FINANCIAL REPORT
AUDITED

MILLBROOK CENTRAL SCHOOL DISTRICT

Millbrook, New York
For the Year Ended June 30, 2026

Audited for:
Board of Education
MILLBROOK CENTRAL SCHOOL DISTRICT

Audited By:
RBT CPAs, LLP
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MILLBROOK CENTRAL SCHOOL DISTRICT

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RBT
LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Millbrook Central School District
43 Alden Place
Millbrook, NY 12545

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Millbrook Central School District (the "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 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* ("*Government Auditing Standards*"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the School District's total OPEB liability and related ratios, schedule of the School District's proportionate share of the net pension (asset)/liability and related ratios, schedule of employer contributions, schedule of revenues and expenditures compared to budget, and notes to the schedule of revenues and expenditures compared to budget information on pages 4 through 11 and 46 through 51 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 nonmajor fund financial statements and the schedule of indebtedness 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 nonmajor fund financial statements and the schedule of indebtedness are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Adopted Budget to Final Budget and Section 1318 Real Property Tax Law Limit Calculation, Capital Projects Fund – Project Length Schedule, and the Schedule of Net Investment in Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 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 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.

RBT CPAs, LLP

Hudson, NY
October 27, 2026

MILLBROOK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The accompanying discussion and analysis of the Millbrook Central School District's ("the School District") financial performance has been prepared to provide an overview of the School District's financial activities for the year ended June 30, 2026. The discussion and analysis is only an introduction and should be read in conjunction with the School District's financial statements.

I. Overview

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements consist of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Basic Financial Statements

The first two statements in the basic financial statements are the district-wide Financial Statements. They provide short and long-term information about the School District's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual part of the School District. These statements provide more detail than the district-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental and fiduciary statements and (2) the reconciliations to the district-wide financial statements.

The next section of the financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

District-wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

- The statement of net position presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
- The statement of activities presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The governmental activities of the School District include instruction, pupil transportation, school lunch program and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

I. Overview – Continued

Fund Financial Statements – Continued

- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances are reconciled to facilitate this comparison between governmental funds and governmental activities.
- The School District maintains five individual governmental funds. The General Fund, Capital Projects Fund, Cafeteria Fund, Miscellaneous Special Revenue Fund and Special Aid Fund are presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances, either as major or non-major funds.
- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been prepared for the General Fund and is included in Required Supplementary Information to demonstrate compliance with the budget.
- The Fiduciary Funds (inclusive of student activity funds) are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

II. Financial Summary

DISTRICT-WIDE FINANCIAL ANALYSIS

MILLBROOK CENTRAL SCHOOL DISTRICT'S NET POSITION

	2026	2025	$ Change	% Change
Current Assets	**$ 23,012,480**	$ 24,141,795	$ (1,129,315)	-4.68%
Net Pension Asset	**3,464,100**	1,766,226	1,697,874	96.13%
Capital and Intangible Assets	**20,744,672**	20,716,158	28,514	0.14%
Total Assets	**47,221,252**	46,624,179	597,073	1.28%
Deferred Outflows of Resources				
Pensions	**4,879,904**	4,978,818	(98,914)	-1.99%
Other Postemployment Benefits	**7,699,020**	5,691,049	2,007,971	35.28%
Other	**80,603**	89,559	(8,956)	-10.00%
Total Deferred Outflows of Resources	**12,659,527**	10,759,426	1,900,101	17.66%
Current Liabilities	**6,635,374**	6,326,716	308,658	4.88%
Long-Term Liabilities	**56,170,407**	53,499,056	2,671,351	4.99%
Total Liabilities	**62,805,781**	59,825,772	2,980,009	4.98%
Deferred Inflows of Resources				
Pensions	**3,713,417**	2,225,734	1,487,683	66.84%
Other Postemployment Benefits	**14,661,544**	20,329,118	(5,667,574)	-27.88%
Other	**2,108**	3,641	(1,533)	-42.10%
Total Deferred Inflows of Resources	**18,377,069**	22,558,493	(4,181,424)	-18.54%
Net Position:				
Net Investment in Capital Assets	**11,433,924**	9,903,761	1,530,163	15.45%
Restricted	**5,586,802**	5,380,927	205,875	3.83%
Unrestricted	**(38,322,797)**	(40,285,348)	1,962,551	4.87%
Total Net Position	**$ (21,302,071)**	$ (25,000,660)	$ 3,698,589	14.79%

Current assets decreased by $1,129,315 during the current year primarily due to a decrease in cash and cash equivalents held due to end-of-year activity.

Net pension asset increased $1,697,874 during the current year primarily due to changes in actuarial calculations for the Teachers' Retirement System ("TRS").

Deferred outflows of resources increased $1,900,101 during the current year primarily due to changes in the actuarial calculation for Other Postemployment Benefits ("OPEB").

Current liabilities increased $308,658 primarily due to an increase in accounts payables and current portion of OPEB liabilities resulting from changes in the actuarial calculations.

Long-term liabilities increased $2,671,351 primarily due to an increase in the long-term portion of OPEB liabilities resulting from changes in the actuarial calculations.

Deferred inflows of resources decreased $4,181,424 primarily due to the changes in the actuarial calculations for OPEB.

$11,433,924 reflects the District's net investment in capital assets, less any related debt used to acquire those assets that is 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. Those assets subject to external restrictions total $5,586,802. The remaining balance is an unrestricted deficit of $38,322,797, primarily attributable to the accrual of other post-employment benefit obligations promulgated under the requirements of Governmental Accounting Standards Board Statement No. 75.

II. Financial Summary – Continued

In addition, as a requirement of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, certain items are included in the Statement of Net Position. As of June 30, 2026, the School District reported a net pension (asset)/liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems. This (asset)/liability and the net deferrals are not in the custody of, nor are they accessible by the School District. Rather, these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note VIII of the financial statements for more information on these pension items.

The negative net position balance of $21,302,071 continues to be the result of recognizing the liability for Other Postemployment Benefits ("OPEB"), without any legal mechanism to set-aside funds for this liability. For the 2025-2026 fiscal year, this liability increased by a net amount of $5,541,869 to a balance of $45,562,238.

DISTRICT-WIDE FINANCIAL ANALYSIS

MILLBROOK CENTRAL SCHOOL DISTRICT'S CHANGES IN NET POSITION

	2026	**%**	2025	%	$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	**$ 1,245,127**	**68.45%**	$ 566,519	41.52%	$ 678,608	119.79%
Operating Grants and Contributions	**573,783**	**31.55%**	797,877	58.48%	(224,094)	-28.09%
Total Program Revenue	**1,818,910**	**100.00%**	1,364,396	100.00%	454,514	33.31%
General Revenues:						
Real Property Taxes	**26,947,411**	**74.89%**	26,374,769	72.26%	572,642	2.17%
Other Tax Items	**711,685**	**1.98%**	739,810	2.03%	(28,125)	-3.80%
Use of Money and Property	**258,429**	**0.72%**	722,206	1.98%	(463,777)	-64.22%
Sales of Property and Compensation for Loss	**(7,142)**	**-0.02%**	-	0.00%	(7,142)	-100.00%
Miscellaneous	**334,516**	**0.93%**	990,235	2.71%	(655,719)	-66.22%
State Sources	**7,701,063**	**21.40%**	7,642,655	20.94%	58,408	0.76%
Federal Sources	**37,775**	**0.10%**	28,861	0.08%	8,914	30.89%
Total General Revenues	**35,983,737**	**100.00%**	36,498,536	100.00%	(514,799)	-1.41%
Total Revenues	**37,802,647**		37,862,932		(60,285)	-0.16%
Program Expenses:						
General Support	**4,695,182**	**13.77%**	4,621,226	13.44%	73,956	1.60%
Instruction	**24,813,127**	**72.76%**	25,400,107	73.86%	(586,980)	-2.31%
Pupil Transportation	**3,583,678**	**10.51%**	3,306,657	9.61%	277,021	8.38%
Debt Service	**355,674**	**1.05%**	420,573	1.22%	(64,899)	-15.43%
School Lunch Program	**656,397**	**1.92%**	642,576	1.87%	13,821	2.15%
Total Expenses	**34,104,058**	**100.01%**	34,391,139	100.00%	$ (287,081)	-0.83%
Change in Net Position	**$ 3,698,589**		$ 3,471,793			

Selected Governmental Fund Highlights

The General Fund's fund balance decreased slightly from approximately $9.299 million to $9.294 million, primarily because expenditures exceeded revenues during the year.

Special Aid Fund started the year off with no opening fund balance. The local funds had commitments open at end of year resulting in an assigned balance of $22 thousand. The total revenue and expenditure decreased slightly compared to the prior year, primarily due to a decrease in aid received from the State.

The Capital Fund's fund balance decreased to $10.8 million during the year, primarily due to the expenditure of the ongoing capital projects.

The School Lunch Fund's fund balance decreased during the year, primarily due to the increasing cost of sales.

III. Detailed Analysis

Financial Analysis of the Millbrook Central School Funds

The major changes from 2024-25 to 2025-26 are as follows:

Revenues:

- Charges for Services revenue increased by $678,608 due to the School District offering an adult education program at the School District to the BOCES.
- Operating Grants and Contributions decreased by $224,094. This was due to decreased CARES funding.
- Real Property Tax revenue increased $572,642 due to an increase in the School District's property tax levy in accordance with the applicable New York State property tax levy limit.
- Use of Money and Property decreased $463,777 due to the School District earning less interest from the Capital Reserve bank account.
- Miscellaneous revenue decreased by $655,719 due to a decrease in Dutchess Educational Health Insurance Consortium ("DEHIC") reimbursements in the current year.

Expenses:

- Instructional Program expenses decreased by $586,980 due to a decrease in costs for BOCES services and changes in OPEB and pension cost allocations.
- Pupil Transportation expenses increased by $277,021. This increase is mainly due to an increase in the transportation contracts.

Fund Balance Reporting

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds: The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the School District's financing for spending at the end of the fiscal year.

The School District classifies its fund balances into the following categories:

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

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in 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 entity removes or changes the purpose by taking the same action that was used to establish the commitment.

Note: According to the Office of the State Comptroller, school districts in New York State will not have committed fund balance to report.

III. Detailed Analysis – Continued

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying non-spendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as non-spendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as non-spendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

Total Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds, reported combined fund balances of $20,177,196, a decrease of $1,213,484 from the prior year. $12,620,484 constitutes assigned fund balance, all of which is assigned for purchases on order, projects and for fund purpose. The School District has a nonspendable fund balance of $11,905, consisting of inventory in the Cafeteria Fund. As the School District has sufficient unassigned fund balance to offset nonspendable amounts, this results in a positive fund balance of $1,958,005. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed. The restricted fund balance includes restrictions for the General Fund for retirement contributions of $2,150,323, for unemployment benefits of $178,438, for tax certiorari of $456,005, for insurance of $2,064,518, for repairs of $224,609, and for Capital Projects of $512,909.

The summary of the combined fund balances are as follows:

	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Funds	Total
Nonspendable	$ -	$ -	$ -	$ 11,905	$ 11,905
Restricted	5,586,802	-	-	-	5,586,802
Assigned	1,745,628	22,362	10,817,872	34,622	12,620,484
Unassigned	1,961,145	-	-	(3,140)	1,958,005

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was $9,293,575 of which $1,961,145 was unassigned. As previously mentioned, New York State Law limits the amount of unreserved fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At June 30, 2026, the unassigned fund balance in the General Fund exceeded 4% of the 2027 budget.

The fund balance of the School District's General Fund decreased by $5,801 during the current fiscal year.

IV. Significant Capital Assets and Long-Term Financing

General Fund Budgetary Highlights

During the year, the School District revised the General Fund budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Capital and Intangible Assets and Debt Administration

Capital and Intangible Assets: At June 30, 2026, the School District had $20,744,672 net of accumulated depreciation invested in a broad range of capital assets, including land, vehicles, buildings and improvements, furniture and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

IV. Significant Capital Assets and Long-Term Financing – Continued

Capital and Intangible Assets and Debt Administration – Continued

The increase in capital assets during the current fiscal year is a result of ongoing capital projects.

Debt: As of June 30, 2026, the School District had $9,322,386 in general obligation and other long-term debt outstanding.

More detailed information about the School District's capital assets and long-term debt is presented in the notes to the financial statements.

Pension

At June 30, 2026, the School District reported a liability of $490,274 for its proportionate share of the ERS net pension liability. This liability was measured at March 31, 2026, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2025. The TRS net pension asset was measured as of June 30, 2025, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2024. At June 30, 2026, the School District reported an asset of $3,464,100 for its proportionate share of the net pension asset of TRS.

V. Current Known Factors, Decisions, and Conditions

While the landscape of public education continues to evolve on federal, state, and regional levels, our District remains prepared to handle both known and ever-changing unknown challenges as they come. As with so many other public school districts in New York State, we face a number of challenges beyond our control. The general costs of doing business continue to rise in light of contractual and legally mandated wage increases and the ever-growing costs of consumable goods, equipment, and contracted services. Additionally, funds must be increasingly allocated to meet the regulatory requirements of unfunded mandates such as the recently implemented maximum classroom temperature legislation and the necessity to transition to zero-emissions bus fleets. Some of these mandates have immediate financial implications, while others require multi-year financial planning to prepare for. In parallel, our District, like so many others, must also account for the uncertainty of anticipated revenue in terms of State Aid and the State's reexamination of the Foundation Aid formula in particular.

This, coupled with the tax levy limit inhibiting our ability to increase revenue locally, requires a high level of detailed conservative financial planning for the coming year and beyond.

Under GASB 103 guidance, the District considered several specific economic, operational, and financial factors that impacted its fiscal condition and financial position for the 2025–2026 fiscal year:

- **Property Tax Cap & Local Tax Revenues:** The proposed 2025–2026 total real property tax levy was $27,782,136, representing a 2.61% levy-to-levy increase ($707,900) over the 2024–2025 tax levy of $27,074,236. This proposed tax levy was fully compliant with the NYS Property Tax Cap limit.
- **State Aid & Intergovernmental Revenues:** Estimated total State Aid for 2025–2026 was projected at $4,836,735, reflecting an overall net decrease of -$58,302 (-1.19%) compared to the 2024–2025 adopted State Aid budget of $4,895,037. While Foundation Aid showed a projected increase of $57,816 (2.0%), this was offset by reductions across other state aid funding lines. Furthermore, actual State Aid received during 2024–2025 was -$212,755 below expectations at budget adoption, highlighting ongoing state revenue volatility.
- **Labor & Employee Benefits Costs:** Contractually obligated salary and benefit increases account for $233,107 (21.69%) of the total budget-to-budget expense increase. Overall Employee Benefits rose to $9,685,276 (+3.18%), driven significantly by Hospital & Medical Insurance (DEHIC) costs increasing by $540,144 (10.05%) to $5,913,301 and Civil Service Retirement (ERS) contributions rising.
- **Facilities Operations & Utilities:** Operational and maintenance costs for plant facilities increased by $124,880 (11.62%), which includes higher custodial supplies, building maintenance contracts, and increased electricity utilities ($270,000, up 10.20%).

V. Current Known Factors, Decisions, and Conditions – Continued

- **Pupil Transportation Expenditures**: Total transportation expenses grew by $170,442 (6.43%) to $3,553,816. Key drivers included specialized out-of-district run increases (such as Cardinal Hayes, up $93,976) and summer contracted transportation (up $47,265).
- **Special Education & Instructional Support:** Costs for Special Education Programs increased by $236,277 (4.90%) to $5,062,376, driven by increased public out-of-district tuition placements ($354,328, up 94.78%) and expanded English as a New Language (ENL) staffing additions.
- **Capital Component & Debt Service:** The Capital component of the budget totals $4,688,536 (13.15% of the total budget). Total Debt Service remained stable at $1,863,800 (+0.29%). Interfund transfers included $15,000 to the School Lunch Fund.
- **Reserves & Fund Balance Appropriations:** To balance the $35,649,651 general fund budget (+3.11% overall), the District appropriated $1,853,204 in assigned fund balance (an increase of $111,888 from the prior year). Total restricted reserve balances (including Capital, Insurance, Repair, ERS/TRS, Unemployment, and Tax Certiorari) were estimated at $15,897,801 at fiscal year-end, including approximately $11.0 million which has since been transferred from the Capital Reserve to the Capital Fund to offset current and upcoming voter-approved capital project expenses. All reserve funds are reviewed annually and replenished / reallocated as appropriate.

Federal Shifts – In addition to the relative stagnation of aid revenue from New York State, the District has been facing decreasing allocations of federal funds including significant decreases to Title and IDEA grants. These financial challenges were further compounded by the conclusion of federal ESSER and ARP funds which also helped offset expenses in recent years.

Regionalization – Through partnerships with higher education institutions and neighboring educational agencies, we have been able to offer additional programs to our students without increasing, and in some cases even decreasing, the costs to families. The District actively participates in shared-service and cooperative arrangements to promote operational efficiency and manage costs:

- **BOCES Cooperative Services:** The District utilizes Dutchess BOCES for specialized instructional programs, occupational education, network infrastructure and software support, safety/security management, printing services, and cooperative purchasing bids. Overall BOCES-related contractual expenditures were reduced net by $(290,486) through operational optimizations.
- **Shared Health & Risk Management:** Participation in a regional municipal health insurance consortium (DEHIC) and a cooperative workers' compensation pool both enable the District to leverage regional scale to manage health benefit and liability risks.

Despite these challenges, our District continues to maintain and expand upon the size and scope of academic programming offered. Building on the growing trust between our school district and the communities we serve, we remain committed to our promise to spend only what we must in order to provide our students with the educational resources and environment to prepare them for the futures they choose.

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:

Millbrook Central School District
Elliot Garcia, Assistant Superintendent for Business and Personnel
Millbrook Central School District
PO Box AA
Millbrook, New York 12545

MILLBROOK CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2026

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 15,188,286
Restricted Cash	5,586,802
Accounts Receivable	64,021
State and Federal Aid Receivable	2,161,417
Due from Other Governments	49
Inventories	11,905
Net Pension Asset-Proportionate Share (Note IX)	3,464,100
	26,476,580
Capital Assets, not being depreciated	1,770,195
Capital Assets, being depreciated - net	18,971,664
Intangible Right-to-Use Lease Asset	2,813
Total Capital Assets and Intangible Assets, net (Note VI)	20,744,672
Total Assets	47,221,252
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources - Pension (Note VIII)	4,879,904
Deferred Outflows of Resources - OPEB (Note IX)	7,699,020
Deferred Outflows of Resources - Loss on Bond Refunding (Note VII)	80,603
Total Deferred Outflows of Resources	12,659,527
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	59,880,779
LIABILITIES	
Accounts Payable	1,109,669
Accrued Liabilities	248,204
Due to Other Governments	34,079
Due to Pension System	1,421,234
Other Liabilities	19,990
Accrued Interest Payable (Note VII)	26,494
Non-Current Liabilities:	
Due and Payable Within One Year:	
Leases Payable (Note VII)	1,986
Bonds Payable (Note VII)	1,420,000
Bond Premiums (Note VII)	11,638
Installment Purchase Debt (Note VII)	137,935
Compensated Absences Payable (Note VII)	457,121
Other Postemployment Benefits (Note IX)	1,747,024
Due and Payable More Than One Year:	
Leases Payable (Note VII)	827
Bonds Payable (Note VII)	7,750,000
Compensated Absences Payable (Note VII)	4,114,092
Net Pension Liability-Proportionate Share (Note VIII)	490,274
Other Postemployment Benefits (Note IX)	43,815,214
Total Liabilities	62,805,781
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Pension (Note VIII)	3,713,417
Deferred Inflows of Resources - OPEB (Note IX)	14,661,544
Deferred Inflows of Resources - Other	2,108
Total Deferred Inflows of Resources	18,377,069
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	81,182,850
NET POSITION	
Net Investment in Capital Assets	11,433,924
Restricted	5,586,802
Unrestricted	(38,322,797)
Total Net Position	$ (21,302,071)

See accompanying notes to basic financial statements.

MILLBROOK CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Support	$ (4,695,182)	$ -	$ -	$ -	$ (4,695,182)
Instruction	(24,813,127)	1,203,032	300,742	-	(23,309,353)
Pupil Transportation	(3,583,678)	-	-	-	(3,583,678)
School Lunch Program	(656,397)	42,095	273,041	-	(341,261)
Interest on Debt	(355,674)	-	-	-	(355,674)
Total Primary Government	$ (34,104,058)	$ 1,245,127	$ 573,783	$ -	(32,285,148)
General Revenues:					
Real Property Taxes					26,947,411
Other Tax Items					711,685
Use of Money and Property					258,429
Sale of Property and Compensation for Loss					(7,142)
Miscellaneous					334,516
State Sources					7,701,063
Federal Sources					37,775
Total General Revenues					35,983,737
Change in Net Position					3,698,589
Net Position - Beginning					(25,000,660)
Net Position - Ending					$ (21,302,071)

See accompanying notes to basic financial statements.

MILLBROOK CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 4,329,445	$ 1,226,629	$ 9,395,332	$ 236,880	$ 15,188,286
Restricted Cash	5,586,802	-	-	-	5,586,802
Due from Other Funds	2,908,419	-	1,500,000	-	4,408,419
State and Federal Aid Receivable	485,209	1,582,125	16,520	77,563	2,161,417
Due from Other Governments	-	-	-	49	49
Accounts Receivable, Net	61,093	-	-	2,928	64,021
Inventories	-	-	-	11,905	11,905
Total Assets	$ 13,370,968	$ 2,808,754	$ 10,911,852	$ 329,325	$ 27,420,899
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 894,740	$ 131,103	$ 83,305	$ 521	$ 1,109,669
Accrued Liabilities	241,429	4,000	-	2,775	248,204
Due to Other Funds	1,500,000	2,617,210	10,675	280,534	4,408,419
Due to Other Governments	-	34,079	-	-	34,079
Due to Teachers' Retirement System	1,292,969	-	-	-	1,292,969
Due to Employees' Retirement System	128,265	-	-	-	128,265
Other Liabilities	19,990	-	-	-	19,990
Total Liabilities	4,077,393	2,786,392	93,980	283,830	7,241,595
Deferred Inflows of Resources:					
Deferred Inflows of Resources - Other	-	-	-	2,108	2,108
Fund Balances:					
Nonspendable	-	-	-	11,905	11,905
Restricted	5,586,802	-	-	-	5,586,802
Assigned	1,745,628	22,362	10,817,872	34,622	12,620,484
Unassigned	1,961,145	-	-	(3,140)	1,958,005
Total Fund Balances	9,293,575	22,362	10,817,872	43,387	20,177,196
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 13,370,968	$ 2,808,754	$ 10,911,852	$ 329,325	$ 27,420,899

See accompanying notes to basic financial statements.

MILLBROOK CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	$ 15,188,286	$ -	$ -	$ 15,188,286
Restricted Cash	5,586,802	-	-	5,586,802
Due From Other Funds	4,408,419	-	(4,408,419)	-
State and Federal Aid Receivable	2,161,417	-	-	2,161,417
Due From Other Governments	49	-	-	49
Accounts Receivable, Net	64,021	-	-	64,021
Inventories	11,905	-	-	11,905
TRS Net Pension Asset-Proportionate Share	-	3,464,100	-	3,464,100
Capital Assets, net	-	20,741,859	-	20,741,859
Intangible Right to Use Lease Asset	-	2,813	-	2,813
Total Assets	27,420,899	24,208,772	(4,408,419)	47,221,252
Deferred Outflows of Resources - Pension ERS	-	558,419		558,419
Deferred Outflows of Resources - Pension TRS	-	4,321,485	-	4,321,485
Deferred Outflows of Resources - OPEB	-	7,699,020	-	7,699,020
Deferred Outflows of Resources - Bond Refunding	-	80,603	-	80,603
Total Assets and Deferred Outflows	$ 27,420,899	$ 36,868,299	$ (4,408,419)	$ 59,880,779
LIABILITIES				
Accounts Payable	$ 1,109,669	$ -	$ -	$ 1,109,669
Accrued Liabilities	248,204	-	-	248,204
Due to Other Funds	4,408,419	-	(4,408,419)	-
Due to Other Governments	34,079	-	-	34,079
Due to Teachers' Retirement System	1,292,969	-	-	1,292,969
Due to Employees' Retirement System	128,265	-	-	128,265
Other Postemployment Benefits	-	45,562,238	-	45,562,238
Accrued Interest Payable	-	26,494	-	26,494
Bonds Payable	-	9,181,638	-	9,181,638
Leases Payable	-	2,813	-	2,813
Installment Purchase Debt	-	137,935	-	137,935
Compensated Absences	-	4,571,213	-	4,571,213
ERS Net Pension Liability-Proportionate Share	-	490,274	-	490,274
Other Liabilities	19,990	-	-	19,990
Total Liabilities	7,241,595	59,972,605	(4,408,419)	62,805,781
Deferred Inflows of Resources - Pension ERS	-	956,844	-	956,844
Deferred Inflows of Resources - Pension TRS	-	2,756,573	-	2,756,573
Deferred Inflows of Resources - OPEB	-	14,661,544	-	14,661,544
Deferred Inflows of Resources - Other	2,108	-	-	2,108
Total Liabilities and Deferred Inflows	7,243,703	78,347,566	(4,408,419)	81,182,850
Total Fund Balances/Net Position	20,177,196	(41,479,267)	-	(21,302,071)
Total Liabilities, Deferred Inflows and Fund Balances/Net Position	$ 27,420,899	$ 36,868,299	$ (4,408,419)	$ 59,880,779

See accompanying notes to basic financial statements.

MILLBROOK CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Revenues:					
Real Property Taxes	$ 26,947,411	$ -	$ -	$ -	$ 26,947,411
Other Tax Items	660,947	-	-	-	660,947
Non-Property Taxes	50,738	-	-	-	50,738
Charges for Services	1,203,032	-	-	-	1,203,032
Use of Money and Property	233,892	-	24,421	116	258,429
Sale of Property and Compensation for Loss	-	-	-	-	-
Miscellaneous	244,120	40,146	-	50,250	334,516
State Aid	4,843,885	2,587,455	16,520	253,203	7,701,063
Federal Aid	37,775	300,742	-	250,969	589,486
Surplus Food	-	-	-	22,072	22,072
Food Sales	-	-	-	42,095	42,095
Total Revenues	34,221,800	2,928,343	40,941	618,705	37,809,789
Expenditures:					
General Support	3,774,502	78,903	-	-	3,853,405
Instruction	16,965,077	2,332,151	-	54,367	19,351,595
Pupil Transportation	3,058,889	494,927	-	-	3,553,816
Employee Benefits	8,561,008	-	-	94,172	8,655,180
Debt Service - Principal	1,499,663	-	-	-	1,499,663
Debt Service - Interest	364,137	-	-	-	364,137
Cost of Sales	-	-	-	517,543	517,543
Capital Outlay	-	-	1,227,934	-	1,227,934
Total Expenditures	34,223,276	2,905,981	1,227,934	666,082	39,023,273
Excess/(Deficiency) of Revenues Over Expenditures	(1,476)	22,362	(1,186,993)	(47,377)	(1,213,484)
Other Financing Sources/(Uses):					
Operating Transfers In	10,675	-	-	15,000	25,675
Operating Transfers Out	(15,000)	-	(10,675)	-	(25,675)
Total Other Financing Sources/(Uses)	(4,325)	-	(10,675)	15,000	-
Change in Fund Balances	(5,801)	22,362	(1,197,668)	(32,377)	(1,213,484)
Fund Balances - Beginning	9,299,376	-	12,015,540	75,764	21,390,680
Fund Balances - Ending	$ 9,293,575	$ 22,362	$ 10,817,872	$ 43,387	$ 20,177,196

See accompanying notes to basic financial statements.

MILLBROOK CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	$ 26,947,411	$ -	$ -	$ -	$ -	$ 26,947,411
Other Tax Items	660,947	-	-	-	-	660,947
Non Property Taxes	50,738	-	-	-	-	50,738
Charges for Services	1,203,032	-	-	-	-	1,203,032
Use of Money and Property	258,429	-	-	-	-	258,429
Sale of Property and Compensation for Loss	-	-	(7,142)	-	-	(7,142)
Miscellaneous	334,516	-	-	-	-	334,516
State Aid	7,701,063	-	-	-	-	7,701,063
Federal Aid	589,486	-	-	-	-	589,486
Surplus Food	22,072	-	-	-	-	22,072
Food Sales	42,095	-	-	-	-	42,095
Total Revenues	37,809,789	-	(7,142)	-	-	37,802,647
Expenditures:						
General Support	3,853,405	-	(3,673)	-	845,450	4,695,182
Instruction	19,351,595	-	1,194,856	(1,986)	4,268,662	24,813,127
Pupil Transportation	3,553,816	-	1,095	-	28,767	3,583,678
Employee Benefits	8,655,180	(3,373,447)	-	-	(5,281,733)	-
Debt Service - Principal	1,499,663	-	-	(1,499,663)	-	-
Debt Service - Interest	364,137	-	-	(8,463)	-	355,674
Cost of Sales	517,543	-	-	-	138,854	656,397
Capital Outlay	1,227,934	-	(1,227,934)	-	-	-
Total Expenditures	39,023,273	(3,373,447)	(35,656)	(1,510,112)	-	34,104,058
Excess/(Deficiency) of Revenues Over Expenditures	(1,213,484)	3,373,447	28,514	1,510,112	-	3,698,589
Other Financing Sources/(Uses)						
Operating Transfers In	25,675	-	-	-	(25,675)	-
Operating Transfers Out	(25,675)	-	-	-	25,675	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-
Change in Fund Balances	$ (1,213,484)	$ 3,373,447	$ 28,514	$ 1,510,112	$ -	$ 3,698,589

See accompanying notes to basic financial statements.

MILLBROOK CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 52,771
Total Assets	52,771
LIABILITIES	
Total Liabilities	-
NET POSITION	
Unrestricted (Deficit)	52,771
Total Net Position	52,771
Total Liabilities and Net Position	$ 52,771

See accompanying notes to basic financial statements.

MILLBROOK CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026

	Custodial Funds
ADDITIONS	
Contributions	$ 142,460
Total Additions	142,460
DEDUCTIONS	
Other Custodial Activities	143,330
Total Deductions	143,330
Change in Fiduciary Net Position	(870)
Net Position - Beginning of Year	53,641
Net Position - End of Year	$ 52,771

See accompanying notes to basic financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Millbrook Central School District (the "School District") 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 President of the Board serves as the chief fiscal officer and 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 accounting policies of the School District conform to generally accepted accounting principles for 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 following is a summary of the School District's more significant accounting policies:

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.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, no other entities are included in the School District's reporting entity.

B. Joint Venture

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

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

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

During the year ended June 30, 2026, the Millbrook Central School District was billed $3,053,412 for BOCES administrative and program costs. The School District's share of BOCES Aid amounted to $593,765. Financial statements for the BOCES are available from the BOCES administrative office.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Basis of Presentation – District-wide Financial Statements

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

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (2) 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.

D. Basis of Presentation – 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. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, reconciliations are presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation.

Fund Categories

The fund statements provide information about the School District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds.

The School District reports the following major governmental funds:

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

b. 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.

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

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

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

b. Miscellaneous Special Revenue Fund – Miscellaneous Special Revenue Fund is used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Basis of Presentation – Fund Financial Statements – Continued

The School District reports the following fiduciary funds:

These funds are used to account for fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the School District, and are not available to be used.

a. Custodial Funds – These funds are strictly custodial in nature and are not required to be reported in pension and other employee benefit trust funds, investment trust funds or private purpose trust funds.

   The School District accounts for assets held as an agent for various student organizations in a custodial fund. The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds are available.

E. Measurement Focus and Basis of Accounting

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 as soon as 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. A sixty 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 judgments and claims, compensated absences, net pension liability and other postemployment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and liabilities under leases are reported as other financing sources.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Cash and Cash Equivalents – The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposits not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

The District invests in a short-term, highly liquid, pooled investment designed specifically for the public sector, which is classified as a cash equivalent.

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 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 – Real property taxes become a lien on August 20th and is levied annually by the Board of Education no later than September 1st. Taxes are collected during the period September 1st to November 2nd.

Uncollected real property taxes are subsequently enforced by Dutchess County (the "County"). An amount representing uncollected real property taxes is transmitted to the County for enforcement and is paid by the County to the School District no later than the forthcoming April 1st.

In June of 2011, New York State passed Chapter 97 of the Laws of 2011 ("Tax Cap Law"). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the School District in a particular year, beginning with the 2012 fiscal year.

The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items ("CPI-U"), subject to certain limited exceptions and adjustments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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 as specific program expenditures are incurred. Allowances are recorded when appropriate.

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

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

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

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

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 $1,000 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.

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 asset lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight-line method over estimated useful lives ranging from 5 to 65 years.

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.

Intangible Right-to-Use Asset – The School District is a lessee for various noncancellable leases of equipment, and other assets. For leases with a maximum possible term of 12 months or less at commencement (short-term), the School District recognizes lease expense based on the provisions of the lease agreement in the Statements of Revenues, Expenses, and Changes in Fund Balance. For all other leases, the School District recognizes a lease liability and an intangible right-to-use leased asset in the Statements of Net Position.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The leased asset is initially measured at the amount of the lease liability, and as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the leased asset is placed in service. If the School District is reasonably certain of exercising a purchase option contained in a lease, the leased asset is amortized over the useful life of the underlying asset.

The following key estimates and judgments are used by the School District to determine the following:

− Discount rate: The School District generally uses an incremental borrowing rate as the discount rate to calculate the present value of the expected lease payments unless the rate that the lessor charges is known. Since the School District's bonds are not actively traded, the School District determines its incremental borrowing rate by using observable inputs from yield curves from similar entities with similar ratings.

− Lease term: The lease term includes the non-cancelable period of the lease, plus periods covered by either a School District or lessor unilateral option to 1) extend when it is reasonably certain to be exercised, or 2) terminate when it is reasonably certain not to be exercised. Periods in which the School District and the lessor have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease term.

− Lease payments: The lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

Vested Employee Benefits – The School District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out (LIFO) basis. Upon retirement or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions. Consistent with GASB Statement 101, *Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability in the School District-wide financial statements. The compensated absences liability is calculated based on the rates in effect at year-end as defined in the contractual bargaining agreement.

Unearned Revenues – Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In the 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. Such amounts have been deemed to be measurable but not “available” pursuant to generally accepted accounting principles.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

The government has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension asset or liability and differences during the measurement period between the School District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item relates to Other Postemployment Benefits and represents the effect of changes in actuarial assumptions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The School District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension liability or asset (TRS and ERS Systems) and differences during the measurement periods between the School District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs and differences between actual and expected experience.

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

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

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

Compensated Absences – The various collective bargaining agreements provide for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as a long-term liability. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary-related payments, where applicable.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Net Pension (Asset)/Liability – The net pension (asset)/liability represents the School District's proportionate share of the net pension (asset)/liability 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*.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

Equity Classifications:

1. District-Wide Statements:

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

   a. Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) and net intangible assets (cost less amortization) by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

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

   c. Unrestricted Net Position – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the School District.

2. Fund Statements:

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

   a. Non-Spendable – includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

   b. Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has established the following restricted reserve fund balances:

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

2. Fund Statements – Continued:

b. Restricted – Continued

ii. Repairs – According to General Municipal Law §6-d, this reserve must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

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

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

v. Capital Projects – According to Education Law §3651, restricted fund balances must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

2. Fund Statements – Continued:

b. Restricted – Continued

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

General Fund:	
Retirement Contribution Reserve - ERS	$ 1,186,012
Retirement Contribution Reserve - TRS	964,311
Unemployment Insurance	178,438
Insurance Reserve	2,064,518
Tax Certiorari	456,005
Capital Reserve	512,909
Repair Reserve	224,609
Total Restricted Funds	$ 5,586,802

c. Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2026.

d. Assigned – Includes amounts that are constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to $129,144. Amounts assigned to the reduction of the 2026-2027 tax levy is $1,745,628.

e. Unassigned – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District. In funds other than the General Fund, this classification should only be used to report a deficit balance.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

2. Fund Statements – Continued:

e. Unassigned – Continued

Order of Use of Fund Balance:

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

In order to determine 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.

G. 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.

H. Subsequent Events

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 27, 2026.

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

Due to the difference in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources focus of the government funds.

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

Total fund balances of the School District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance sheet.

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

Original Cost of Capital Assets	$ 45,497,106
Accumulated Depreciation	(24,755,247)
Capital Assets, Net	$ 20,741,859

(2) The governmental funds do not report long-term assets because they are not current financial resources. However, they are reported in the Statement of Net Position because they represent economic assets. Balances at year end were:

Intangible Right-to-Use Asset	$ 24,233
Accumulated Amortization	(21,420)
Intangible Right-to-Use Asset, Net	$ 2,813

(3)The governmental funds do not include non-current assets. However, these assets are reported in the Statement of Net Position because they represent economic assets. Balances at year end were:

TRS Net Pension Asset	$ 3,464,100

(4)Deferred outflows and inflows of resources are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Changes in balances at year end were:

Deferred Outflows of Resources	$ 12,659,527
Deferred Inflows of Resources	$ 18,374,961

(5) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Accrued Interest Payable at June 30, 2026	$ 26,494

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED

A. Total Fund Balances of the Governmental Funds vs. Net Position of Governmental Activities – Continued

(6) The governmental funds do not report long-term liabilities because they are not a use of current financial resources. However, they are reported in the Statement of Net Position because they represent economic liabilities.

Bonds Payable	$ 9,170,000
Bond Premium	11,638
Leases Payable	2,813
Installment Purchase Debt	137,935
Compensated Absences	4,571,213
ERS Net Pension Liability	490,274
Other Postemployment Benefits	45,562,238
	$ 59,946,111

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

- Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds use a current financial resource measurement focus, whereas the Statement of Activities uses an economic resource measurement focus.

- Capital asset transaction differences include the difference between recording an expenditure for the purchase of capital assets in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

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

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds	$ 37,809,789
Loss on disposal of assets	(7,142)
Total revenues reported in the Statement of Activities	$ 37,802,647

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities – Continued

	Total Expenditures/Expenses
Total expenditures reported in governmental funds	$ 39,023,273
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This is the amount by which the liability for compensated absences decreased during the year.	(93,052)
In the Statement of Activities, the expenses for other postemployment benefits are measured based on the change in the actuarially determined OPEB liability and related deferred inflows/outflows of resources of the School District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which OPEB expense was less than the amount of financial resources used during the year.	(2,133,676)
In the Statement of Activities, pension expense related to ERS and TRS defined benefit plans is measured as the change in the School District's proportionate shares of the net pension assets, liabilities, deferred inflows, and deferred outflows as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was less than the amount of financial resources expended during the year.	(1,146,719)
Interest payable is recognized in the government-wide statements under full accrual accounting whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the current year was less than the interest payable for the prior year.	(8,463)
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of $1,243,431 was less than capital expenditures of $1,281,073 in the current year.	(37,642)
When the purchase of right-to-use assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as amortization expense. This is the amount of amortization expense of $1,986 for the year.	1,986
Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.	(1,501,649)
Total expenses reported in the Statement of Activities	$ 34,104,058

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.

b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.

c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.

d) The voters are permitted to vote upon the General Fund budget at the annual meeting.

e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

f) Budgets for General Fund are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch or Debt Service funds.

g) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

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

h) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Final Budgeted amounts are as originally adopted, or as amended by the Board of Education.

B. Limitation on Fund Balance

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

C. Capital Projects Fund Deficits

Deficits in individual capital projects sometimes arise either because of expenditures exceeding current financing on the projects or from capital projects exceeding their budgetary authorization. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

IV. CASH AND CASH EQUIVALENTS

At June 30, 2026, the carrying amount of the School District's deposits (cash, certificates of deposit, interest-bearing savings accounts and a pooled investment) was $20,827,759 and the bank balance was $21,534,645. In addition, the School District maintained $100 in cash on hand. The School District's deposits at June 30, 2026, and during the year then ended, were covered by FDIC Insurance, by pledged collateral held by the School District's agent bank in the School District's name or by allowable pooled securities.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $5,586,802 within the governmental funds and $0 in the fiduciary funds.

V. INTERFUND ACTIVITY

The interfund receivables and payables at June 30, 2026 were as follows:

Funds	Interfund Receivables	Interfund Payables
General	$ 2,908,419	$ 1,500,000
Capital Projects	1,500,000	10,675
Special Aid	-	2,617,210
Special Revenue	-	3,966
Cafeteria	-	276,568
TOTAL	$ 4,408,419	$ 4,408,419

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.

Interfund transfers for the year ended June 30, 2026 were as follows:

Funds	Transfers In	Transfers Out
General	$ 10,675	$ 15,000
Capital Projects	-	10,675
Cafeteria	15,000	-
TOTAL	$ 25,675	$ 25,675

Interfund Transfers were made for the following purposes:

- Unspent capital proceeds
- Budgeted transfers

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

VI. CAPITAL AND INTANGIBLE ASSETS

Capital asset balances and activity for the year ended June 30, 2026 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 542,261	$ -	$ -	$ 542,261
Construction in Progress	-	1,227,934	-	1,227,934
Total capital assets, not being depreciated	542,261	1,227,934	-	1,770,195
Capital assets, being depreciated:				
Buildings and Improvements	3,286,233	-	(226,936)	3,059,297
Furniture and Equipment	38,444,774	53,139	(1,350,220)	37,147,693
Vehicles	3,519,921	-	-	3,519,921
Total capital assets being depreciated	45,250,928	53,139	(1,577,156)	43,726,911
Accumulated depreciation for:				
Buildings and Improvements	(2,397,000)	(190,323)	226,936	(2,360,387)
Furniture and Equipment	(19,649,897)	(978,814)	1,343,078	(19,285,633)
Vehicles	(3,034,933)	(74,294)	-	(3,109,227)
Total accumulated depreciation	(25,081,830)	(1,243,431)	1,570,014	(24,755,247)
Total capital assets, being depreciated, net	20,169,098	(1,190,292)	(7,142)	18,971,664
Governmental activities capital assets, net	20,711,359	37,642	(7,142)	20,741,859
Intangible Right to Use Lease Assets:				
Leased Equipment	24,233	-	-	24,233
Less Accumulated Amortization	(19,434)	(1,986)	-	(21,420)
Total Intangible Right to Use Lease Assets, net	4,799	(1,986)	-	2,813
Total Capital and Intangible Assets	$ 20,716,158	$ 35,656	$ (7,142)	$ 20,744,672

Depreciation expense was charged to functions/programs of the School District as follows:

Governmental Activities:	
General Government	$ 34,387
Instruction	1,207,949
Transportation	1,095
Total Depreciation Expense	$ 1,243,431

Amortization expense was charged to functions/programs of the School District as follows:

Governmental Activities:	
Instruction	$ 1,986
Total Amortization Expense	$ 1,986

VII. LONG-TERM DEBT

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

Governmental Activities	Beginning Balance	Issued/ Earned	Redeemed/ Paid	Ending Balance	Current Portion
Leases Payable	$ 4,799	$ -	$ (1,986)	$ 2,813	$ 1,986
Installment Purchase Debt	272,598	-	(134,663)	137,935	137,935
Serial Bonds	10,535,000	-	(1,365,000)	9,170,000	1,420,000
Unamortized Bond Premium	23,276	-	(11,638)	11,638	11,638
Unamortized Bond Defeasment	89,559	-	(8,956)	80,603	8,956
Other liabilities:					
Compensated Absences	4,664,265	-	(93,052)	4,571,213	457,121
ERS Pension Liability	1,525,716	-	(1,035,442)	490,274	-
Other Postemployment Benefits	40,020,369	5,541,869	-	45,562,238	1,747,024
Total long-term liabilities	$ 57,135,582	$ 5,541,869	$ (2,650,737)	$ 60,026,714	$ 3,784,660

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

Each governmental fund's liability for general obligation bonds payable, judgments and claims, compensated absences, net pension liability and other postemployment benefit obligations is liquidated by the General Fund.

The following is a summary of the maturity of serial bonds and installment purchase debt:

	Principal	Interest	Total
2027	$ 1,557,935	$ 306,264	$ 1,864,199
2028	865,000	246,113	1,111,113
2029	895,000	219,081	1,114,081
2030	920,000	191,113	1,111,113
2031	950,000	162,363	1,112,363
2032-2035	4,120,000	338,888	4,458,888
Total	$ 9,307,935	$ 1,463,822	$ 10,771,757

The following is a summary of the maturity of leases payable:

	Principal
2027	$ 1,986
2028	827
Total	$ 2,813

Interest expense on long-term debt recorded during the year was:

Interest Paid	$ 364,137
Less: Interest accrued - prior year	(32,275)
Less: Bond Premium Amortization	(11,638)
Plus: Loss on Refunding Amortization	8,956
Plus: Interest accrued - current year	26,494
	$ 355,674

VIII. PENSION PLANS

Plan Description

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

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten-member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees 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.

Plan Year Ended	ERS	TRS
2026	$ 446,646	$ 1,071,355
2025	$ 390,394	$ 1,161,377
2024	$ 323,643	$ 1,103,165

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

	ERS	TRS
Measurement Date	March 31, 2026	June 30, 2025
Net Pension (asset)/liability	$ 490,274	$ (3,464,100)
School District's proportion of the net pension (asset)/liability	0.0086901%	0.0585050%

VIII. PENSION PLANS – CONTINUED

The net pension (asset)/liability was measured as of March 31, 2026 for ERS and June 30, 2025 for TRS and the total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by actuarial valuations as of April 1, 2025 and June 30, 2024. 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 pension expense in the district-wide financial statements of $395,328 ($553,263 for ERS and $(157,935) for TRS). Pension expenditures of $1,529,655 ($458,581 for ERS and $1,071,074 for TRS) were recorded in the fund financial statements and were charged to the General Fund and School Lunch Funds.

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

	Deferred Outflows of Resources		
	ERS	TRS	Total
Differences between expected and actual experience	$ 280,564	$ 1,815,961	$ 2,096,525
Changes of assumptions	84,158	1,371,329	1,455,487
Changes in proportion and difference between the District's contributions and proportionate share of contributions	65,432	62,840	128,272
School District's contributions subsequent to the measurement date	128,265	1,071,355	1,199,620
Total	$ 558,419	$ 4,321,485	$ 4,879,904

	Deferred Inflows of Resources		
	ERS	TRS	Total
Changes of assumptions	$ -	$ 37,349	$ 37,349
Net difference between projected and actual earnings on pension plan investments	879,089	2,705,453	3,584,542
Changes in proportion and difference between the District's contributions and proportionate share of contributions	77,755	13,771	91,526
Total	$ 956,844	$ 2,756,573	$ 3,713,417

VIII. PENSION PLANS – CONTINUED

Deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset)/liability in the year ended June 30, 2027. 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:	ERS	TRS
2026	$ -	$ 1,766,648
2027	196,722	(728,345)
2028	(313,696)	(769,297)
2029	(201,244)	(149,642)
2030	(208,472)	308,241
Thereafter	-	65,952
Total	$ (526,690)	$ 493,557

The total pension (asset)/liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted above, with update procedures used to roll forward the total pension (assets)/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
Investment Rate of Return	5.90% compounded annually net of investment expense	6.95% compounded annually net of investment expense
Projected Salary Increases	5.20%	2.04%-5.80%
Cost of Living Adjustments	1.5% annually	1.4% annually
Decrement Tables	April 1, 2020 - March 31, 2025 System's Experience Study	July 1, 2019 - June 30, 2024 System's Experience Study
Inflation Rate	2.90%	2.50%
Mortality Improvement	Society of Actuaries Scale MP - 2021	Society of Actuaries Scale MP - 2021

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 weighing 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.

VIII. PENSION PLANS – CONTINUED

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocations are summarized below:

	ERS		TRS	
Measurement Date	March 31, 2026		June 30, 2025	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Asset Class:				
Domestic Equity	25%	3.29%	33%	6.70%
International Equity	14%	5.85%	15%	7.40%
Private Equity	15%	7.00%	9%	9.80%
Real Estate Equity	12%	5.20%	11%	6.50%
Domestic Fixed Income	0%	0.00%	16%	2.60%
Global Bonds	0%	0.00%	2%	2.40%
High Yield Bonds	0%	0.00%	1%	4.70%
Global Equity	0%	0.00%	4%	7.00%
Private Debt	0%	0.00%	2%	6.10%
Real Estate Debt	0%	0.00%	6%	3.80%
Opportunistic/Absolute Return Strategy	3%	5.13%	0%	0.00%
Credit	4%	5.10%	0%	0.00%
Real Assets	4%	5.54%	0%	0.00%
Fixed Income	22%	1.75%	0%	0.00%
Cash Equivalents	1%	0.25%	1%	0.60%
Total	100%		100%	

The discount rate used to calculate the total pension (asset)/liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially 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 (asset)/liability.

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

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Employer's Proportionate Share of the Net Pension (Asset)/Liability	$ 3,348,438	$ 490,274	$ (1,899,277)

TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
Employer's Proportionate Share of the Net Pension (Asset)/Liability	$ 6,656,311	$ (3,464,100)	$ (11,979,899)

VIII. PENSION PLANS – CONTINUED

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement Date	March 31, 2026	June 30, 2025
Employers' total pension liability	$ 253,773,040	$ 148,272,069
Plan net position	248,131,290	154,193,125
Employers' net pension (asset)/liability	$ 5,641,750	$ (5,921,056)
Ratio of plan net position to the employers' total pension (asset)/liability	97.78%	(104.00%)

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 $128,265 to ERS and $1,292,969 to TRS and were recorded in the General Fund.

IX. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS ("OPEB")

Plan Description

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 post-employment 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:

Active Employees	169
Retirees	116
Total Employees Covered by Benefit Terms	285

The School District's total OPEB liability of $45,562,238 was measured as of June 30, 2026 and was determined by an actuarial valuation dated July 1, 2025.

IX. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS ("OPEB") – CONTINUED

The total OPEB liability as of the June 30, 2026 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.90%
Projected Salary Increases, Including Wage Inflation	4.84% average, including inflation
Discount Rate	4.67%
Healthcare Cost Trend Rates	8.50% decreasing to 4.50% over 55 years
Retiree's Share of Benefit Related Costs	5% to 15% of projected health insurance premiums for retirees

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on recent mortality tables published by SOA (Pub-2010), which were based on the public pension plan's mortality experience from calendar years 2008 to 2013 and the most recent generational projection scale MP-2021.

The actuarial assumptions used in the July 1, 2025 valuation were based on the NYS ERS assumptions first adopted on April 1, 2024 and NYS TRS valuation as of June 30, 2023.

A summary of changes in the District's OPEB plan liability is as follows:

	Year Ended June 30, 2026
Service Cost	$ 1,375,177
Interest	2,107,721
Change in Assumptions	5,183,243
Differences Between Expected and Actual Experience	(1,377,248)
Benefit Payments	(1,747,024)
Net Change in Total OPEB Liability	5,541,869
Total OPEB Liability - Beginning	40,020,369
Total OPEB Liability - Ending	45,562,238
Current Portion	1,747,024
Long-Term Portion	$ 43,815,214

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 3.67%	Discount Rate 4.67%	1% Increase 5.67%
Total OPEB Liability	$ 51,907,603	$ 45,562,238	$ 40,336,406

IX. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS ("OPEB") – CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends

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 (7.50% decreasing to 3.50%) or 1 percentage point higher (9.50% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$ 40,571,302	$ 45,562,238	$ 50,917,299

For the year ended June 30, 2026, the School District recognized a decrease in OPEB benefit costs of $2,133,676 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
Differences between expected and actual experience	$ -	$ (9,402,897)
Changes of Assumptions or other inputs	7,699,020	(5,258,647)
Total	$ 7,699,020	$ (14,661,544)

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

Year Ending June 30,	Amount
2027	$ (2,485,241)
2028	(4,166,283)
2029	(400,047)
2030	(454,567)
2031	(103)
Thereafter	543,717
Total	$ (6,962,524)

X. CONTINGENCIES

Contingencies

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

Additionally, the School District has various cases pending; legal counsel has been appointed. All cases are being vigorously defended. Any future obligations related to such cases are undetermined.

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the School District's compliance with applicable grant requirements will 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.

X. CONTINGENCIES – CONTINUED

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.

XI. RISK MANAGEMENT

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

The School District incurs costs related to a workers' compensation insurance plan ("Plan") sponsored by Dutchess County BOCES. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of five (5) years; a member may withdraw from the plan after that time by providing 180 days written notice. Plan members include 13 districts. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, the members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both future payments of losses and related claim events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims cost depends on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Based on actuarial reports received by the School District, there was no liability due to the Plan as of June 30, 2026. Financial statements for the Plan are available from the administrator at 5 BOCES Road; Poughkeepsie, New York 12601.

XII. ADOPTION OF CHANGE IN ACCOUNTING PRINCIPLE

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements.* This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement addresses application issues related to Management's Discussion and Analysis, Unusual or Infrequent Items, Presentation of the Proprietary Fund, Major Component Unit, and Budgetary Comparison Information. The School District adopted the statement as of July 1, 2025.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires leases, intangible right-to-use assets, and subscription based information technology arrangements to be disclosed separately in the capital assets note disclosures. Additionally, this statement mandates the separate disclosure of all other intangible assets by major class, excluding the aforementioned types. The School District adopted the statement as of July 1, 2025.

XIII. NEW ACCOUNTING STANDARDS

In December 2025, GASB issued Statement No. 105, *Subsequent Events.* This statement addresses inconsistencies in how governments evaluate and report events that happen after their fiscal year-end. The requirements of this statement are effective for fiscal years beginning after June 15, 2026.

Management has not estimated the potential impact of this statement, if any, on the School District's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES OF SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Total OPEB Liability	6/30/26	6/30/25	6/30/24	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17
Service Cost	$ 1,375,177	$ 1,579,757	$ 1,623,217	$ 1,427,498	$ 2,834,215	$ 2,119,206	$ 2,312,520	$ 2,363,435	$ 2,297,944	$ 1,615,678
Interest	2,107,721	1,802,962	1,831,731	1,723,247	1,468,797	1,395,924	2,081,713	1,824,329	1,576,944	1,650,909
Change of Benefit Terms	-	(9,886)	(204,003)	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(1,377,248)	(1,854,699)	(3,852,429)	1,868,229	(13,525,251)	14,504,247	(1,588,075)	(1,321,354)	(7,419,999)	9,372,809
Changes in Assumptions or Other Inputs	5,183,243	(1,952,007)	671,186	(1,486,597)	(12,838,432)	(2,736,955)	(8,102,065)	6,655,818	-	-
Benefit Payments	(1,747,024)	(1,567,253)	(1,538,112)	(1,481,482)	(1,460,972)	(1,352,962)	(1,325,448)	(922,203)	(865,530)	(874,363)
Net Change in Total OPEB Liability	5,541,869	(2,001,126)	(1,468,410)	2,050,895	(23,521,643)	13,929,460	(6,621,355)	8,600,025	(4,410,641)	11,765,033
Total OPEB Liability - Beginning	40,020,369	42,021,495	43,489,905	41,439,010	64,960,653	51,031,193	57,652,548	49,052,523	53,463,164	41,698,131
Total OPEB Liability - Ending (a)	$ 45,562,238	$ 40,020,369	$ 42,021,495	$ 43,489,905	$ 41,439,010	$ 64,960,653	$ 51,031,193	$ 57,652,548	$ 49,052,523	$ 53,463,164
Plan Fiduciary Net Position										
Contributions - Employer	$ 1,747,024	$ 1,567,253	$ 1,538,112	$ 1,481,482	$ 1,460,972	$ 1,352,962	$ 1,325,448	$ 922,203	$ 865,530	$ 874,363
Benefit Payments	(1,747,024)	(1,567,253)	(1,538,112)	(1,481,482)	(1,460,972)	(1,352,962)	(1,325,448)	(922,203)	(865,530)	(874,363)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Net OPEB Liability - Ending (a) - (b)	$ 45,562,238	$ 40,020,369	$ 42,021,495	$ 43,489,905	$ 41,439,010	$ 64,960,653	$ 51,031,193	$ 57,652,548	$ 49,052,523	$ 53,463,164
Plan Fiduciary Net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Covered Payroll	$ 12,890,225	$ 13,535,542	$ 13,722,700	$ 13,258,647	$ 12,469,687	$ 11,998,229	$ 12,110,923	$ 11,906,228	$ 11,357,423	$ 11,357,423
Total OPEB Liability as a percentage of covered payroll	353.46%	295.67%	306.22%	328.01%	332.32%	541.42%	421.37%	484.22%	431.90%	470.73%
Notes to Schedule:										
Changes in Assumptions:										
Changes in Assumptions and other inputs reflect the effects of changes in the discount rate each period.										
The following are the discount rates used in each period:	4.67%	5.20%	4.21%	4.13%	4.09%	2.19%	2.66%	3.51%	3.58%	2.85%

MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY AND RELATED RATIOS

Plan Year Ended	Proportion of the Net Pension (Asset)/Liability	Proportionate Share of the Net Pension (Asset)/Liability	Actual Covered Member Payroll	Net Pension (Asset)/Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Teachers Retirement System					
6/30/2025	0.05850500%	$ (3,464,100)	$ 11,707,966	(29.59%)	104.00%
6/30/2024	0.05919800%	$ (1,766,226)	$ 11,496,613	(15.36%)	102.09%
6/30/2023	0.05934800%	$ 678,697	$ 11,192,795	6.06%	99.17%
6/30/2022	0.06017800%	$ 1,154,752	$ 10,791,095	10.70%	98.60%
6/30/2021	0.05982000%	$ (10,366,171)	$ 10,245,066	(101.18%)	113.25%
6/30/2020	0.05928600%	$ 1,638,233	$ 10,199,042	16.06%	97.80%
6/30/2019	0.06001900%	$ (1,559,294)	$ 10,140,657	(15.38%)	102.20%
6/30/2018	0.06132000%	$ (1,108,818)	$ 10,106,445	(10.97%)	101.53%
6/30/2017	0.06354800%	$ (483,031)	$ 9,703,676	(4.98%)	100.66%
6/30/2016	0.06371200%	$ 682,382	$ 9,761,824	6.99%	99.01%

Plan Year Ended	Proportion of the Net Pension (Asset)/Liability	Proportionate Share of the Net Pension (Asset)/Liability	Actual Covered Member Payroll	Net Pension (Asset)/Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Employees Retirement System					
3/31/2026	0.00869010%	$ 490,274	$ 3,273,582	14.98%	97.78%
3/31/2025	0.00889850%	$ 1,525,716	$ 3,031,110	50.34%	93.08%
3/31/2024	0.00894730%	$ 1,317,401	$ 2,939,287	44.82%	93.88%
3/31/2023	0.00734210%	$ 1,574,438	$ 2,702,930	58.25%	90.78%
3/31/2022	0.00714490%	$ (584,069)	$ 2,332,713	(25.04%)	103.65%
3/31/2021	0.00617040%	$ 6,144	$ 2,064,364	0.30%	99.95%
3/31/2020	0.00642530%	$ 1,701,449	$ 2,074,100	82.03%	86.39%
3/31/2019	0.00666820%	$ 472,463	$ 2,097,971	22.52%	96.27%
3/31/2018	0.00662260%	$ 213,742	$ 2,078,420	10.28%	98.24%
3/31/2017	0.00651280%	$ 611,956	$ 2,014,622	30.38%	94.70%

MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution (deficiency) excess	Covered Employee Payroll	Required Contributions as a Percentage of Covered Payroll
Teachers Retirement System					
6/30/2026	$ 1,071,355	$ 1,071,355	$ -	$ 11,459,861	9.35%
6/30/2025	$ 1,161,377	$ 1,161,377	$ -	$ 11,707,966	9.92%
6/30/2024	$ 1,103,165	$ 1,103,165	$ -	$ 11,496,613	9.60%
6/30/2023	$ 1,127,897	$ 1,127,897	$ -	$ 10,791,095	10.45%
6/30/2022	$ 1,044,750	$ 1,044,750	$ -	$ 10,245,066	10.20%
6/30/2021	$ 967,611	$ 967,611	$ -	$ 10,199,042	9.49%
6/30/2020	$ 891,557	$ 891,557	$ -	$ 10,140,657	8.79%
6/30/2019	$ 1,063,925	$ 1,063,925	$ -	$ 10,106,445	10.53%
6/30/2018	$ 978,849	$ 978,849	$ -	$ 9,703,676	10.09%
6/30/2017	$ 1,180,244	$ 1,180,244	$ -	$ 9,761,824	12.09%

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution (deficiency) excess	Covered Employee Payroll	Required Contributions as a Percentage of Covered Payroll
Employees Retirement System					
6/30/2026	$ 446,646	$ 446,646	$ -	$ 3,395,068	13.16%
6/30/2025	$ 390,394	$ 390,394	$ -	$ 3,364,472	11.60%
6/30/2024	$ 323,643	$ 323,643	$ -	$ 3,113,312	10.40%
6/30/2023	$ 249,191	$ 249,191	$ -	$ 2,699,721	9.23%
6/30/2022	$ 314,705	$ 314,705	$ -	$ 2,393,120	13.15%
6/30/2021	$ 291,135	$ 291,135	$ -	$ 2,174,995	13.39%
6/30/2020	$ 291,507	$ 291,507	$ -	$ 2,046,215	14.25%
6/30/2019	$ 354,138	$ 354,138	$ -	$ 2,097,971	16.88%
6/30/2018	$ 294,912	$ 294,912	$ -	$ 2,078,420	14.19%
6/30/2017	$ 378,582	$ 378,582	$ -	$ 2,014,622	18.79%

MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget - Over/(Under)	Actual Amounts	Year End	Variance with Final Budget - Over/(Under)
	Original	Final	Final Budget	GAAP Basis	Encumbrances	Actual & Encumbrances
Revenues:						
Real Property Taxes	$ 27,121,189	$ 27,121,190	$ 1	$ 26,947,411	$ -	$ (173,779)
Other Tax Items	660,947	660,947	-	660,947	-	-
Non-Property Taxes	40,000	40,000	-	50,738	-	10,738
Charges for Services	458,600	1,123,674	665,074	1,203,032	-	79,358
Use of Money and Property	30,000	30,000	-	233,892	-	203,892
Miscellaneous	325,000	325,000	-	244,120	-	(80,880)
State Aid	5,130,711	5,134,897	4,186	4,843,885	-	(291,012)
Federal Aid	20,000	20,000	-	37,775		17,775
Total Revenues	33,786,447	34,455,708	669,261	34,221,800	-	(233,908)
Expenditures:						
General Support						
Board of Education	74,024	74,999	975	54,250	-	(20,749)
Central Administration	313,976	352,360	38,384	347,886	1,028	(3,446)
Finance	525,992	587,630	61,638	519,933	33,700	(33,997)
Staff	269,284	334,127	64,843	267,806	27,749	(38,572)
Central Services	2,271,188	2,332,682	61,494	2,270,501	12,266	(49,915)
Special Items	340,802	338,186	(2,616)	314,126	-	(24,060)
Total General Support	3,795,266	4,019,984	224,718	3,774,502	74,743	(170,739)
Instruction						
Instruction, Administration and Improvement	1,208,826	1,320,332	111,506	1,278,920	4,011	(37,401)
Teaching - Regular School	7,791,655	8,150,879	359,224	8,010,860	374	(139,645)
Programs for Students with Disabilities	4,641,176	4,662,859	21,683	3,886,367	1,313	(775,179)
Occupational Education	421,200	413,614	(7,586)	400,200	-	(13,414)
Instructional Media	1,170,240	1,382,739	212,499	1,323,427	32,874	(26,438)
Pupil Services	2,235,393	2,363,268	127,875	2,065,303	4,629	(293,336)
Total Instruction	17,468,490	18,293,691	825,201	16,965,077	43,201	(1,285,413)
Pupil Transportation	2,821,821	3,121,781	299,960	3,058,889	11,200	(51,692)
Employee Benefits	9,685,273	9,260,067	(425,206)	8,561,008	-	(699,059)
Debt Service - Principal	1,499,663	1,499,663	-	1,499,663	-	-
Debt Service - Interest	364,138	364,138	-	364,137	-	(1)
Total Expenditures	35,634,651	36,559,324	924,673	34,223,276	129,144	(2,206,904)
Excess/(Deficiency) of Revenues Over Expenditures	(1,848,204)	(2,103,616)	(255,412)	(1,476)	(129,144)	1,972,996
Other Financing Sources/(Uses):						
Operating Transfers In	10,000	10,000	-	10,675	-	675
Operating Transfers Out	(15,000)	(15,000)	-	(15,000)	-	-
Total Other Financing Sources/(Uses)	(5,000)	(5,000)	-	(4,325)	-	675
Net Change in Fund Balance	(1,853,204)	(2,108,616)		(5,801)	(129,144)	1,973,671
Budgetary Fund Balance - Beginning of Year	9,299,376	9,299,376		9,299,376	-	-
Budgetary Fund Balance - End of Year	$ 7,446,172	$ 7,190,760		$ 9,293,575		$ 1,973,671
Reconciliation to GAAP Basis						
Total Fund Balance GAAP Basis				$ 9,293,575		

Budget Basis of Accounting

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

MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund Over/(Under)
BUDGETARY REVENUES	
Differences-original budget to final budget:	
Charges for Services The District added an adult education program that charges a fee for participants.	$ 665,074
State Aid The School District received grant-in-aid funding through the Distraction-Free Schools Grant program that was not expected.	$ 4,186
Differences-final budget to actual:	
Real Property Taxes The School District received less than originally budgeted for property taxes due to reductions and adjustments to assessments.	$ (173,779)
Charges for Services The School District received additional, unanticipated revenue from facilities use agreements finalized during 25-26 school year. This line also included additional revenue from health service billings.	$ 79,358
Use of Money and Property Actual amounts of interest revenue exceed budgeted amount as the School District saw higher interest rates than expected.	$ 203,892
Miscellaneous The School District received less than budgeted revenues from BOCES refund from the prior year.	$ (80,880)
State Aid The state line budget, including final state aid figures, was not adopted until after the School District budget was adopted. Final aid received was less than initial projections at the time of budget adoption.	$ (291,012)
BUDGETARY EXPENDITURES	
Differences-original budget to final budget:	
Central Services The budget adjustment included $14k which was prior year encumbrances carried over, the remaining $48k was to cover increased fuel oil prices, and supplies and materials needed for remediation of roof leaks and subsequent water damage.	$ 61,494
Instruction - Teaching - Regular School The budget adjustments were for the BOCES early college access CoSer and salary adjustments due to grant funding.	$ 359,224
Pupil Transportation The School District required additional special ed and regular runs during the 2025-26 school year.	$ 299,960

MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

BUDGETARY EXPENDITURES - CONTINUED
Differences-final budget to actual:

Employee Benefits The School District had originally budget more for the health insurance cost based on projections provided and then when numbers were finalized after start of the new year was able to reduce the budgeted cost.	$	(425,206)
Central Services The anticipated full-time custodial position was unable to be filled and less than anticipated BOCES safety/security purchases.	$	(49,915)
Instruction, Administration and Improvement The availability of additional grant funds to cover professional development was less than anticipated.	$	(37,401)
Teaching - Regular School The difference is due to the general fund budgeted salaries being moved to grant expenditures and small balances in co-curricular planning to actual of clubs.	$	(139,645)
Programs for Students with Disabilities The difference is due to the anticipated BOCES placements not being needed.	$	(775,179)
Pupil Services The difference is due to a reduction of an admin position and retirements after 25-26 budget being approved.	$	(293,336)
Employee Benefits The difference is due to no expenditures attributed to retirement incentives, and lower ERS billing then budgeted.	$	(699,059)

SUPPLEMENTARY INFORMATION

MILLBROOK CENTRAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
JUNE 30, 2026

	Cafeteria Fund	Miscellaneous Special Revenue Fund	Total Non-Major Funds
ASSETS			
Cash and Cash Equivalents	$ 198,534	$ 38,346	$ 236,880
State and Federal Aid Receivable	77,563	-	77,563
Due from Other Governments	49	-	49
Accounts Receivable, Net	2,928	-	2,928
Inventories	11,905	-	11,905
Total Assets	$ 290,979	$ 38,346	$ 329,325
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 521	$ -	$ 521
Accrued Liabilities	2,775	-	2,775
Due to Other Funds	276,568	3,966	280,534
Total Liabilities	279,864	3,966	283,830
Deferred Inflows of Resources:			
Deferred Inflows of Resources - Other	2,108	-	2,108
Fund Balances:			
Nonspendable	11,905	-	11,905
Assigned	242	34,380	34,622
Unassigned	(3,140)	-	(3,140)
Total Fund Balances	9,007	34,380	43,387
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 290,979	$ 38,346	$ 329,325

MILLBROOK CENTRAL SCHOOL DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	Cafeteria Fund	Miscellaneous Special Revenue Fund	Total Non-Major Funds
Revenues:			
Use of Money and Property	$ -	$ 116	$ 116
Miscellaneous	577	49,673	50,250
State Aid	253,203	-	253,203
Federal Aid	250,969	-	250,969
Surplus Food	22,072	-	22,072
Food Sales	42,095	-	42,095
Total Revenues	568,916	49,789	618,705
Expenditures:			
Instruction	-	54,367	54,367
Employee Benefits	94,172	-	94,172
Cost of Sales	517,543	-	517,543
Total Expenditures	611,715	54,367	666,082
Excess/(Deficiency) of Revenues Over Expenditures	(42,799)	(4,578)	(47,377)
Other Financing Sources/(Uses):			
Operating Transfers In	15,000	-	15,000
Total Other Financing Sources/(Uses)	15,000	-	15,000
Change in Fund Balances	(27,799)	(4,578)	(32,377)
Fund Balances - Beginning	36,806	38,958	75,764
Fund Balances - Ending	$ 9,007	$ 34,380	$ 43,387

MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2026

	Fiscal Year of Issue	Fiscal Year of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Amount of Interest Paid During Fiscal Year	Amount of Interest Accrued at 6/30/2026	Due Within the Next Year
LEASES PAYABLE									
2023 Quadient	2023	2028	0.30%	$ 4,799	$ 1,986	$ 2,813	$ -	$ -	$ 1,986
TOTAL LEASE PAYABLE				4,799	1,986	2,813	-	-	1,986
INSTALLMENT PURCHASE DEBT									
Energy Performance				272,598	134,663	137,935	6,624	2,235	137,935
TOTAL INSTALLMENT PURCHASE DEBT				272,598	134,663	137,935	6,624	2,235	137,935
BOND PREMIUMS									
Unamortized Bond Premiums				23,276	11,638	11,638	-	-	11,638
TOTAL BOND PREMIUMS				23,276	11,638	11,638	-	-	11,638
SERIAL BONDS									
2013 Serial Bond	2013	2027	1.00-4.00%	1,160,000	570,000	590,000	46,400	983	590,000
2013 Refunded Serial Bond	2013	2035	2.00-5.00%	9,375,000	795,000	8,580,000	311,113	23,276	830,000
TOTAL SERIAL BONDS				10,535,000	1,365,000	9,170,000	357,513	24,259	1,420,000
TOTAL INDEBTEDNESS				$ 10,835,673	$ 1,513,287	$ 9,322,386	$ 364,137	$ 26,494	$ 1,571,559

OTHER INFORMATION

MILLBROOK CENTRAL SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
YEAR ENDED JUNE 30, 2026

Adopted Budget	$ 35,649,651
Additions:	
Encumbrances from Prior Year	255,412
Original Budget	35,905,063
Budget Revisions:	
Budget Amendments - Other	669,261
Final Budget	$ 36,574,324

MILLBROOK CENTRAL SCHOOL DISTRICT
GENERAL FUND
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
YEAR ENDED JUNE 30, 2026

2026-2027 Voter-approved expenditure budget maximum allowed		$ 37,992,751
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted Fund Balance		
Assigned Fund Balance	$ 1,745,628	
Unassigned Fund Balance	1,961,145	
Total Unrestricted Fund Balance	3,706,773	
Less:		
Appropriated Fund Balance for 2025-26 Budget	1,616,484	
Encumbrances Included in Assigned Fund Balance	129,144	
Total Adjustments	1,745,628	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 1,961,145
Actual Percentage		5.16%

MILLBROOK CENTRAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
PROJECT LENGTH SCHEDULE
INCEPTION OF PROJECT THROUGH JUNE 30, 2026

		Expenditures and Transfers to Date				Methods of Financing				
Project	Project Budget	Prior Year	Current Year	Total	Unexpended Balance	Proceeds of Obligations	Local Sources	Interfund Transfers	Totals	Fund Balance (Deficit) at June 30, 2026
Major & Non-Major Projects:										
Repair Projects	$ 37,850	$ 23,066	$ 10,675	$ 33,741	$ 4,109	$ 37,750	$ 62	$ -	$ 37,812	$ 4,071
District-Wide Capital Project	66,936,378	-	1,211,415	1,211,415	65,724,963	-	12,025,216	-	12,025,216	10,813,801
SMART Schools Bond Act	315,660	-	16,519	16,519	299,141	-	16,520			
Total	$ 67,289,888	$ 23,066	$ 1,238,609	$ 1,261,675	$ 66,028,213	$ 37,750	$ 12,041,798	$ -	$ 12,063,028	$ 10,817,872

MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2026

Capital Assets, net		$	20,741,859
Intangible Right to Use Lease Asset			2,813
Deductions:			
Short-Term Portion of Bonds Payable	1,420,000		
Long-Term Portion of Bonds Payable	7,750,000		
Short-Term Installment Purchase Debt	137,935		
Short-Term Portion of Lease Payable	1,986		
Long-Term Portion of Lease Payable	827		
			9,310,748
Net Investment in Capital Assets		$	11,433,924

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Millbrook Central School District
43 Alden Place
Millbrook, NY 12545

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Millbrook Central School District (the "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 27, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2026-001.

Purpose of this Report

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

RBT CPAs, LLP

Hudson, NY
October 27, 2026

MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2026

A. Internal Control Findings

None Noted

B. Compliance Findings

Finding 2026-001: Unassigned Fund Balance

Condition: The School District's unassigned fund balance as of June 30, 2026, was 5.16% of the 2027 budgeted expenditures.

Criteria: Section 1318 of the NYS Real Property Tax Law requires school districts maintain no more than 4%of the subsequent year's budgeted expenditures in unassigned fund balance in the General Fund.

Cause: The School District continuously monitors spending, to reduce costs and eliminate wasteful spending, thereby resulting in a surplus over several years.

Effect: The School District was not in compliance with Section 1318 of the NYS Real Property Tax Law.

Recommendation: RBT recommends that the School District maintain an unassigned fund balance percentage in accordance with Section 1318 of the NYS Real Property Tax Law.

Client Response: See corrective action plan.