CITY SCHOOL DISTRICT OF NEW ROCHELLE

Financial Statements
As of June 30, 2025
Together with
Independent Auditor's Reports

Bonadio & Co., LLP
Accounting, Consulting & More

CONTENTS

CONTENTS (CONTINUED)

Bonadio & Co., LLP
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INDEPENDENT AUDITOR'S REPORT

October 7, 2025

To the Board of Education of
City School District of New Rochelle:

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City School District of New Rochelle (School District) as of and for the year ended June 30, 2025, 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 City School District of New Rochelle as of June 30, 2025, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter
As described in Note 18 to the financial statements, during the year ended June 30, 2025, the School District determined that the New Rochelle Public Library does not meet the criteria for inclusion as a fund of the School District. Accordingly, the Library has been removed from these financial statements. Our opinion is not modified with respect to this matter.

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

6 Wembley Court
Albany, NY 12205
p (518) 464-4080
f (518) 464-4087

www.bonadio.com

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, budgetary comparison information, schedule of contributions - pension plans, schedule of proportionate share of the net pension liability (asset), and the schedule of changes in total OPEB liability and related ratios 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.

(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Required Supplementary Information (Continued)
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 accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 original budget to revised budget – general fund and section 1318 of real property tax limit calculation, schedule of project expenditures – capital projects fund 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 7, 2025, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Bonadio & Co., LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2025. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed, as well as a comparative analysis to prior year information. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

- The School District's total net position, as reflected in the School District-Wide financial statements was ($354,433,844) which is an increase of $6,823,249 from the prior year net position.

- The total assets and deferred outflows of resources at June 30, 2025 were $416,335,913 which is a decrease of $6,339,185 from $422,675,098 at June 30, 2024, as a result of taxes receivable decreasing by $13,049,701 and due from other governments decreasing by $5,133,252 in the current year. These decreases were off set by increases in cash and cash equivalents $8,759,383.

- The total liabilities and deferred inflows of resources at June 30, 2025 were $770,769,757 which is a decrease of $10,688,752 from $780,822,499 at June 30, 2024, as a result of changes in the actuarial valuation for the other postemployment benefits liability.

- General fund balance totaled $41.7 million and unassigned fund balance was within the NYS 4% limitation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are Government-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the operation in more detail than the entity-wide statements.

- The governmental fund statements tell how basic services such as instruction and support functions were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information further explains and supports the financial statements with a comparison of the School District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table A-1 – Organization of the School District's Annual Financial Report

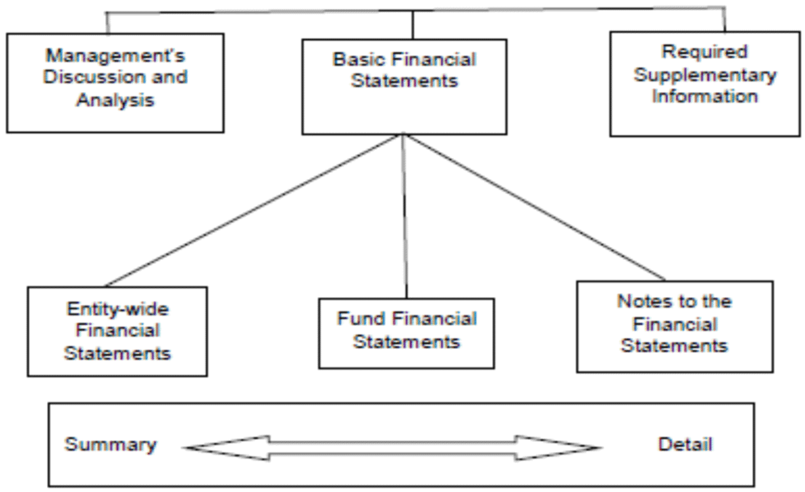


Table A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-2 – Major Features of the School District-Wide and Fund Financial Statements

		Fund Financial Statements	
	School District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the School District, such as instruction and special education.	Instances in which the School District administers resources on behalf of someone else.
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balance.	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus.	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.
Type of asset & deferred outflows of resources/ liability & deferred inflows of resources information.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term.	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term.
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

School District-Wide Statements

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

The two School District-wide statements report the School District's net position and how they have changed. Net position – the difference between the School District's assets/deferred outflows of resources and liabilities/deferred inflows of resources – is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. For assessment of the overall health of the School District, additional nonfinancial factors, such as changes in the property tax bases and the condition of buildings and other facilities, should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated in the governmental fund financial statements. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

School District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
    - Net investment in capital assets.
    - Restricted net position has constraints placed on it or used by external sources or imposed by law.
    - Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

The School District has two kind of funds:

- *Governmental Funds*: Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the School District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, the capital project fund, and miscellaneous special revenue fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's net position as of June 30, 2025 and 2024, is detailed in Tables A-3 and A-4.

Table A-3 – Condensed Statements of Net Position

	2025	(Restated) 2024	Percent Change
Current and other assets	$ 108,704,449	$ 114,960,594	-5.4%
Non-current assets	230,212,570	202,861,936	13.5%
Total assets	338,917,019	317,822,530	6.6%
Deferred outflows of resources	77,418,894	104,852,568	-26.2%
Current liabilities	89,291,296	66,930,024	33.4%
Long-term liabilities	464,570,621	551,083,342	-15.7%
Total liabilities	553,861,917	618,013,366	-10.4%
Deferred inflows of resources	216,907,840	162,809,133	33.2%
Net position:			
Net investment in capital assets	103,484,841	77,269,039	33.9%
Restricted	36,595,421	48,328,731	-24.3%
Unrestricted	(494,514,106)	(486,854,863)	1.6%
Total net position	$(354,433,844)	$(361,257,093)	-1.9%

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

During 2025, the School District's current assets decreased $6,256,145 due primarily to decreases in the amount of cash on hand at year end. During 2025, the School District's non-current assets increased $27,350,634 mainly due to the increase in capital assets as well as the TRS net pension liability becoming a net pension asset in the current year.

During 2025, the total liabilities decreased $64,151,449 mainly due to the TRS net pension liabilities becoming a net pension asset in the current year and the decrease in total other postemployment benefits (See Table A-9).

Changes in Net Position

The School District's fiscal year 2025 revenue totaled $371,136,745 (see Table A-4). Property taxes and state aid accounted for most of the School District's revenue by contributing 65.4% and 24.5%, respectively, of every dollar raised (see Table A-5). The remainder came from fees charged for services, tuition for foster students, interest earnings, federal sources, and other miscellaneous sources.

The total cost of all programs and services totaled $364,313,496 in 2025. 80.7% of this amount is used predominantly to support general instruction, the provision of services to students with disabilities, and student transportation (see Table A-6). The remaining 19.3% of total costs were comprised of general support 16.2%, debt service 1.1%, school lunch program 1.9% and community services 0.1%.

Table A-4 – Changes in Net Position from Operating Results

	Fiscal Year 2025	(Restated) Fiscal Year 2024	Percent Change
Revenue			
Charges for services	$ 4,183,149	$ 1,143,994	265.7%
Operating grants	22,437,905	23,535,288	-4.7%
Capital grants	1,525,155	1,145,758	33.1%
General revenue:			
Real property taxes	221,406,402	212,393,860	4.2%
Other tax items	21,302,844	20,839,822	2.2%
Use of money and property	2,066,771	1,418,326	45.7%
Sale of property and compensation for loss	213,452	-	100.0%
State and federal sources	90,877,865	80,517,073	12.9%
Miscellaneous	7,123,202	3,552,270	100.5%
Total revenue	371,136,745	344,546,391	7.7%
Expenses			
General support	59,192,685	54,950,986	7.7%
Instruction	266,258,258	327,690,661	-18.7%
Pupil transportation	27,693,220	20,062,475	38.0%
Community services	206,439	-	
Debt service - Interest	4,132,095	3,619,086	14.2%
School lunch program	6,830,799	5,619,682	21.6%
Total expenses	364,313,496	411,942,890	-11.6%
Change in net position	$ 6,823,249	$ (67,396,499)	-110.1%

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Changes in Net Position (Continued)

State and federal sources increased $10,119,469 as a result of the State's increase in State Aid and excess interest earnings.

Real property taxes increased $2,720,621 due to timing of tax collections.

Instruction expenses decreased $61,432,403 primarily due to the decrease in actuarial valuations for both pensions and other postemployment benefits.

The instructional salary costs are the largest costs of the School District which relate directly to the allocation of pension and other postemployment benefit allocations.

Table A-5 – Sources of Revenue for Fiscal Year 2025:

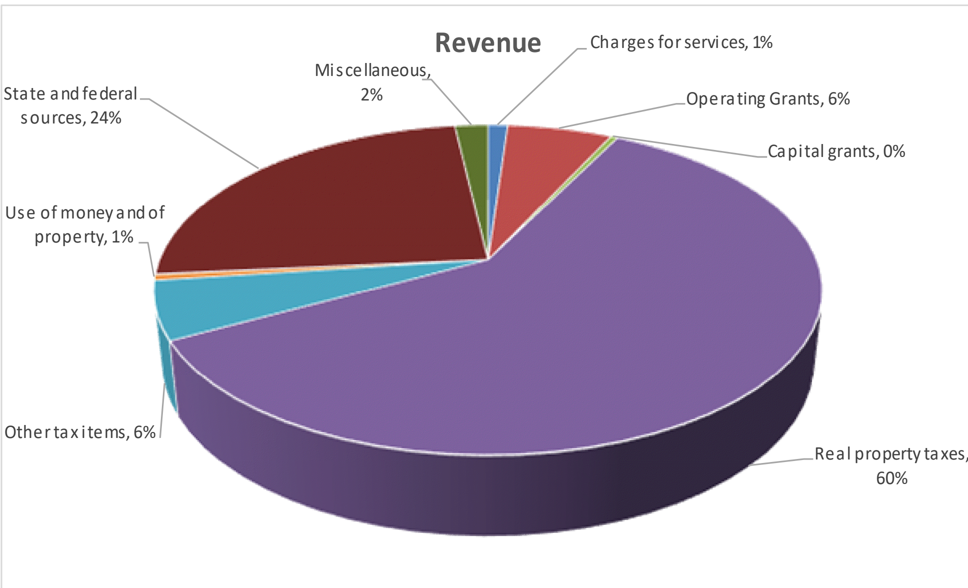
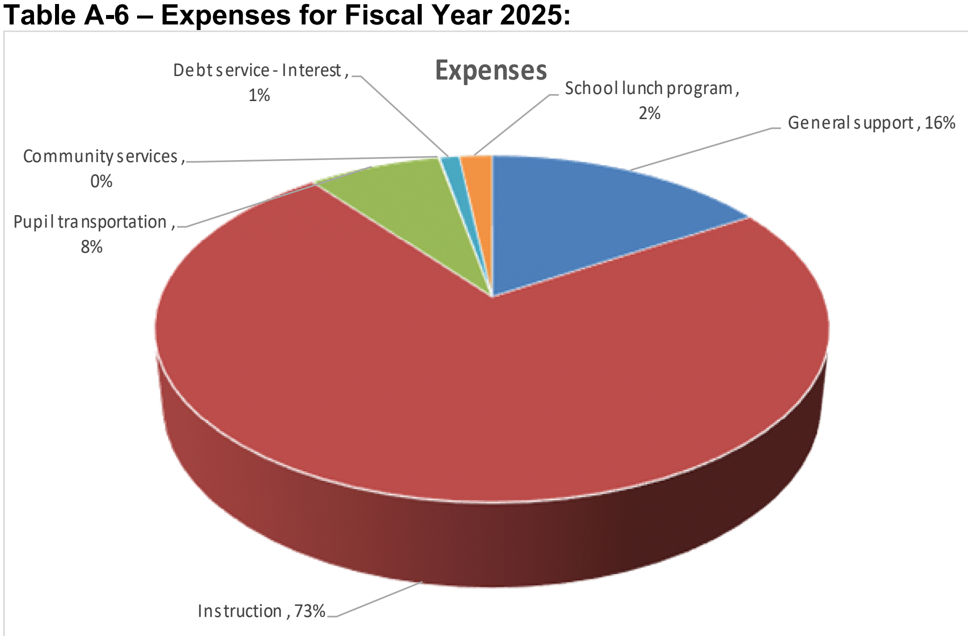


Table A-6 – Expenses for Fiscal Year 2025:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities

Revenue for the School District's governmental activities totaled $371,136,745 or 5.5% more than the previous fiscal year. Total expenses equaled $364,313,496 or 13.3% less than the previous fiscal year. The net result of the change in the School District's financial condition can be credited to:

- While staffing costs were increased, they were offset by a change in actuarial valuations.

- Net changes to revenues and expenditures, as detailed in the financial highlights, resulted in an increase to net position.

Table A-7 presents the cost of five major School District activities: general support, instruction, pupil transportation, debt service and school lunch. The table also shows each activity's net cost (total cost less fees generated by the activities and aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Table A-7 – Net Cost of Governmental Activities

	2025		2024	
Category	Total Cost	Net Costs	Total Cost	Net Costs
General support	$ 59,192,685	$ (59,192,685)	$ 54,950,986	$ (54,950,986)
Instruction	266,258,258	(243,849,921)	327,690,661	(307,425,162)
Pupil transportation	27,693,220	(27,693,220)	20,062,475	(20,062,475)
Community service	206,439	(206,439)	-	-
School lunch program	6,830,799	(1,092,927)	3,619,086	(301,464)
Debt service - interest	4,132,095	(4,132,095)	5,619,682	(3,619,086)
	$ 364,313,496	$(336,167,287)	$ 411,942,890	$(386,359,173)

- The total cost of all governmental activities this year was $364,313,496.
- The users of the School District's programs financed $4,183,149 of the cost.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of $22,437,905.
- The majority of costs were financed by the School District's taxpayers and unallocated NYS aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the School District-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School District ended the fiscal year June 30, 2025, with a general fund balance of $41,716,323, of which $2,764,362 is reserved for encumbrances, and $1,750,000 is designated towards funding expenditures in fiscal year 2025-2026. In addition, $22,823,217 is in reserves which have been restricted for certain future costs such as employee benefits, tax certiorari, retirement contribution, and others.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the general fund.

Actual Results vs. Budget

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
Revenue:					
Local sources	$245,517,563	$245,517,563	$255,913,069	$ -	$ 10,395,506
State sources	96,193,219	96,193,219	90,399,988	-	(5,793,231)
Federal sources	946,062	946,062	1,647,816	-	701,754
Other financing sources	3,080,795	3,080,795	4,978,618	-	1,897,823
Total revenue	345,737,639	345,737,639	352,939,491	-	7,201,852
Expenditures:					
General support	41,942,160	44,202,363	42,808,629	1,801,508	(407,774)
Instruction	186,084,747	185,413,966	182,051,801	934,229	2,427,936
Transportation	21,948,352	27,786,355	27,693,220	25,583	67,552
Community service	16,984	233,980	206,439	-	27,541
Employee benefits	79,324,491	79,274,511	80,611,385	-	(1,336,874)
Debt service - Principal	11,439,703	10,454,702	11,064,577	-	(609,875)
Debt service - Interest	5,431,202	5,101,587	5,498,950	-	(397,363)
Transfers	1,300,000	11,764,056	11,514,056	-	250,000
Total expenditures	347,487,639	364,231,520	361,449,057	2,761,320	21,143
Revenue over (under) expenditures	$ (1,750,000)	$ (18,493,881)	$ (8,509,566)	$ (2,761,320)	$ 7,222,995

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

General Fund Budgetary Highlights (Continued)

The general fund is the only fund for which a budget is legally adopted. For the purposes of the above analysis the budget columns do not include appropriated fund balance.

Notable variances to the adjusted budget for the general fund include:

- Overall revenue was over budget with increases such as deferred tax items of $4.2 million which was recognized in the current year and appropriations from reserve funds in accordance with New York State guidelines.

- General support expenditures were under budget by $407,774 with the majority due to a reduction in BOCES and other contractual expenses.

- Instructional expenditures were under budget by $2,427,936 primarily due to many of the afterschool programs, field trips, and extra-curricular activities being funded by a federal grant.

- Transportation expenditures were under budget by $67,552 due to shifts in programmatic requirements at the close of the school year.

- Employee benefit expenditures were over budget by $1,336,874 primarily as a result of health insurance premiums paid from employee contributions being less than budgeted.

Special Aid Fund– Total revenues in the special aid fund decreased by $3,111,044. The decrease was the direct result of the expiration of multi-year grant funding due to COVID-19 (American Rescue Plan Act).

School Lunch Fund– Expenditures were greater than revenues by $72,121 as a result of the program becoming self-operated and the execution of a cafeteria equipment replacement plan.

Capital Projects Fund– During the current year, the School District spent $4,321,830 related to capital projects. The School District continues its commitment to long range planning on facilities improvements.

CAPITAL ASSET AND DEBT ADMINISTRATION

By the end of 2025, the School District had an investment of $211,061,240 in a broad range of capital assets.

Table A-8 – Capital Assets (net of accumulated depreciation/amortization)

Category	2025	(restated) 2024	Percent Change
Land	$ 176,500	$ 176,500	0.0%
Construction work in progress	29,521,384	138,050,482	-78.6%
Land improvements	4,251,530	-	100.0%
Buildings and improvements	168,708,244	57,272,877	194.6%
Machinery and equipement	489,372	517,498	-5.4%
Vehicles	734,740	-	100.0%
Leased assets	7,179,470	6,844,579	4.9%
Total	$211,061,240	$202,861,936	4.0%

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-Term Liabilities

At year-end, the School District had $485,588,889 of long-term liabilities outstanding. More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

Table A-9 – Outstanding Long-Term Liabilities

Category	2025	(restated) 2024	Increase (Decrease)	Percentage Change
Bonds payable	$ 79,311,311	$ 86,458,981	$ (7,147,670)	-8%
Unamortized premium	7,438,364	8,711,671	(1,273,307)	-15%
Energy performance contracts	4,205,751	5,335,284	(1,129,533)	-21%
Lease liabilities	7,578,100	7,110,502	467,598	7%
Claims payable	2,478,673	1,842,277	636,396	35%
Compensated absences payable	6,707,157	5,036,397	1,670,760	33%
Net pension liability - ERS	12,499,307	11,352,619	1,146,688	10%
Net pension liability - TRS	-	8,472,133	(8,472,133)	-100%
Judgement and claims	-	550,000	(550,000)	-100%
Total other post employment benefit liability	365,370,226	416,213,478	(50,843,252)	-12%
Total	$485,588,889	$ 551,083,342	$ (65,494,453)	

During 2025, the School District paid down its bonded debt by $7,147,670.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the School District was aware of the following existing circumstances that could significantly affect its future financial health:

State aid can vary from one fiscal year to another with future federal aid allocations in jeopardy due the current political climate. As demographics within the City of New Rochelle change, the aid allocated may also shift.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the School District and to demonstrate the School District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact:

Carlos X. Leal
Assistant Superintendent for Business
City School District of New Rochelle District Office
City Hall 515 North Avenue
New Rochelle, New York 10801

CITY SCHOOL DISTRICT OF NEW ROCHELLE

STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS	
CURRENT ASSETS:	
Cash - unrestricted	$ 60,508,197
Cash - restricted	29,284,760
State and federal aid receivable	16,392,256
Due from other governments	2,245,436
Accounts receivable	248,202
Inventory	25,598
Total current assets	108,704,449
NON-CURRENT ASSETS:	
Net pension asset - TRS	19,151,330
Capital assets, non-depreciable	29,697,884
Capital assets, net of depreciation and amortization	181,363,356
Total non-current assets	230,212,570
TOTAL ASSETS	338,917,019
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - OPEB	17,647,066
Deferred outflows of resources - ERS	7,386,899
Deferred outflows of resources - TRS	52,384,929
Total deferred outflows of resources	77,418,894
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	416,335,913
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	21,756,910
Due to other governements	355
Compensated absences payable	199,802
Due to Teachers' Retirement System	19,481,181
Due to Employees' Retirement System	1,462,413
Unearned revenue	442,169
Bond anticipation notes	25,130,000
Lease liability, current	2,440,187
Bonds payable, current	4,734,534
Energy performance contracts, current	1,156,357
Bond premium, current	1,204,352
Other postemployment benefits, current	11,283,036
Total current liabilities	89,291,296
LONG-TERM LIABILITIES:	
Bonds payable, net of current portion	74,576,777
Bond premium, net of current	6,234,012
Energy performance contract, net of current portion	3,049,394
Leases payable, net of current portion	5,137,913
Claims payable	2,478,673
Net pension liability - ERS	12,499,307
Total other postemployment benefits	354,087,190
Compensated absences	6,507,355
Total long-term liabilities	464,570,621
TOTAL LIABILITIES	553,861,917
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow of resources - OPEB	192,199,126
Deferred inflows of resources - ERS	643,176
Deferred inflows of resources - TRS	24,065,538
Total deferred inflows of resources	216,907,840
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	770,769,757
NET POSITION	
Net investment in capital assets	103,484,841
Restricted	36,595,421
Unrestricted	(494,514,106)
TOTAL NET POSITION	$ (354,433,844)

The accompanying notes are an integral part of these statements.

CITY SCHOOL DISTRICT OF NEW ROCHELLE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS:					
General support	$ 59,192,685	$ -	$ -	$ -	$ (59,192,685)
Instruction	266,258,258	3,908,412	16,974,770	1,525,155	(243,849,921)
Pupil transportation	27,693,220	-	-	-	(27,693,220)
Community service	206,439	-	-	-	(206,439)
School lunch program	6,830,799	274,737	5,463,135	-	(1,092,927)
Debt service - interest	4,132,095	-	-	-	(4,132,095)
TOTAL FUNCTIONS AND PROGRAMS	$ 364,313,496	$ 4,183,149	$ 22,437,905	$ 1,525,155	$ (336,167,287)
GENERAL REVENUES:					
Real property taxes					221,406,402
Other tax items					21,302,844
Use of money and property					2,066,771
Sale of property and compensation for loss					213,452
Miscellaneous					7,123,202
State sources					90,877,865
TOTAL GENERAL REVENUE					342,990,536
CHANGE IN NET POSITION					6,823,249
NET POSITION - beginning of year, as previously stated reported					(367,361,746)
RESTATEMENT (Note 17)					6,370,577
PRIOR PERIOD ADJUSTMENT (Note 18)					(265,924)
NET POSITION - beginning of year, as restated					(361,257,093)
NET POSITION - end of year					$ (354,433,844)

CITY SCHOOL DISTRICT OF NEW ROCHELLE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Special Aid	Capital Projects	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash - unrestricted	$ 59,147,336	$ -	$ -	$ 1,360,861	$ 60,508,197
Cash - restricted	7,625,372	-	16,087,127	5,572,261	29,284,760
Accounts receivable	162,282	85,920	-	-	248,202
Due from other funds	9,939,069	183,719	-	8,205,491	18,328,279
Due from other governments	2,245,436	-	-	-	2,245,436
State and federal aid receivable	5,058,935	9,760,385	-	1,572,936	16,392,256
Inventory	-	-	-	25,598	25,598
TOTAL ASSETS	$ 84,178,430	$ 10,030,024	$ 16,087,127	$ 16,737,147	$ 127,032,728
LIABILITIES					
Accounts payable and accrued liabilities	$ 20,896,200	$ 368,296	$ 232,843	$ 133,572	$ 21,630,911
Compensated absences	384,594	-	-	-	384,594
Due to other governments	-	-	-	355	355
Due to other funds	237,719	9,254,180	8,126,273	710,107	18,328,279
Due to Teachers' Retirement System	19,481,181	-	-	-	19,481,181
Due to Employees' Retirement System	1,462,413	-	-	-	1,462,413
Unearned revenue	-	407,548	-	34,621	442,169
Bond anticipation notes payable	-	-	25,130,000	-	25,130,000
TOTAL LIABILITIES	42,462,107	10,030,024	33,489,116	878,655	86,859,902
FUND BALANCE					
Nonspendable					
Inventory	-	-	-	25,598	25,598
Restricted					
Workers' compensation	323,485	-	-	-	323,485
Unemployment insurance	540,700	-	-	-	540,700
Tax certiorari	10,960,607	-	-	-	10,960,607
Employee benefits accrued liability	3,044,425	-	-	-	3,044,425
Insurance	2,500,000	-	-	-	2,500,000
Retirement contributions	4,700,000	-	-	-	4,700,000
Reserve for property loss	350,000	-	-	-	350,000
Reserve for liability claims	404,000	-	-	-	404,000
Other	-	-	-	13,772,204	13,772,204
Total restricted fund balance	22,823,217	-	-	13,772,204	36,595,421
Assigned					
Unappropriated	2,764,362	-	-	2,060,690	4,825,052
Appropriated for subsequent year's expenditures	1,750,000	-	-	-	1,750,000
Total assigned fund balance	4,514,362	-	-	2,060,690	6,575,052
Unassigned	14,378,744	-	(17,401,989)	-	(3,023,245)
TOTAL FUND BALANCE	41,716,323	-	(17,401,989)	15,858,492	40,172,826
TOTAL LIABILITIES AND FUND BALANCE	$ 84,178,430	$ 10,030,024	$ 16,087,127	$ 16,737,147	$ 127,032,728

The accompanying notes are an integral part of these statements.

CITY SCHOOL DISTRICT OF NEW ROCHELLE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO GOVERNMENT-WIDE NET POSITION
JUNE 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - total governmental funds	$	40,172,826
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		211,061,240
Deferred outflows/inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows - ERS/TRS		59,771,828
Deferred inflows - ERS/TRS		(24,708,714)
Deferred outflow - OPEB		17,647,066
Deferred inflow - OPEB		(192,199,126)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds		
Net pension liability - ERS		(12,499,307)
Net pension asset - TRS		19,151,330
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable		(79,311,311)
Energy performance contracts		(4,205,751)
Compensated absences		(6,322,563)
Total other postemployment benefits liability		(365,370,226)
Claims payable		(2,478,673)
Lease liability		(7,578,100)
Bond premium		(7,438,364)
		-
Accrued interest		(125,999)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(354,433,844)

The accompanying notes are an integral part of these statements.

CITY SCHOOL DISTRICT OF NEW ROCHELLE

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General	Special Aid	Capital Projects	Non-Major Funds	Total Governmental Funds
REVENUE:					
Real property taxes	$ 226,094,395	$ -	$ -	$ -	$ 226,094,395
Other tax items	21,302,844	-	-	-	21,302,844
Charges for services	3,908,412	-	-	-	3,908,412
Use of money and property	1,567,669	-	-	499,202	2,066,871
Sale of property and compensation for loss	187,025	-	26,327	-	213,352
Miscellaneous	2,852,724	385,048	-	1,192,974	4,430,746
State sources	90,399,988	5,375,775	477,877	1,078,594	97,332,234
Federal sources	1,647,816	9,951,179	1,525,155	4,384,541	17,508,691
Sales - school lunch	-	-	-	274,737	274,737
Total revenue	347,960,873	15,712,002	2,029,359	7,430,048	373,132,282
EXPENDITURES:					
General support	42,808,629	-	-	878,601	43,687,230
Instruction	182,051,801	16,754,193	-	241	198,806,235
Pupil transportation	27,693,220	-	-	-	27,693,220
Community service	206,439	-	-	-	206,439
Employee benefits	80,611,385	-	-	-	80,611,385
Debt service - principal	11,064,577	-	-	-	11,064,577
Debt service - interest	5,498,950	-	-	-	5,498,950
Cost of sales	-	-	-	5,809,993	5,809,993
Capital outlay	-	-	4,321,830	-	4,321,830
Total expenditures	349,935,001	16,754,193	4,321,830	6,688,835	377,699,859
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,974,128)	(1,042,191)	(2,292,471)	741,213	(4,567,577)
OTHER FINANCING SOURCES AND (USES):					
Proceeds from the issuance of leases	2,334,973	-	-	-	2,334,973
Proceeds from the issuance of debt	-	-	370,000	-	370,000
Premium on issuance of debt	262,850	-	-	206,520	469,370
Operating transfers in	2,380,795	1,042,191	10,471,865	-	13,894,851
Operating transfers (out)	(11,514,056)	-	-	(2,380,795)	(13,894,851)
Total other financing sources (uses)	(6,535,438)	1,042,191	10,841,865	(2,174,275)	3,174,343
CHANGE IN FUND BALANCE	(8,509,566)	-	8,549,394	(1,433,062)	(1,393,234)
FUND BALANCE - beginning of year, as previously reported	50,225,889	-	(25,951,383)	19,105,313	43,379,819
Restatement - Library Fund (see note 17)	-	-	-	(1,813,759)	(1,813,759)
FUND BALANCE - beginning of year, as restated	50,225,889	-	(25,951,383)	17,291,554	41,566,060
FUND BALANCE - end of year	$ 41,716,323	$ -	$ (17,401,989)	$ 15,858,492	$ 40,172,826

CITY SCHOOL DISTRICT OF NEW ROCHELLE

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balance - total governmental funds	$ (1,393,234)
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position.	18,184,181
Depreciation and amortization are not recorded as expenditures in the governmental funds, but are recorded in the statement of activities.	(8,955,660)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(4,799,880)
Pension income (expense) resulting from long-term pension related changes are not recorded as revenue (expenditure) in the governmental funds, but is recorded in the statement of activities.	6,873,115
Proceeds from issuance of leases are recorded as other financing sources for governmental funds, but are not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current year.	(2,334,318)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	10,694,577
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	(598,544)
Accrued postemployment benefits do not require the expenditure of current resources, and, therefore are not reported as expenditures in the governmental funds.	(10,846,988)
Change in net position- governmental activities	$ 6,823,249

The accompanying notes are an integral part of these statements.

CITY SCHOOL DISTRICT OF NEW ROCHELLE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Fund
ASSETS	
Cash	$ -
LIABILITIES	
Other liabilities	$ -
NET POSITION	
Restricted	$ -

CITY SCHOOL DISTRICT OF NEW ROCHELLE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Custodial Fund
ADDITIONS	
Taxes collected on behalf of other governments	$ 6,884,006
DEDUCTIONS:	
Taxes paid to other governments	6,884,006
CHANGE IN NET POSITION	-
NET POSITION - beginning of year	-
NET POSITION - end of year	$ -

The accompanying notes are an integral part of these statements.

1. NATURE OF OPERATIONS

City School District of New Rochelle (the School District) provides free K-12 public education to students living within its geographic borders.

Reporting Entity
The School District is governed by the Laws of New York State. The School District is an independent entity governed by an elected Board of Education (BOE). The President of the Board serves as chief fiscal officer and the superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the 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, the following is a brief description of an entity included in the School District's reporting entity:

Extra classroom Activity Funds
The extra classroom activity funds of the School District represent funds of the students of the School District. The BOE exercises general oversight of these funds. Separate audited financial statements (cash basis) of the extra classroom activity funds can be found at the School District's business office. The School District accounts for assets for various student organizations in the Miscellaneous Special Revenue Fund.

Joint Venture
The School District is one of eight component school districts in the Southern Westchester Board of Cooperative Education Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a School District can terminate its status as a BOCES component.

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

1. NATURE OF OPERATIONS (Continued)

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school 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 school districts pay tuition or a service fee for programs in which its students participate.

During the year, the School District was billed $21,760,171 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to $5,685,398. Financial statements for BOCES are available from the BOCES administrative office.

Financial statements for Southern Westchester BOCES are available from the BOCES administrative office at 17 Berkley Drive, Rye Brook, New York 10573.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the School District are described below:

Basis of Presentation
The School District's financial statements consist of school district-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

School District-Wide Statements
The statement of net position and the statement of activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary, where applicable. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements
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, each displayed in a separate column.

The School District reports the following major governmental funds:

General Fund - This is the School District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Aid Fund - Used to account for proceeds from State and Federal grants that are restricted for specific educational programs.

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

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

School Lunch Fund -Used to account for the School District's child nutrition activities.

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

Miscellaneous Special Revenue Fund - Used to account for the activity of the extra classroom activity funds as well as certain scholarships with which the School District has administrative involvement.

The School District reports the following fiduciary fund:

Custodial Fund – Used to report activity where the School District acts in a custodial manner on behalf of others. The primary activity reported is the collection of property taxes on behalf of the New Rochelle Public Library.

Measurement Focus and Basis of Accounting
Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The School District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions in which the School District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)
On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for property taxes which are considered available if collected within 60 days of year end. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been met.

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

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 the 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 deposit 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.

Restricted Cash
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 $29,284,760 within the governmental funds.

Investments
The School District is part of investment pools held by the New York Cooperative Liquid Asset Securities (NYCLASS). These are short-term, highly liquid investments for the public sector that provide the opportunity to invest funds cooperatively, while maintaining the safety of assets.

Accounts, Due from Other Governments and State and Federal Aid Receivable
Receivables 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.

Property Taxes/PILOTs
Real property taxes are levied annually by the BOE no later than October 1st, and become a lien on July 1st. Taxes are collected during the period October 1st to April 30th. Uncollected real property taxes are subsequently enforced by the City of New Rochelle. All uncollected taxes must be transmitted by the City to the School District within two years from the return of uncollected taxes to the City. Real property taxes expected to be collected within 60 days of year end are recognized as revenue; otherwise deferred inflows offset taxes receivable.

As of June 30, 2025, the City of New Rochelle has made the School District whole for all outstanding taxes receivable.

The School District's tax abatements include abatements made by the City of New Rochelle. All property taxes abated are subject to Payment in Lieu of Taxes (PILOT) agreements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory
Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid Items
Prepaid items represent payments made by the School District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both The School District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

Interfund Transactions
The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

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

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

Capital Assets, Net
In the School District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold is used to report capital assets and the range of estimated useful lives by type of assets is as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	$ 10,000	SL	30
Machinery and equipment	10,000	SL	5

Capital assets also include lease assets with a term greater than one year. The School District does not implement a capitalization threshold for lease assets. Lease assets are amortized on a straight-line basis over the term of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefits

The School District records compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. Under this standard, a liability is recognized for leave that has been earned and is attributable to services already rendered by employees, if (1) the leave accumulates and (2) it is more likely than not that the leave will be used for time off or otherwise paid or settled.

The School District's policies permit employees to earn vacation and/or sick leave based on length of service and position. Vacation leave is typically paid upon termination, while certain portions of unused sick leave may be paid or credited toward retirement in accordance with collective bargaining agreements or employment contracts.

Liabilities for compensated absences are measured using the employee's pay rate as of the reporting date and include applicable salary-related payments. The liability is reported in the school district-wide financial statements. In governmental funds, only the amounts that are expected to be liquidated with expendable available financial resources are reported as a fund liability.

Other Benefits

School District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

School District employees may choose to participate in the School District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the School District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Vesting and funding policies are fully described in note 12. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

The School District also reports deferred outflows of resources and deferred inflows of resources in relation to its pension and OPEB obligations. These amounts are described in Notes 11 and 12.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)
Lease-related amounts are recognized at the inception of the leases in which the School District is the lessor. The deferred inflow of resources is recorded in the amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Short-Term Debt
The School District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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. See Note 8.

Unearned Revenue
The School District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the School District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

Accrued Liabilities and Long-Term Obligations
Payables, accrued liabilities, and long-term obligations are reported in the School District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments and compensated absences that will be paid from governmental funds, are reported as a liability 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.

Restricted Resources
When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

School District-Wide Statements – Net Position Classifications
In the School District-wide statements there are three classes of net position:

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

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

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

Governmental Fund Financial Statements – Fund Balance Classifications
In the fund basis statements there are five classifications of fund balance:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance - 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 available the following restricted fund balances:

<u>Capital Reserve</u>
According to Education Law §3651, this reserve 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. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The reserve is accounted for in the General Fund under restricted fund balance.

<u>Reserve for Debt Service</u>
According to General Municipal Law §6-l, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

<u>Repair Reserve</u>
Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, that are of a type not recurring annually. The BOE, 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. This reserve is accounted for in the General Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements - Fund Balance Classifications (Continued)

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Insurance Reserve

According to General Municipal Law §6-n, this 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 appropriation, 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.

Liability Claims and Property Loss Reserve

According to General Municipal Law § 1709(8)(c), this reserve must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or $15,000, whichever is greater.

Tax Certiorari Reserve

According to Education Law §3651.1-a, this reserve must be used to establish a reserve fund for tax certiorari and to expend from the funds without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgements 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. This reserve is accounted for in the General Fund.

Retirement Contribution Reserve

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 operation 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. This reserve is accounted for in the General Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements - Fund Balance Classifications (Continued)

Workers' Compensation Reserve

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. 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. This reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

This reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the School District 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 the tax (contribution) basis, excess resources in the fund may be transferred to any other reserve fund. The reserve is accounted for in the General Fund under restricted fund balance.

Reserve for Tax Reduction

This reserve (EL §1604, §1709) is used for the gradual use of the proceeds of the sale of School District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the School District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. This reserve is accounted for in the General Fund.

Reserve for Insurance Recoveries

Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the General Fund.

Encumbrances

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

Reserve for Liability

Reserve for Liability is used to reserve funds to be used for establishing and maintaining a program to cover liability claims incurred in accordance with EL §1950(4cc) of the State of New York. This reservice is accounted for in the General Fund.

Reserve for Employee Benefit Accrued Liability

Reserve for Employee Benefit Accrued Liability is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service in accordance with GML §6-p. This reserve is accounted for in the General Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements - Fund Balance Classifications (Continued)

Reserve for Scholarships

Reserve for Scholarships is used to reserve funds for various scholarship awards. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Reserve for Extraclassroom

Reserve for Extraclassroom is used to reserve funds for extraclassroom activity funds. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, the Board of Education. The School District has no committed fund balances as of June 30, 2025.

Assigned fund balance - 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 $2,764,362. As of June 30, 2025, the School District's encumbrances were classified as follows:

General support	$ 1,801,508
Instruction	934,229
Pupil transportation	25,583
Community service	3,042
Total encumbrances	$ 2,764,362

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements - Fund Balance Classifications (Continued)
New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the School District can retain to no more than 4% of the School District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year's budget and encumbrances are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy
The School District's policy is to apply expenditures against non-spendable 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, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. 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.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from these estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

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

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

Total Fund Balances of 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 sheets.

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities
Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of the following broad categories:

- <u>Long Term Revenue and Expense Differences</u>
  Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

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

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities

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

- Long Term Debt Transaction Differences
  Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

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

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

- Reporting for Leases
  Acquisition of leases are reported in the fund level statements as other financing sources, while in the statement of activities they are reported as long-term lease liabilities. Payments on leases are recorded as principal and interest on the fund level, while principal payments are a reduction of the lease liability.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the School District is subject to various federal, state and local laws and contractual regulations. An analysis of the School District’s compliance with significant laws and regulations and demonstration of its stewardship over School District resources follows:

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

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

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

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

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

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets (Continued)
(5) If the original proposed budget is not approved by the voters, the Board of Education (Board) 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 may, at that point, adopt a contingency budget. If the Board 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 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.

(6) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.

(7) Budgets for General and Special Aid Funds 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 does not adopt an annual budget for the School Food Service, Debt Service or Internal Service Funds.

(8) The Board 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. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

(9) Appropriations in General and Special Aid 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.

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

Line Items in Excess of Budget
Certain individual budgetary line items exceeded their budgetary authorization in the General Fund.

Deficit Fund Balance
The Capital Projects Fund has a deficit fund balance of $17,401,989. This will be funded when the School District redeems its outstanding bond anticipation notes from appropriations or obtains permanent financing.

Property Tax Limitation
Chapter 97 of the Laws of 2011, as amended (Tax Levy Limitation Law), modified previous law by imposing a limit on the amount of real property taxes that a District may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a District could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, The School District was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year’s budget or 120% of the consumer price index (CPI).

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Property Tax Limitation (Continued)

Under the Tax Levy Limitation Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for The School District’s budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. Districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

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

5. CASH AND CASH EQUIVALENTS

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. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these Notes.

At June 30, 2025, the reported amount of the School Districts deposits was $60,508,197. Of the total bank balances, $1,500,000 was covered by federal depository insurance and the remaining amount was covered by collateral held in the School District's name.

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 $29,284,760 within the governmental funds.

The School District participates in the New York Cooperative Liquid Assets Securities System (NYCLASS), multi-municipal cooperative investment pool agreements pursuant to New York State General Municipal Law, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2025, the School District held $22,460,056 in investments consisting of various investments in securities issued by the United States and its agencies. NYCLASS is rated ‘AAAm’ from Standard & Poor’s. The investments are highly liquid, and the amount held represents the amortized cost of the investment pool shares, which are considered to approximate fair value. Additional information concerning NYCLASS, including the annual report, can be found on their websites at https://www.nylaf.org and https://newyorkclass.org.

6. CAPITAL ASSETS

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

	(restated) July 1, 2024 Balance	Additions	Deletions	June 30, 2025 Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 176,500	$ -	$ -	$ 176,500
Construction in progress	138,050,482	-	108,529,098	29,521,384
Total non-depreciable capital assets	138,226,982	-	108,529,098	29,697,884
Capital assets that are depreciated:				
Land improvements	-	4,406,266	-	4,406,266
Building and land improvements	226,586,970	118,788,325	4,246,873	341,128,422
Machinery and equipment	1,425,566	18,984	60,731	1,383,819
Licensed vehicles	-	1,292,101	-	1,292,101
Total depreciable capital assets	228,012,536	124,505,676	4,307,604	348,210,608
Less accumulated depreciation:				
Land improvements	-	154,736	-	154,736
Building and land improvements	167,549,881	6,198,589	1,328,292	172,420,178
Machinery and equipment	908,068	44,894	58,515	894,447
Licensed vehicles	-	557,361	-	557,361
Total accumulated depreciation	168,457,949	6,955,580	1,386,807	174,026,722
Total depreciable capital assets, net	59,554,587	117,550,096	2,920,797	174,183,886
Leased assets, being amortized:				
Building	1,239,455	-	-	1,239,455
Vehicle	716,388	-	130,744	585,644
Equipment	6,896,548	2,334,973	-	9,231,521
Total lease assets, being amortized	8,852,391	2,334,973	130,744	11,056,620
Less accumulated amortization:				
Building	413,152	413,152	-	826,304
Vehicle	360,172	177,800	130,744	407,228
Equipment	1,234,490	1,409,128	-	2,643,618
Total accumulated amortization	2,007,814	2,000,080	130,744	3,877,150
Total leased assets, being amortized, net	6,844,577	334,893	-	7,179,470
Capital assets, net	$204,626,146	$117,884,989	$111,449,895	$211,061,240

6. CAPITAL ASSETS (Continued)

Depreciation and amortization expense for the year ended June 30, 2025, was allocated to specific functions as follows:

	Depreciation	Amortization
General support	$ 70,302	$ -
Instruction	6,885,278	2,000,080
Total	$ 6,955,580	$ 2,000,080

7. INTERFUND BALANCES AND ACTIVITY

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

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

	Interfund		Transfers	
	Receivable	Payable	In	Out
General fund	$ 9,939,069	$ 237,719	$ 2,380,795	$11,514,056
Special aid fund	183,719	9,254,180	1,042,191	-
Capital fund	-	8,126,273	10,471,865	-
Nonmajor funds	8,205,491	710,107	-	2,380,795
Total governmental funds	$18,328,279	$18,328,279	$13,894,851	$13,894,851

8. SHORT TERM DEBT

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

	Issued	Matyrity	Interest Rate	Beginning Balance	Issued	Principal Paid	Redeemed	Ending Balance
BAN	4/4/2024	4/3/2025	4.25%	$17,700,000	$ -	$17,415,000	$ 285,000	$ -
BAN	4/2/2025	4/2/2026	4.00%	-	17,415,000	-	-	17,415,000
BAN	4/4/2025	4/3/2025	5.50%	5,400,000	-	5,315,000	85,000	-
BAN	4/2/2025	4/2/2026	5.00%	-	5,315,000	-	-	5,315,000
BAN	9/25/2023	9/25/2024	3.50%	2,400,000	-	2,400,000	-	-
BAN	9/13/2024	9/12/2025	3.00%	-	2,400,000	-	-	2,400,000
TAN	9/13/2024	5/30/2025	2.90%	-	35,000,000	35,000,000	-	-
				$25,500,000	$60,130,000	$60,130,000	$ 370,000	$25,130,000

9. LONG-TERM DEBT

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

	Beginning Balance	Additions		Deletions	Ending Balance	Amounts Due Within One Year
Government activities:						
Bonds and notes payable:						
General obligation debt:						
Serial bonds	$ 86,458,981	$ -		$ 7,147,670	$ 79,311,311	$ 4,734,534
Unamortized serial bond premiums	8,711,671	-		1,273,307	7,438,364	1,204,352
Total general obligation debt	$ 95,170,652	$ -		$ 8,420,977	$ 86,749,675	$ 5,938,886
Other long-term liabilities:						
Energy performance contract	5,335,284	-		1,129,533	4,205,751	1,156,357
Net pension liability - ERS	12,419,839	79,468	*	-	12,499,307	-
Net pension liability - TRS	8,472,133	-	*	8,472,133	-	-
Compensated absences	5,221,189	1,485,968		-	6,707,157	199,802
Judgments and claims	550,000	-		550,000	-	-
Claims payable	1,842,277	636,396	*	-	2,478,673	-
Lease obligations	7,110,502	2,334,973		1,867,375	7,578,100	2,440,187
Total other postemployment benefits	426,804,016	33,737,389		95,171,179	365,370,226	11,283,036
Total other liabilities	467,755,240	38,274,194		107,190,220	398,839,214	15,079,382
Total long-term liabilities	$ 562,925,892	$ 38,274,194		$ 115,611,197	$ 485,588,889	$ 21,018,268

(*) - increases or reductions are shown as net change as it is impractical to determine changes.

Interest on debt for the year was composed of:

Interest paid	$5,498,950
Less: interest accrued in prior year	(219,548)
Less: amortization of premium	(1,273,307)
Plus: interest accrued in current year	126,000
Total interest expense	$4,132,095

9. LONG-TERM DEBT (Continued)

Issue dates, maturities, and interest rates on bonds payable are as follows:

Bond Issue	Issued	Maturity	Interest Rate	June 30, 2025 Balance
Capital Construction				
Library Construction Bond			3.000% - 4.000%	$ 1,170,000
Library Construction Bond			3.495%	711,311
District-wide				
Construction Bond			2.000%-5.000%	24,425,000
Construction Bond			2.000% - 5.000%	47,035,000
Construction Bond			2.893%	5,970,000
Total				$ 79,311,311

The following is a summary of the maturity of long-term bonds payable as of June 30, 2025:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 4,734,534	$ 2,523,364	$ 7,257,898
2027	4,966,642	2,289,291	7,255,933
2028	5,214,010	2,043,504	7,257,514
2029	5,466,656	1,784,979	7,251,635
2030	5,714,602	1,537,207	7,251,809
2031-2035	31,374,867	4,719,558	36,094,425
2036-2037	21,840,000	1,566,300	23,406,300
	$ 79,311,311	$16,464,203	$ 95,775,514

The following is a summary of the maturity of the energy performance contract:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 1,156,357	$ 95,228	$ 1,251,585
2027	928,476	61,532	990,008
2028	691,437	43,231	734,668
2029	706,858	27,808	734,666
2030	722,623	12,043	734,666
Totals	$ 4,205,751	$ 239,842	$ 4,445,593

Each governmental funds' liability for general obligation bonds, energy performance contracts payable, claims payable, compensated absences, net pension asset/liability and total OPEB liability are liquidated primarily by the General Fund.

9. LONG-TERM DEBT (Continued)

Energy Performance Contracts Payable

The School District, during the 2011-12 fiscal year, entered into a $6,331,460 contractual agreement to install energy saving equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provided for repayment over fifteen years, with semiannual installments aggregating $510,681 through November 2026. Payments include interest at 2.55%. The contract further provided that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms. The balance due at June 30, 2025 was $746,881.

The School District, during the 2014-15 fiscal year, entered into a $8,968,500 contractual agreement to install energy saving equipment and/or upgrade existing facilities to enhance performance. The terms of the contract provided for repayment over fifteen years, with semi-annual installments aggregating $734,668 through June 2030. Payments include interest at 2.218%. The contract further provided that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms. The balance due at June 30, 2025 was $3,458,870.

Claims Payable

The School District-Wide financial statements reflect workers' compensation claim liabilities based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors.

A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and other factors that are considered to be appropriate modifiers of past experience. An analysis of the activity of unpaid claim liabilities is as follows:

Balance at beginning of year	$1,842,277
Provision for claims and claims adjustement expenses	2,275,149
Claims and claims adjustement expenses paid	(1,638,753)
Balance at end of year	$2,478,673

10. LEASES

Lessee

The School District leases various buildings, vehicles and equipment. The leases do not contain renewal options. The School District leases have various inception dates with terms remaining of 38-60 months. Lease agreements are summarized as follows:

	Principal	Interest	Total
2026	$ 2,440,187	$ 380,357	$ 2,820,544
2027	2,084,940	248,728	2,333,668
2028	2,145,723	120,136	2,265,859
2029	900,808	19,822	920,630
2030	6,442	89	6,531
Total	$ 7,578,100	$ 769,132	$ 8,340,701

Activity of lease liabilities for the year ended June 30, 2025 is summarized as follows:

(Restated) Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
$ 7,110,502	$ 2,334,973	$ 1,867,375	$ 7,578,100	$ 2,440,187

Annual requirements to amortize long-term obligations and related interest are as follows:

Description	Interest Rate/ Discount Rate	Total Lease Liability
Equipement	3.65%	$ 6,970,403
Buildings	3.65%	426,650
Vehicle	3.65%	181,047
		$ 7,578,100

11. PENSION PLANS

New York State Employees' Retirement System

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. ERS provides the retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in ERS, the election is irrevocable. The New York 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 (GLIP), 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. This report, including information with regard to benefits provided, may be found at www.osc.state.ny/retire/publications/index.php or obtained in writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined the System after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier 6 vary based on a sliding salary scale. 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 System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	ERS
2025	$ 4,258,922
2024	$ 4,309,295
2023	$ 1,011,438

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

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

At June 30, 2025, the School District reported a net pension liability of $12,499,307 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2024. The School District's proportion of the net pension liability was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2025 and June 30, 2024, the School District's proportion was 0.0729004% and 0.0843507%, measured at March 31, 2025 and 2024, respectively.

For the year ended June 30, 2025, the School District recognized pension expense of $3,358,295. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,102,411	$ 146,343
Changes of assumptions	524,196	-
Net difference between projected and actual earnings on pension plan investments	980,660	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,555,616	496,833
Contributions subsequent to the measurement date	1,224,016	-
Total	$ 7,386,899	$ 643,176

The School District recognized $1,224,016 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2025 which will be recognized on a reduction of the net pension liability in the year ended June 30, 2026.

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

Plan's Year Ended March 31:

2026	$ 2,573,426
2027	3,594,331
2027	(830,916)
2028	182,866
	$ 5,519,707

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

Actuarial Assumptions
The total pension liability at March 31, 2025, was determined by using an actuarial valuation as of April 1, 2024, with updated procedures used to roll forward the total pension liability to March 31, 2025. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.90%
Salary scale	4.3% indexed by service
Projected COLAs	1.5% compounded annually
Decrements	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2021
Investment Rate of Return	5.9% compounded annually, net of investment expenses

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 returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Type	Target Allocations in %	Long-Term Expected Real Rate of Return
Domestic Equity	25.0	3.54%
International Equity	14.0	6.57%
Private Equity	15.0	7.25%
Real Estate	12.0	4.95%
Opportunistic/ARS portfolio	3.0	5.25%
Credit	4.0	5.40%
Real assets	4.0	5.55%
Fixed Income	22.0	2.00%
Cash	1.0	0.25%
	100%	

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

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

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

The following presents the School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
Proportionate Share of Net Pension liability (asset)	$ 36,174,559	$ 12,499,307	$ (7,269,550)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2025, were as follows:

Total pension liability	$ 247,600,239,000
Net position	(230,454,512,000)
Net pension liability (asset)	$ 17,145,727,000
ERS net position as a percentage of total pension liability	93.08%

New York State Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members but only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nytrs.org.

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Contributions
NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The School District is required to contribute at an actuarially determined rate. The School District contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	TRS
2025	$16,794,391
2024	$11,961,712
2023	$15,901,519

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
At June 30, 2025, the School District reported a pension asset of $19,151,330 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of that date. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

Measured at June 30, 2025 and June 30, 2024, the School District's proportion was 0.641885% and 0.740840%, respectively.

For the year ended June 30, 2025, the School District recognized pension expense/(income) of $10,887,455. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$20,622,465	$ -
Changes of assumptions	11,456,376	1,927,069
Net difference between projected and actual earnings on pension plan investments	-	21,278,758
Changes in proportion and differences between the District's contributions and proportionate share of contributions	3,511,697	859,711
Contributions subsequent to the measurement date	16,794,391	-
Total	$52,384,929	$24,065,538

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The School District recognized $16,794,391 as a deferred outflow of resources related to pensions resulting from the School District's contributions subsequent to the measurement date June 30, 2024 which will be recognized as a reduction of the net pension asset in the year ended June 30, 2026.

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:	
2025	$ (9,534,475)
2026	23,754,293
2027	(3,386,813)
2028	(3,769,896)
2029	3,071,838
Thereafter	1,390,053
	$11,525,000

Actuarial Assumptions

The total pension liability at the June 30, 2024, measurement date was determined by an actuarial valuation as of June 30, 2023, with updated procedures used to roll forward the total pension liability to June 30, 2024. These actuarial valuations used the following actuarial assumptions:

Actuarial Cost Method	Entry age normal	
Inflation	2.40%	
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.	
	Service	Rate
	5	5.18%
	15	3.64%
	25	2.50%
	35	1.95%
Projected COLAs	1.30% compounded annually	
Investment Rate of Return	6.95% compounded annually, net of pension plan expense, including inflation.	

Annuitant morality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. Active member mortality rates are based on plan member experience.

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)

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 expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2024 are summarized in the following table:

Asset Type	Target Allocations in %	Long-Term Expected Real Rate of Return
Domestic Equity	33.0	6.6%
International Equity	15.0	7.4%
Global Equity	4.0	6.9%
Real Estate Equity	11.0	6.3%
Private Equity	9.0	10.0%
Domestic Fixed Income	16.0	2.6%
Global Bonds	2.0	2.5%
Private Debt	2.0	5.9%
Real Estate Debt	6.0	3.9%
High-Yield Bonds	1.0	4.8%
Cash Equivalents	1.0	0.5%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability (asset) of the School Districts' calculated using the discount rate of 6.95%, as well as what the School Districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (5.95%) or 1% higher (7.95%) than the current rate:

	1% Decrease (5.95%)	Current Discount (6.95%)	1% Increase (7.95%)
Proportionate Share of Net Pension Liability (asset)	$88,461,096	$(19,151,330)	$(109,656,267)

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Pension Plan Fiduciary Net Position

The components of the current year net pension asset of the employers as of June 30, 2025, were as follows:

Total pension liability	$ 142,837,826,465
Net position	(145,821,434,780)
Net pension liability (asset)	$ (2,983,608,315)
NYSTRS net position as a percentage of total pension liability	102.09%

Payables to the Pension Plans

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued TRS contributions at June 30, 2025 are $19,481,181.

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly. Accrued ERS contributions at June 30, 2025 are $1,462,413.

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing postemployment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District.

Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. The plan does not accumulate assets to meet its future obligation and the plan is not administered through a trust or an equivalent arrangement that meets the criteria of GASB 75, paragraph 4. The OPEB plan does not issue a stand-alone financial report.

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Description (Continued)

In the governmental funds, the School District recognizes the cost of providing health care insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the general fund in the year paid. Total contributions to the plan to cover the School District's share of insurance premiums for the year ended June 30, 2025 was $10,725,319.

Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,121
Active employees	1,447
Total participants	2,568

Total OPEB Liability

The School District's total OPEB liability of $365,370,226 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions and Other Inputs

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

Salary increases	2.40%
Discount Rate	5.20% as of July 1, 2023
Healthcare Cost Trend Rates	7.50% for 2024, decreasing 0.25% to an ultimate rate of 4.50% by 2032
Share of Benefit-Related Costs	Varies based on applicable bargaining unit

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

Mortality rates were PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions, both projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement.

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

	(restated)
Balance at July 1, 2024	$ 416,522,378
Changes for the Year	
Service cost	16,912,135
Interest	16,825,254
Effect of demographic gains or losses	-
Changes in assumptions or other inputs	(74,164,222)
Benefit payments	(10,725,319)
Net changes	(51,152,152)
Balance at June 30, 2025	$ 365,370,226

Changes of assumptions and other inputs reflect a change in the discount rate from 5.93% in 2024 to 5.20% in 2025.

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 or 1 percentage point higher than the current discount rate:

	1% Decrease (4.20%)	Current Discount 5.20%	1% Increase (6.20%)
Total OPEB Liability	$ 422,046,527	$ 365,370,226	$ 319,232,827

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
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 or 1 percentage point higher than the current healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$ 307,750,195	$ 365,370,226	$ 438,923,831

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2025, the School District recognized OPEB expense of $21,572,307. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 9,574,147	$ -
Differences between expected and actual experience	8,072,919	192,199,126
Total	$ 17,647,066	$ 192,199,126

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

Fiscal Year Ending June 30,	Amount
2026	$ (24,135,832)
2027	(31,281,129)
2028	(31,744,940)
2029	(31,744,940)
2030	(31,744,940)
Thereafter	(23,900,279)
	$ (174,552,060)

13. RISK MANAGEMENT

The School District and other school districts have formed a reciprocal insurance company (the Company) to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber Districts. The Company retains a management company which is responsible for the overall supervision and management of the Company. The Company is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote.

13. RISK MANAGEMENT (Continued)

The Company is an “assessable” insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with a limit of $1 million per occurrence and a school board legal liability policy with a per claim limit of $1 million. The School District also maintains an umbrella policy with a limit of $25 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.
The School District is self-insured for workers’ compensation benefits. The governmental funds are charged premiums by the internal service fund. The School District also purchases a stop loss policy, which limits the School District’s exposure to $500,000 per occurrence and $2,000,000 in the aggregate. Unemployment benefits are self-insured by the School District and incurred but not reported claims are not material. District also purchases conventional health coverage from a variety of providers.

14. CONTINGENCIES AND COMMITMENTS

Litigation
There are currently pending certiorari proceedings in excess of $40 million, 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. The School District has set up reserves to pay for these potential refunds of approximately $10 million. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

The School District is involved in various lawsuits arising from the normal conduct of its affairs. Management believe that the outcome of any matters will not have a material effect on these financial statements.

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

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

15. SUBSEQUENT EVENTS

On September 11, 2025, the School District issued $26,066,000 bond anticipation notes bearing interest at 3.75% and maturing June 15, 2026. A portion of the proceeds, together with $40,000 of available funds, were used to redeem the $2,400,000 bond anticipation note maturing September 12, 2025. The remaining proceeds will be used for capital projects.

16. TAX ABATEMENTS

All real property in New York State is subject to taxation unless specific legal provision grant it exempt status. Real property exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes ranging from Article 18-A of the Real Property Tax Law, the Agriculture and Markets Law and the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for county, city/town, and school purposes, whereas others pertain only to certain of these purposes. Some tax exemptions are mandated by State law, others are subject to local option and/or local determination of eligibility criteria.

The School District has real property tax abatement agreement that are entered into by the Rockland County Industrial Development Agency (IDA). This agreement provides for abatement of real property taxes in exchange for payment in lieu of taxes (PILOT) in accordance with the IDA's Tax Exemption Policy. PILOT's are granted in accordance with various activities such as new affordable housing construction, purchase of an existing facility, development of a new facility, or the improvement or expansion of an existing facility. There are no policies for recapture of PILOTs should the applicant not meet certain criteria.

The following is the PILOT agreement and the amount of real property tax that has been abated for the year ended June 30, 2025:

Agreement/Property	Total Assessed Value	Tax Rate	Taxable Value	Pilot Payment Received	Taxes Abated
Commercial/Housing	$ 5,558,300	429.059	$2,384,836	$ 24,800	$ 2,360,036
Commercial/Housing	5,558,300	446.445	2,481,475	25,805	2,455,671
Commercial/Housing	4,161,150	429.059	1,785,377	22,998	1,762,379
Commercial/Housing	4,161,150	446.445	1,857,725	23,929	1,833,795
Commercial/Housing	71,200	875.504	62,336	14,440	47,896
Commercial/Housing	71,200	875.504	62,336	-	62,336
Commercial/Housing	71,200	875.504	62,336	-	62,336
Commercial/Housing	939,800	875.504	822,798	173,690	649,108
Commercial/Housing	542,000	875.504	474,523	121,213	353,310
Commercial/Housing	444,000	875.504	388,724	279,423	109,301
Commercial/Housing	1,056,700	875.504	925,145	105,958	819,187
Commercial/Housing	1,309,850	875.504	1,146,778	54,394	1,092,384
Commercial/Housing	769,500	875.504	673,700	79,601	594,099
Commercial/Housing	71,700	429.059	30,763	31,586	(822)
Commercial/Housing	71,700	446.445	32,010	32,010	(0)
Commercial/Housing	87,900	429.059	37,714	37,714	0
Commercial/Housing	87,900	446.445	39,243	39,243	(0)

16. TAX ABATEMENTS (Continued)

Agreement/Property	Total Assessed Value	Tax Rate	Taxable Value	Pilot Payment Received	Taxes Abated
Commercial/Housing	188,000	875.504	164,595	22,776	141,819
Commercial/Housing	80,400	875.504	70,390	9,736	60,654
Commercial/Housing	58,850	875.504	51,523	7,128	44,395
Commercial/Housing	184,600	875.504	161,618	102,940	58,678
Commercial/Housing	275,000	429.059	117,991	40,831	77,160
Commercial/Housing	275,000	446.445	122,772	39,006	83,767
Commercial/Housing	270,000	875.504	236,386	53,227	183,159
Commercial/Housing	305,000	875.504	267,029	120,924	146,105
Commercial/Housing	50,250	875.504	43,994	50,220	(6,226)
Commercial/Housing	1,175,000	875.504	1,028,717	498,386	530,331
Commercial/Housing	271,500	875.504	237,699	128,303	109,396
Commercial/Housing	55,600	875.504	48,678	3,290	45,388
Commercial/Housing	227,400	875.504	199,089	30,534	168,555
Commercial/Housing	324,500	875.504	284,101	122,239	161,862
Commercial/Housing	204,400	875.504	178,953	54,026	124,927
Commercial/Housing	137,950	875.504	120,776	116,335	4,441
Commercial/Housing	246,400	875.504	215,724	69,251	146,473
Commercial/Housing	186,000	875.504	162,844	81,937	80,907
Commercial/Housing	902,250	875.504	789,923	278,284	511,639
Commercial/Housing	514,800	875.504	450,709	158,852	291,857
Commercial/Housing	1,225,745	875.504	1,073,144	298,955	774,189
Commercial/Housing	897,750	875.504	785,983	77,192	708,791
Commercial/Housing	763,650	875.504	668,578	6,016	662,562
Commercial/Housing	1,278,400	875.504	1,119,244	304,927	814,317
Commercial/Housing	613,200	875.504	536,859	86,931	449,928
Commercial/Housing	576,200	875.504	504,465	84,343	420,122
Commercial/Housing	220,400	875.504	192,961	64,134	128,827
Commercial/Housing	342,000	875.504	299,422	141,404	158,018
Commercial/Housing	285,000	875.504	249,518	79,583	169,935
Commercial/Housing	653,000	875.504	571,704	26,482	545,222
Commercial/Housing	195,020	875.504	170,741	47,791	122,950
Commercial/Housing	295,000	875.504	258,274	136,852	121,422
Commercial/Housing	1,070,000	875.504	936,789	115,459	821,330
Commercial/Housing	287,330	875.504	251,558	30,865	220,693
Commercial/Housing	576,200	875.504	504,465	105,272	399,193
Commercial/Housing	511,200	875.504	447,557	126,821	320,736
Commercial/Housing	172,800	875.504	151,287	52,138	99,149
Commercial/Housing	199,500	875.504	174,663	23,653	151,010
Commercial/Housing	185,000	875.504	161,968	50,810	111,158
Commercial/Housing	327,000	875.504	286,290	71,377	214,913
				$4,986,033	$ 22,580,766

17. RESTATEMENT – PUBLIC LIBRARY FUND

During the year ended June 30, 2025, the School District determined that the Public Library Fund had been incorrectly reported as part of the School District's governmental funds. Upon review, it was concluded that the Public Library is an independent entity and is not under the fiscal accountability of the School District and therefore should not be included in the School District's financial statements in accordance with generally accepted accounting principles.

As a result, the Public Library Fund has been removed from the School District's governmental fund financial statements.

Management has evaluated this change and believes this presentation more appropriately reflects the financial position and results of operations of the School District.

The net effect of removing the Library Fund is as follows:

	Governmental Fund Balance	Net Position
Balance at June 30, 2024, as previously reported	$ 43,379,819	$ (367,361,746)
Adjustments:		
Library fund balance	(1,813,759)	(1,813,759)
Other postemployment benefits	-	10,281,638
Net pension liability - ERS	-	1,067,220
Compensated absences	-	184,792
Deferred outflows - ERS	-	(973,413)
Deferred outflows - OPEB	-	(1,637,544)
Deferred inflows - ERS	-	557,576
Deferred inflows - OPEB	-	1,764,211
Fixed assets	-	(4,246,873)
Accumulated depreciation	-	1,186,729
	(1,813,759)	6,370,577
Correction of error (Note 18)	-	(265,924)
Balance at June 30, 2024, as restated	$ 41,566,060	$ (361,257,093)

18. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2025, the School District determined that certain lease agreements had not been reported properly in accordance with the provisions of GASB Statement No. 87, Leases, in the prior year financial statements. GASB Statement No. 87 requires that lessees recognize a lease liability and an intangible right-to-use lease asset at the commencement of the lease term.

In the prior year, the School District recorded lease payments as expenditures when paid, rather than recognizing the related lease asset and lease liability. As a result, beginning net position as of July 1, 2024 has been restated to reflect the correction of this error.

The effect of this restatement on beginning balances is as follows:

	Governmental Activities Net Position
Adjustments:	
Right to use asset	7,858,711
Accumulated amortization	(1,404,507)
Lease liability	(6,720,128)
Net change in net position	(265,924)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY SCHOOL DISTRICT OF NEW ROCHELLE

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

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
REVENUE					
LOCAL SOURCES:					
Real property taxes	$ 222,351,884	$ 222,351,884	$ 226,094,395	$ -	$ 3,742,511
Other tax items	17,923,477	17,923,477	21,302,844	-	3,379,367
Charges for services	3,170,000	3,170,000	3,908,412	-	738,412
Use of money and property	435,000	435,000	1,567,669	-	1,132,669
Sale of property and compensation for loss	110,000	110,000	187,025	-	77,025
Miscellaneous	1,527,202	1,527,202	2,852,724	-	1,325,522
Total local sources	245,517,563	245,517,563	255,913,069	-	10,395,506
State sources	96,193,219	96,193,219	90,399,988	-	(5,793,231)
Federal sources	946,062	946,062	1,647,816	-	701,754
Total revenue	342,656,844	342,656,844	347,960,873	-	5,304,029
OTHER FINANCING SOURCES					
Premium on issuance of debt	-	-	262,850	-	262,850
Proceeds from issuance of leases	-	-	2,334,973	-	2,334,973
Transfers from other funds	3,080,795	3,080,795	2,380,795	-	(700,000)
Total other financing sources	3,080,795	3,080,795	4,978,618	-	1,897,823
Total revenue and other financing sources	345,737,639	345,737,639	352,939,491	-	7,201,852

(Continued)

CITY SCHOOL DISTRICT OF NEW ROCHELLE

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

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	366,636	413,294	375,594	1,666	36,034
Central administration	500,373	472,570	468,122	-	4,448
Finance	2,229,491	2,385,802	2,254,741	50,931	80,130
Staff	2,889,799	3,224,538	2,878,319	227,456	118,763
Central services	29,915,395	29,869,468	27,856,113	1,396,055	617,300
Special items	6,040,466	7,836,691	8,975,740	125,400	(1,264,449)
Total general support	41,942,160	44,202,363	42,808,629	1,801,508	(407,774)
INSTRUCTION:					
Instruction, administration, and improvement	14,867,551	14,312,220	14,101,775	52,811	157,634
Teaching - regular school	93,781,967	94,028,221	93,047,315	116,086	864,820
Programs for children with handicapping conditions	46,388,642	47,470,911	46,387,503	384,724	698,684
Occupational education	4,090,000	4,030,000	3,845,787	184,213	-
Teaching - special school	1,849,871	987,981	912,496	-	75,485
Instructional media	7,327,840	6,393,547	5,964,598	82,066	346,883
Pupil services	17,778,876	18,191,086	17,792,327	114,329	284,430
Total instruction	186,084,747	185,413,966	182,051,801	934,229	2,427,936
Pupil transportation	21,948,352	27,786,355	27,693,220	25,583	67,552
Community service	16,984	233,980	206,439	3,042	24,499
Employee benefits	79,324,491	79,274,511	80,611,385	-	(1,336,874)
Debt service - principal	11,439,703	10,454,702	11,064,577	-	(609,875)
Debt service - interest	5,431,202	5,101,587	5,498,950	-	(397,363)
Total expenditures	346,187,639	352,467,464	349,935,001	2,764,362	(231,899)
OTHER FINANCING USES					
Transfers to other funds	1,300,000	11,764,056	11,514,056	-	250,000
Total expenditures and other financing uses	347,487,639	364,231,520	361,449,057	2,764,362	18,101
NET CHANGE IN FUND BALANCE	(1,750,000)	(18,493,881)	(8,509,566)	(2,764,362)	7,219,953
FUND BALANCE - beginning of year	50,225,889	50,225,889	50,225,889	-	-
FUND BALANCE - end of year	$ 48,475,889	$ 31,732,008	$ 41,716,323	$ (2,764,362)	$ 7,219,953

CITY SCHOOL DISTRICT OF NEW ROCHELLE

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30,

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Plan Fiscal Years * (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.0729004%	0.0843507%	0.0811876%	0.0746528%	0.0797058%	0.0762070%	0.0761407%	0.0737740%	0.0756457%	0.0789126%
Proportionate share of the net pension liability (asset)	$ 12,499,304	$ 12,149,839	$ 17,409,894	$ (6,102,562)	$ 79,366	$ 20,180,057	$ 5,394,798	$ 2,381,016	$ 7,107,840	$ 12,665,693
Covered-employee payroll	$ 29,153,044	$ 32,045,232	$ 30,777,860	$ 26,357,353	$ 28,422,747	$ 26,620,637	$ 26,610,378	$ 25,121,451	$ 24,231,310	$ 23,951,318
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.87%	37.91%	56.57%	23.15%	0.28%	75.81%	20.27%	9.48%	29.33%	52.88%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.08%	93.88%	90.86%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Plan Fiscal Years * (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.6418850%	0.7408400%	0.7389140%	0.7321140%	0.7186830%	0.6977360%	0.7003250%	0.7040690%	0.7031040%	0.7073130%
Proportionate share of the net pension liability (asset)	$ (19,151,330)	$ 8,472,133	$ 14,178,958	$ (126,868,312)	$ 19,859,149	$ (18,127,226)	$ (12,663,720)	$ (5,351,622)	$ 7,530,533	$ (73,467,286)
Covered-employee payroll	$ 166,116,627	$ 122,558,525	$ 136,749,504	$ 130,832,051	$ 124,270,147	$ 131,352,631	$ 114,075,060	$ 111,589,396	$ 108,501,263	$ 106,249,709
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-11.53%	6.91%	10.37%	96.97%	15.98%	-13.80%	11.10%	4.80%	6.94%	69.15%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.09%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

CITY SCHOOL DISTRICT OF NEW ROCHELLE

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30,

	Last 10 Plan Fiscal Years * (Dollar amounts displayed in thousands)									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 4,078,497	$ 4,309,295	$ 4,092,117	$ 3,755,017	$ 4,468,938	$ 3,948,659	$ 3,800,741	$ 3,799,850	$ 3,813,991	$ 4,363,279
Contributions in relation to the contractually required contribution	4,078,497	4,309,295	4,092,117	3,755,017	4,468,938	3,948,659	3,800,741	3,799,850	3,813,991	4,363,279
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 29,153,044	$ 32,045,232	$ 30,777,860	$ 26,357,353	$ 28,422,747	$ 26,620,637	$ 26,610,378	$ 25,121,451	$ 24,231,310	$ 23,951,318
Contributions as a percentage of covered-employee payroll	13.99%	13.45%	13.30%	14.25%	15.72%	14.83%	14.28%	15.13%	15.74%	18.22%

	Last 10 Plan Fiscal Years * (Dollar amounts displayed in thousands)									
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 16,794,391	$ 11,961,712	$ 14,072,553	$ 12,821,581	$ 11,842,945	$ 10,819,654	$ 12,369,014	$ 11,179,356	$ 13,078,277	$ 14,387,267
Contributions in relation to the contractually required contribution	16,794,391	11,961,712	14,072,553	12,821,581	11,842,945	10,819,654	12,369,014	11,179,356	13,078,277	14,387,267
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 166,116,627	$ 122,558,525	$ 136,749,504	$ 130,832,051	$ 124,270,147	$ 131,352,631	$ 114,075,060	$ 111,589,396	$ 108,501,263	$ 106,249,709
Contributions as a percentage of covered-employee payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.24%	10.84%	10.02%	12.05%	13.54%

CITY SCHOOL DISTRICT OF NEW ROCHELLE

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2015
Total OPEB Liability										
Service cost	$ 16,912,135	$ 16,897,315	$ 14,247,408	$ 14,794,622	$ 13,521,668	$ 11,678,203	4,552,281	4,419,690		
Interest	16,825,254	15,537,762	14,697,945	19,621,018	9,707,360	9,120,390	12,773,151	12,478,735		
Changes of benefit terms	-	35,152,535	-	-	-	-	-	-		
Effect of demographic gains or losses	-	12,993,485	-	-	-	-	-	-		
Changes in assumptions	(84,445,860)	(20,524,672)	(15,131,174)	(178,343,435)	41,385,845	78,205,909	-	-		
Benefit payments	(10,725,319)	(9,913,029)	(9,204,343)	(8,945,672)	(8,315,235)	(8,332,742)	(8,639,543)	(8,333,503)		
Total change in total OPEB liability	(61,433,790)	50,143,396	4,609,836	(152,873,467)	56,299,638	90,671,760	8,685,889	8,564,922		
Total OPEB liability - beginning	426,804,016	376,660,620	372,050,784	524,924,251	468,624,613	377,952,853	369,266,964	360,702,042		
Total OPEB liability - ending	$ 365,370,226	$ 426,804,016	$ 376,660,620	$ 372,050,784	$ 524,924,251	$ 468,624,613	$ 377,952,853	$ 369,266,964		
Covered-employee payroll	$ 154,108,354	$ 173,453,880	$ 173,453,880	$ 173,453,880	$ 157,849,877	$ 157,849,877	123,681,067	123,681,067		
Total OPEB liability as a percentage of covered employee	237.1%	246.1%	217.2%	214.5%	332.5%	296.9%	305.6%	298.6%		

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Change of assumptions: Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period.

	2025	2024	2023	2022	2021	2020	2019	2018
Discount rate	5.20%	3.93%	4.00%	3.77%	2.09%	3.50%	3.87%	3.60%

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Plan Assets - No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:
Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

SUPPLEMENTARY INFORMATION

CITY SCHOOL DISTRICT OF NEW ROCHELLE

SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	School Lunch	Debt Service	Miscellaneous Special Revenue	Total Non-Major Governmental Funds
ASSETS				
Cash - unrestricted	$ 1,360,861	$ -	$ -	$ 1,360,861
Cash - restricted	-	4,719,814	852,447	5,572,261
Due from other funds	-	8,151,491	54,000	8,205,491
State and federal aid receivable	1,572,936	-	-	1,572,936
Inventory	25,598	-	-	25,598
TOTAL ASSETS	$ 2,959,395	$ 12,871,305	$ 906,447	$ 16,737,147
LIABILITIES				
Accounts payable and accrued liabilities	$ 128,024	$ -	$ 5,548	$ 133,572
Due to other governments	355	-	-	355
Due to other funds	710,107	-	-	710,107
Unearned revenue	34,621	-	-	34,621
TOTAL LIABILITIES	873,107	-	5,548	878,655
FUND BALANCE				
Nonspendable				
Inventory	25,598	-	-	25,598
Restricted	-	12,871,305	900,899	13,772,204
Assigned				
Unappropriated	2,060,690	-	-	2,060,690
TOTAL FUND BALANCE	2,086,288	12,871,305	900,899	15,858,492
TOTAL LIABILITIES AND FUND BALANCE	$ 2,959,395	$ 12,871,305	$ 906,447	$ 16,737,147

The accompanying notes are an integral part of these statements.

CITY SCHOOL DISTRICT OF NEW ROCHELLE

SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2025

	School Lunch	Debt Service	Miscellaneous Special Revenue	Public Library Fund	Total Non-Major Governmental Funds
REVENUE:					
Use of money and property	$ -	$ 499,202	$ -	$ -	$ 499,202
Miscellaneous	-	-	1,192,974	-	1,192,974
State sources	1,078,594	-	-	-	1,078,594
Federal sources	4,384,541	-	-	-	4,384,541
Sales - school lunch	274,737	-	-	-	274,737
Total revenue	5,737,872	499,202	1,192,974	-	7,430,048
EXPENDITURES:					
General support	-	1	878,600	-	878,601
Instruction	-	-	241	-	241
Cost of sales	5,809,993	-	-	-	5,809,993
Total expenditures	5,809,993	1	878,841	-	6,688,835
OTHER FINANCING SOURCES AND (USES):					
Premium on issuance of debt	-	206,520	-	-	206,520
Operating transfers (out)	-	(2,380,795)	-	-	(2,380,795)
Total other financing sources (uses)	-	(2,174,275)	-	-	(2,174,275)
CHANGE IN FUND BALANCE	(72,121)	(1,675,074)	314,133	-	(1,433,062)
FUND BALANCE - beginning of year, as previously reported	2,158,409	14,546,379	586,766	1,813,759	19,105,313
RESTATEMENT (Note 18)	-	-	-	(1,813,759)	(1,813,759)
FUND BALANCE - beginning of year, as restated	2,158,409	14,546,379	586,766	-	17,291,554
FUND BALANCE - end of year	$ 2,086,288	$ 12,871,305	$ 900,899	$ -	$ 15,858,492

OTHER INFORMATION (UNAUDITED)

CITY SCHOOL DISTRICT OF NEW ROCHELLE

SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET - GENERAL FUND AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2025

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	$ 347,487,639
Add: Prior year's encumbrances	5,844,660
Original budget	353,332,299
Budget revisions	10,899,221
Final budget	$ 364,231,520

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-2026 voter-approved expenditure budget	359,468,597	
Maximum allowed (4% of 2025-2026 budget)		$ 14,378,744
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law *:		
Total fund balance:	$ 41,716,323	
Less:		
Restricted fund balance	$ 22,823,217	
Assigned fund balance:		
Appropriated fund balance	1,750,000	
Encumbrances included in assigned fund balance	2,764,362	
Total adjustments	$ 27,337,579	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 14,378,744
Actual percentage		4.00%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

CITY SCHOOL DISTRICT OF NEW ROCHELLE

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

				Expenditures and Obligations to Date				Methods of Financing				Fund
Project Title	*Original Budget*	*Transfers*	*Revised Budget*	*Prior Years*	*Current Year*	*Total*	*Unexpended Balance*	*Proceeds of Obligations*	*State and Federal Aid*	*Local Sources*	*Total*	*Balance 6/30/25*
2012 District-wide Improvements	$ 862,386	$ -	$ 862,386	$ 862,386	$ -	$ 862,386	$ -	$ -	-	$ 759,235	$ 759,235	$ 103,151
School Building Improvements	869,427	-	869,427	869,427	-	869,427	-	-	-	869,427	869,427	-
Emergancy Plumbing Repair	176,000	-	176,000	176,000	-	176,000	-	-	-	176,000	176,000	-
Webster Emergancy Ceiling Repair	2,562,712	-	2,562,712	2,548,141	-	2,548,141	14,571	-	-	2,548,141	2,548,141	-
2016 District-wide Improvements Bond	106,479,575	-	106,479,575	101,110,827	152,240	101,263,067	5,216,508	95,519,963	-	7,535	95,527,498	5,735,569
Ward Playground	405,470	255,470	660,940	660,940	-	660,940	-	-	-	405,470	405,470	255,470
2016-2017 District-wide Improvements	2,282,585	-	2,282,585	2,172,428	-	2,172,428	110,157	-	-	2,172,428	2,172,428	-
Smart Schools Bond Act	3,527,277	-	3,527,277	3,012,396	38,977	3,051,373	475,904	-	2,574,052	-	2,574,052	477,321
2017-2018 District-wide Improvements	2,433,625	-	2,433,625	2,433,625	-	2,433,625	-	-	-	2,433,625	2,433,625	-
2018-2019 District-wide Improvements	2,003,155	-	2,003,155	1,874,563	-	1,874,563	128,592	-	-	2,439,747	2,439,747	(565,184)
Public Library Improvements	4,246,953	-	4,246,953	4,484,114	-	4,484,114	(237,161)	3,500,000	572,710	427,287	4,499,997	(15,883)
2019-2020 District-wide Improvements	2,450,000	-	2,450,000	1,965,544	193,590	2,159,134	290,866	-	-	2,450,000	2,450,000	(290,866)
2020-2021 District-wide Improvements	2,100,000	-	2,100,000	1,397,450	33,765	1,431,215	668,785	-	-	2,100,000	2,100,000	(668,785)
2021-2022 District-wide Improvements	1,300,000	-	1,300,000	1,239,166	-	1,239,166	60,834	-	-	1,300,000	1,300,000	(60,834)
May 17, 2022 Flood Project	24,300,000	-	24,300,000	19,504,180	(76,188)	19,427,992	4,872,008	-	172,468	1,887,946	2,060,414	17,367,578
2022-2023 District-wide Improvements	952,206	-	952,206	820,426	871	821,297	130,909	-	-	952,206	952,206	(130,909)
2023-2024 District-wide Improvements	841,213	-	841,213	307,811	-	307,811	533,402	-	-	841,213	841,213	(533,402)
May 16, 2023 Projects	29,000,000	-	29,000,000	3,735,099	2,881,134	6,616,233	22,383,767	370,000	2,003,032	26,327	2,399,359	4,216,874
2024-2025 District-wide Improvements Transfer from General Fund	737,843	-	737,843	737,843	-	737,843	-	-	-	-	-	737,843
2024-2025 District-wide Improvements Transfer from General Fund	250,000	-	250,000	-	-	-	250,000	-	-	250,000	250,000	(250,000)
May 21, 2024 Capital Reserve Authorization District-wide Improvements	2,000,000	-	2,000,000	-	1,097,441	1,097,441	902,559	-	-	2,000,000	2,000,000	(902,559)
May 21, 2024 Capital Reserve Authorization NRHS Pool	8,221,865	-	8,221,865	-	-	-	8,221,865	-	-	8,221,865	8,221,865	(8,221,865)
District-wide ImprovementsNRHS Coil Freeze Repair	-	-	-	149,950	-	149,950	(149,950)	-	-	1,480	1,480	148,470
District-wide Improvements (should be HB2)	-	-	-	-	-	-	-	-	-	-	-	-
Leases	1,011,045	355,711	1,366,756	1,366,756	-	1,366,756	-	1,366,756	-	-	1,366,756	-
												-
	$ 199,013,337		$ 199,624,518	$ 151,429,072	$ 4,321,830	$ 155,750,902	$ 43,873,616	$ 100,756,719	$ 5,322,262	$ 32,269,932	$ 138,348,913	$ 17,401,989

CITY SCHOOL DISTRICT OF NEW ROCHELLE

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)
JUNE 30, 2025

Capital assets, net		$ 211,061,240
Add:		
Unspent bond proceeds		16,087,127
Deduct:		
Bond anticipation notes	25,130,000	
Capital related bonds	79,311,311	
Capital related energy performance contracts	4,205,751	
Capital related bond premium	7,438,364	
Lease liabilities	7,578,100	
Total amount of capital related debt		123,663,526
Net investment in capital assets		$ 103,484,841

REQUIRED REPORTS

Bonadio & Co., LLP
Accounting, Consulting & More

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*

October 7, 2025

To the Board of Education of
City School District of New Rochelle:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *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 City School District of New Rochelle (School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's financial statements, and have issued our report thereon dated October 7, 2025.

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

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

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

6 Wembley Court
Albany, NY 12205
p (518) 464-4080
f (518) 464-4087

www.bonadio.com

(Continued)

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*
(Continued)

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Bonadio & Co., LLP