,288	-	-	401,288
Total Fund Balances	403,954	304,972	1,537,727	2,246,653
Total Liabilities and Fund Balances	$ 547,831	$ 304,972	$ 1,537,727	$ 2,390,530

See independent auditors' report.

Hastings-on-Hudson Union Free School District, New York

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

	School Lunch	Special Purpose	Debt Service	Total Non-Major Governmental Funds
REVENUES				
Use of money and property	$ 3,556	$ 2,073	$ 119,201	$ 124,830
State aid	269,356	-	-	269,356
Federal aid	49,201	-	-	49,201
Food sales	972,380	-	-	972,380
Miscellaneous	-	216,083	-	216,083
Total Revenues	1,294,493	218,156	119,201	1,631,850
EXPENDITURES				
Current				
Cost of food sales	1,197,971	-	-	1,197,971
Other	-	204,634	-	204,634
Debt service				
Principal	-	-	1,465,000	1,465,000
Interest	-	-	654,438	654,438
Total Expenditures	1,197,971	204,634	2,119,438	3,522,043
Excess (Deficiency) of Revenues Over Expenditures	96,522	13,522	(2,000,237)	(1,890,193)
OTHER FINANCING SOURCES				
Transfers in	-	-	2,119,438	2,119,438
Net Change in Fund Balances	96,522	13,522	119,201	229,245
FUND BALANCES				
Beginning of Year	307,432	291,450	1,418,526	2,017,408
End of Year	$ 403,954	$ 304,972	$ 1,537,727	$ 2,246,653

See independent auditors' report.

Hastings-on-Hudson Union Free School District, New York

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

Adopted Budget	$ 62,465,988
Additions	
Encumbrances	205,084
Original Budget	62,671,072
Budget Amendments	1,542,831
Final Budget	$ 64,213,903

General Fund
Section 1318 of Real Property Tax Law Limit Calculation

2026-27 Expenditure Budget		$ 65,947,830
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted fund balance		
Assigned fund balance	$ 1,166,877	
Unassigned fund balance	2,637,913	
Total Unrestricted Fund Balance	3,804,790	
Less		
Appropriated for subsequent year's budget	1,050,000	
Encumbrances	116,877	
Total Adjustments	1,166,877	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 2,637,913
Actual Percentage		4.00%

See independent auditors' report.

Hastings-on-Hudson Union Free School District, New York

Schedule of Net Investment in Capital Assets
June 30, 2026

Capital Assets, net		$ 32,936,541
Less		
Bonds payable	$ (16,865,000)	
Energy performance contract debt payable	(75,258)	
Unamortized portion of premium on bonds	(1,746,049)	
Bond anticipation notes payable	(12,371,250)	
Accounts payable	(63,228)	(31,120,785)
Plus		
Unexpended bond proceeds		10,120,569
Net Investment in Capital Assets		$ 11,936,325

See independent auditors' report.

Hastings-on-Hudson Union Free School District, New York

Extraclassroom Activity Funds

Statement of Cash Receipts, Cash Disbursements and Cash Balances

Year Ended June 30, 2026

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

The Board of Education
of the Hastings-on-Hudson Union Free School District, New York

Report on the Audit of the Financial Statement

Qualified Opinion

We have audited the statement of cash receipts, cash disbursements and cash balances of the Extraclassroom Activity Funds of the Hastings-on-Hudson Union Free School District, New York, as of and for the year ended June 30, 2026, and the related note to the financial statement.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statement referred to above presents fairly, in all material respects, the cash receipts, cash disbursements and cash balances of the Extraclassroom Activity Funds of the Hastings-on-Hudson Union Free School District, New York as of June 30, 2026, and for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Hastings-on-Hudson Union Free School District, New York, 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 qualified audit opinion.

Matter Giving Rise to Qualified Opinion

Controls over cash receipts during the time period between when receipts are first received by student club members and when such receipts are given to Hastings-on-Hudson Union Free School District, New York personnel for initial entry in the accounting records are not sufficient to enable us to extend our audit procedures beyond the receipts recorded. Accordingly, we were unable to form an opinion with respect to the completeness of cash receipts.

Emphasis of Matter – Basis of Accounting

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

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Responsibilities of Management for the Financial Statement

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

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 Hastings-on-Hudson Union Free School District, New York'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 statement.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Extraclassroom Activity Funds of the Hastings-on-Hudson Union Free School District, New York'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.

Restriction on Use

This report is intended solely for the information and use of the Board of Education, the New York State Education Department and management and is not intended to be and should not be used by anyone other than these specified parties.

PKF O'Connor Davies, LLP
Harrison, New York
October 15, 2026

Hastings-on-Hudson Union Free School District, New York

Extraclassroom Activity Funds
Statement of Cash Receipts, Cash Disbursements and Cash Balances
Year Ended June 30, 2026

	Cash Balances Beginning	Receipts	Disburse-ments	Cash Balances Ending
HIGH SCHOOL				
Academic Challenge	$ 411	$ 1,994	$ 488	$ 1,917
Affinity Club	434	203	250	387
Amnesty Club	966	1,282	1,285	963
Art Club	308	-	-	308
Astronomy Club	190	-	-	190
Band	9,137	49,052	56,443	1,746
Chess Club	261	-	25	236
Chorus	1,255	-	773	482
Class of 2025	2,362	-	2,362	-
Class of 2026	2,175	21,414	18,608	4,981
Class of 2027	4,192	6,534	4,683	6,043
Class of 2028	2,539	2,110	-	4,649
Class of 2029	-	1,527	-	1,527
Culinary Club	2,350	109	265	2,194
Economics Club	1,116	1,000	749	1,367
Environment Club	1,078	59	27	1,110
Feminism Club	584	-	12	572
Foreign Language Club	865	-	-	865
Garden Club	362	79	66	375
Gay Straight Alliance	1,354	354	522	1,186
Hudsonettes	802	46	230	618
Math Club	280	12	-	292
National Art Honor Society	326	80	285	121
National Honor Society	272	6,999	3,263	4,008
Crossing Borders (Our Neighbors)	665	627	419	873
Peer Leadership	2,924	2,880	3,801	2,003
Photography	250	-	-	250
Students Against Drunk Driving	460	113	-	573
Student Union	3,766	5,386	5,846	3,306
Sunshine Club	624	1,468	899	1,193
Varsity Club	1,109	60	60	1,109
Westchester Model United	310	69	85	294
Women's Health	124	155	-	279
Yearbook	5,216	975	1,797	4,394
Young Entrepreneurial Media Club	1,988	500	500	1,988
Clay Club	94	-	-	94
Business Club	40	-	-	40
Robotic Club	-	13,305	8,789	4,516
DND Club	-	913	805	108
Buzzer	-	1,100	99	1,001
Total High School	51,189	120,405	113,436	58,158

Hastings-on-Hudson Union Free School District, New York

Extraclassroom Activity Funds
Statement of Cash Receipts, Cash Disbursements and Cash Balances (Continued)
Year Ended June 30, 2026

	Cash Balances Beginning	Receipts	Disburse-ments	Cash Balances Ending
MIDDLE SCHOOL				
Extracurricular	$ 551	$ 110	$ 304	$ 357
Gender Sexuality Alliance Club	602	-		602
Scholarship	527	121	-	648
Student Activity Club-5/6	51	-	-	51
Yearbook	15,492	3,391	1,832	17,051
Total Middle School	17,223	3,622	2,136	18,709
Total All Schools	$ 68,412	$ 124,027	$ 115,572	$ 76,867

The accompanying note is an integral part of the financial statement.

Note 1 - Summary of Significant Accounting Policies

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Hastings-on-Hudson Union Free School District, New York ("School District"). These funds are reflected in the financial statements of the School District within the Special Purpose Fund.

A. Basis of Accounting

The financial statement was prepared on the basis of cash receipts and cash disbursements in conformity with the accounting principles prescribed by the New York State Education Department, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Risk Disclosure

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

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

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