NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2026

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Newburgh Enlarged City School District:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Newburgh Enlarged City School District (the District), as of and for the year ended June 30, 2026, and the related notes to financial statements, which collectively comprise the 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 and each major fund of the District, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 and additional information on pages 57 through 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 District's basic financial statements. The accompanying other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2026 on our consideration of the 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 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 District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 13, 2026

OVERVIEW OF THE FINANCIAL STATEMENTS

The following is a discussion and analysis of the Newburgh Enlarged City School District's (the District) financial performance for the year ended June 30, 2026. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Basic Financial Statements

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

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

- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the operations in more detail than the District-Wide financial statements. The Fund financial 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 notes to financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of supplementary information.

District-Wide Financial Statements

The District-Wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 District-Wide financial statements report the District's net position and how it has changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

District-Wide financial statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position. Net position of the governmental activities differ from the governmental fund balances because:

- Capitalize current outlays for capital assets;
- Depreciate/amortize capital assets and allocate the depreciation/amortization to the proper program/activities;
- Report long-term financing activities as liabilities;
- Report other long-term items, including payroll items, as liabilities;
- Calculate revenue and expenses using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - Net investment in capital assets is the District's capital assets net of accumulated depreciation/amortization and any liabilities that the District has to finance its capital assets;
  - Restricted net position is those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and
  - 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 District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York (the State).

Governmental Funds

Governmental fund statements include the Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balances. Most basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to spendable resources and (2) the balances left at year-end that are available for spending under the modified accrual basis of accounting. Consequently, the Governmental Fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources available in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide financial statements, additional information in a separate reconciliation schedules that explain the relationship (or differences) between them.

FINANCIAL SUMMARY

Net Position

A summary of the Statements of Net Position as of June 30, 2026 and 2025 are as follows:

	2026	2025	Change
Assets:			
Other assets	$ 260,635,861	233,095,476	27,540,385
Capital assets	283,492,268	227,178,642	56,313,626
Total assets	544,128,129	460,274,118	83,854,011
Deferred outflows of resources	151,510,282	151,802,027	(291,745)
Liabilities:			
Other liabilities	115,319,699	139,805,497	(24,485,798)
Long-term liabilities	810,511,422	723,518,924	86,992,498
Total liabilities	925,831,121	863,324,421	62,506,700
Deferred inflows of resources	211,653,889	219,552,414	(7,898,525)
Net position (deficit):			
Net investment in capital assets	105,908,586	89,241,388	16,667,198
Restricted	127,023,197	95,458,251	31,564,946
Unrestricted (deficit)	(674,778,382)	(655,500,329)	(19,278,053)
Total net position (deficit)	$ (441,846,599)	(470,800,690)	28,954,091

Changes in Net Position

A summary of these Statements of Activities for the years ended June 30, 2026 and 2025 are as follows:

	2026	2025	Change
Revenue:			
Program revenue:			
Charges for services	$ 591,382	779,542	(188,160)
Operating grants and contributions	32,848,495	37,128,487	(4,279,992)
General revenue:			
Property and other taxes	129,131,295	126,134,574	2,996,721
State aid	238,740,454	227,338,607	11,401,847
Other	7,369,351	9,656,709	(2,287,358)
Total revenue	408,680,977	401,037,919	7,643,058
Expenses:			
General support	40,099,697	37,920,375	2,179,322
Instruction	299,370,046	295,373,736	3,996,310
Pupil transportation	26,743,551	25,832,346	911,205
Interest	4,720,340	1,684,849	3,035,491
Cost of food sales	8,793,252	10,940,855	(2,147,603)
Total expenses	379,726,886	371,752,161	7,974,725
Change in net position	28,954,091	29,285,758	(331,667)
Net position (deficit) at beginning of year	(470,800,690)	(500,086,448)	29,285,758
Net position (deficit) at end of year	$ (441,846,599)	(470,800,690)	28,954,091

DETAILED ANALYSES

District-Wide Financial Analysis

Other assets increased by $27,540,385 in 2026. Major contributors to the increase include:

- Restricted cash and equivalents increased by $16,071,298 as a result of revenue exceeding expenses.
- Due from teachers' retirement system increased by $18,788,503. State pension plan assets and liabilities are actuarially determined and typically fluctuate significantly from year to year due to changes in assumptions and differences in expected and actual experience. The contribution rate for this pension system decreased to 9.59% from 10.11% in the prior year.

Other liabilities decreased by $24,485,798 in 2026. Major contributors to the decrease include:

- Bond anticipation notes payable decreased by $30,000,000 as a result of the retirement of the $100,000,000 bond anticipation note issued during the year ended June 30, 2025 and the issuance of a new $70,000,000 bond anticipation note during the year ended June 30, 2026.
- Offsetting the decrease was an increase in accounts payable of $7,140,472, which was the result of higher unpaid expenses in the general fund as of fiscal year end, particularly relating to student transportation and Orange-Ulster BOCES.

Changes to capital assets and long-term liabilities are discussed in the Significant Capital Assets and Long-Term Financing Activities section below. Also included in long-term liabilities are the District's proportionate share of the State pension plans (pensions) and the total other postemployment benefits (OPEB) liability. The pensions and OPEB vary from the prior year due to changes in assumptions and differences in expected and actual experience. Traditionally, these liabilities are rarely consistent from year to year.

The changes in deferred outflows of resources and deferred inflows of resources are primarily related to the pensions and OPEB. Amortization of pensions and OPEB related items, contributions subsequent to the measurement dates, and changes in actuarial assumptions have resulted in variances from the prior year.

Changes to net position, including all three components, are discussed below in the analysis of the revenue and expenses below.

For the District's year ended June 30, 2026 revenue totaled $408,680,977 which is an increase from the prior year of $6,807,722. The most significant changes in revenue include:

- State aid increased by $11,401,847. This increase was driven by increases in basic aid, excess cost aid and mobile sports wagering aid.

- Other revenues decreased $2,287,358, primarily due to lower interest rates in the overall economy.
- Operating grants and contributions decreased $4,279,992. This decrease was driven by significant decreases in federal funding as COVID-related grants deplete. Offsetting this decrease was an increase in State operating grants and contributions, intended to cover the shortfalls in federal funding, with notable increases related to after-school programs and programs for students with special needs.

For the District's year ended June 30, 2026 expenses totaled $379,726,886 which is an increase from the prior year of $7,974,725. The most significant changes in expenses include:

- Instruction increased $3,996,310. The increase was due to an increase in instruction payroll $4,878,469 mainly driven by collectively bargained contractual increases.
- Interest expense increased $3,035,491. This increase was due to increases in financing obtained on capital projects. Additional information on the District's financing activities during the year will be provided further below.
- Pension and OPEB resulted in an expense of $3,023,237 and $26,543,080, respectively, totaling $29,566,317 in 2026. In 2025 this amount totaled $38,734,522. This represents a decrease of $9,168,205 which has been allocated to several expense groupings. These amounts change significantly each year due to market conditions and actuarial assumptions.

Fund Financial Analysis

Governmental Funds Financial Analysis

Fund balance of the general fund increased $15,805,269 for the year ended June 30, 2026 to a total fund balance of $113,935,994. This increase was driven by the increase in State aid, which primarily consists of basic aid, excess cost aid, and lottery aid, with the increase in basic aid accounting for the majority of the increase. As of June 30, 2026, the general fund has $80,875,070 and $17,060,677 reported as restricted and assigned fund balance, respectively. These fund balances are reserved for future expenditures and commitments.

Fund balance of the capital projects fund increased $13,423,517 for the year ended June 30, 2026 to a total fund balance deficit of $29,405,988. The fund had $61,576,483 of capital outlay expenditures which were financed with a $75,000,000 serial bond issued during the year ended June 30, 2026. Additional details are provided below in the "Significant Capital Assets and Long-Term Financing Activity" section. The entire fund balance for the capital projects fund is restricted for future years' capital projects.

The special aid fund had an assigned fund balance of $400,000 as of June 30, 2026. This fund never has an operating gain or loss as it primarily operates to oversee specific State, Federal, and local grants. Revenue is recognized as allowable expenditures are incurred. Overall total revenue and expenditures decreased in this fund as COVID related grants have been fully utilized.

Fund balance of the school lunch fund increased $138,994 for the year ended June 30, 2026 to a total fund balance of $4,904,601. This increase is less than the prior year increase of $615,203 due to increased employee benefit costs, especially health insurance costs, which have risen significantly in the overall economy over the past few years. As of June 30, 2026, the school lunch fund reported a nonspendable fund balance of $162,337. This represents inventory and this fund balance cannot be spent as it is already earmarked for inventoriable expenditures.

Fund balance of the debt service fund increased $1,883,386 for the year ended June 30, 2026 to a total fund balance of $6,047,986. This increase was caused by bond premium proceeds from the $70,000,000 bond anticipation note issued during the year ended June 30, 2026 and by interest income on cash balances.

Fund balance of the Library fund increased $348,241 for the year ended June 30, 2026 to a total fund balance of $6,498,238. The increase was the result of property tax revenues in excess of library expenditures. Revenue continue to exceed expenditures, although expenditures increased significantly compared to the prior year as a result of rising health insurance costs.

Fund balance of the miscellaneous fund decreased $34,876 for the year ended June 30, 2026 to a total fund balance of $609,454. This decrease was chiefly the result of an excess of expenditures for field trips and similar activities over funds collected for such purposes. The entire fund balance for the miscellaneous fund is restricted for extraclassroom and scholarship activities.

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The District paid for equipment, and various building additions and renovations during the 2026 fiscal year. A summary of the District's capital assets are as follows:

	2026	2025	Change
Land	$ 1,949,269	1,949,269	-
Construction in progress	174,274,221	114,321,759	59,952,462
Buildings and improvements	278,292,827	276,738,408	1,554,419
Machinery and equipment	15,838,381	15,132,178	706,203
Vehicles	2,088,643	2,142,662	(54,019)
Leased capital assets	423,265	423,265	-
Accumulated depreciation/amortization	(189,374,338)	(183,528,899)	(5,845,439)
Total	$ 283,492,268	227,178,642	56,313,626

Significant capital asset activity included:

- $37,986,955 in construction of the new CTE center.
- $11,734,664 in expenditures related to Proposition 5, intended to improve air quality and environmental systems across the District.
- Locker room renovations of $1,772,463 at the Newburgh Free Academy.

Long-Term Financing Activity

At June 30, 2026, the District had total long-term financing payable of $103,301,548. A summary of outstanding long-term financing as of June 30, 2026 and 2025 is as follows:

	2026	2025	Change
Bonds payable	$ 86,038,660	14,048,805	71,989,855
Installment purchase agreements	17,096,876	19,100,022	(2,003,146)
Lease payable	166,012	271,381	(105,369)
Total	$ 103,301,548	33,420,208	69,881,340

Significant long-term financing activity included:

- Issued a new bond of $70,405,000 and premium of $5,430,336 for capital projects at an effective interest rate of 4.5%.
- Paid existing BANs with $75,000,000 of bond proceeds and premium, and $25,000,000 of existing funds.
- Paid principal on debt of $5,723,146 reducing the District's long-term obligations.
- Received a credit rating of Aa3 from Moody's related to the issuance of the new bond.

The following is a summary of the District's short-term financing activity during the year ended June 30, 2026, specifically as relating to bond anticipation notes (BANs):

	Balance as of June 30, 2025	Activity during year ended June 30, 2026 Issued	Retired	Balance as of June 30, 2026
BAN issued June 24, 2025	$ 100,000,000	-	(100,000,000)	-
BAN issued June 24, 2026	-	70,000,000	-	70,000,000
Total	$ 100,000,000	70,000,000	(100,000,000)	70,000,000

The $70,000,000 BAN issued on June 24, 2026 bears interest at 4%, is scheduled to mature on June 23, 2027, and is intended to provide short-term financing for the District's capital projects until additional long-term financing can be obtained.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The District's ability to raise revenue and levy enough real property taxes is highly dependent upon maintaining its population. According to the U.S. Census Bureau it is estimated that the State's population has decreased 1.7% from the period of April 1, 2020 to July 1, 2024. Enrollment and graduation rates determine the level of personnel the District requires and significant changes can alter the District's operating strategy. According to the New York State Department of Education, in 2024-2025, the District has enrollment of 10,935 and a graduation rate of 82%. A decade earlier, in 2014-2015, the District had enrollment of 11,601 and a graduation rate of 81%.

The District is subject to several State finance laws. Major laws include:

- Limiting the amount of unassigned and assigned fund balance, exclusive of encumbrances and amounts designated for the subsequent year's budget, that can be retained by the general fund, to 4% of the ensuing year's budget.
- A tax levy cap which limits the amount the District can raise its tax levy by. The annual increase in the property tax levy cannot exceed the lesser of 2% or the change in the consumer price index, unless approved by a 60% supermajority of the taxpayers.
- The District may not incur expenditures in excess of budgeted appropriations, except for legally authorized emergency expenditures.
- The District is subject to a constitutional debt limit, which is 10% of the full assessed value on the most recent tax roll.

The District's 2026-2027 adopted budget for the general fund includes anticipated expenditures of $394,068,884. The expenditures are to be funded through $115,756,977 of real property taxes, $269,503,539 of other revenue, and $8,808,328 of fund balance. Factors that have affected the 2026-2027 adopted budget include:

- The District's payroll expenditures for the year ended June 30, 2026 were $175,975,061. This amount is expected to increase by approximately 1.6% to adjust for scheduled raises. This would result in payroll expenditures of approximately $178,777,247 for the ensuing year. Social Security and other directly correlated expenditures are expected to increase as well.

- Changes to interest rates have the potential to significantly impact the District. Over the past few years, the District has benefited from large returns from its cash and equivalents which traditionally have not yielded large returns. On the contrary, the District must continue to manage it cash flow needs as the need to borrow for capital projects will result in high interest expenses for years to come. Interest rates follow changes in the Federal Reserve and Prime rates. The following is a summary of the changes in the rates over the past two years by fiscal quarter:

Year	Month	Federal Reserve Rate	Prime Rate
2024	September	5.00%	8.00%
2024	December	4.50%	7.50%
2025	March	4.50%	7.50%
2025	June	4.50%	7.50%
2025	September	4.25%	7.25%
2025	December	3.75%	6.75%
2026	March	3.75%	6.75%
2026	June	3.75%	6.75%

- The District is also dependent on the State for a large portion of its revenue. Each annual State budget poses a substantial risk to the District as State funding could decrease. The District is also a member of the State's pension systems. Annual contributions to the State's pension systems are dependent upon how well funded the systems are. Poor market results or investing decisions can result in increases to District contributions. Included in the State's budget is projected future State aid of:

Year ending	Projected State aid (in millions)	Increase
2028	$ 40,897	4.18%
2029	42,494	3.90%
2030	43,818	3.12%

- The District is expected to face large increases in healthcare costs which has been a growing problem in the United States. The District has recognized a $695,404,140 OPEB liability as of June 30, 2026 which represents projected future retirees' healthcare costs. This liability has been actuarially determined and changes to assumptions or other actuarial factors can significantly alter this estimate.

- Tariffs have resulted in increased costs for certain materials, supplies, and contracted services, which may affect the acquisition and construction costs of capital assets, as well as operating expenditures. There have been multiple judicial challenges to the tariffs and, as such, the effect and use of tariffs are currently unpredictable.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Statement of Net Position
Governmental Activities
June 30, 2026

Assets	
Current assets:	
Cash:	
Unrestricted	$ 47,505,532
Restricted	146,480,632
Taxes receivable	5,770,366
Accounts receivable	543,495
Leases receivable	3,553,628
State and federal aid	16,961,504
Prepaid expenses	250,000
Inventory	162,337
Total current assets	221,227,494
Noncurrent assets:	
Capital assets, net	283,492,268
Net pension asset - TRS	39,408,367
Total noncurrent assets	322,900,635
Total assets	544,128,129
Deferred outflows of resources	
Pensions	56,252,775
OPEB	95,257,507
Total deferred outflows of resources	151,510,282
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	23,761,721
Accrued interest	390,671
Due to other governments	4,152
Due to teachers' retirement system	15,470,029
Due to employees' retirement system	1,323,089
Bond anticipation note	70,000,000
Unearned revenue	236,873
Long term debt payable within one year	4,023,578
Lease payable due within one year	109,586
Total current liabilities	115,319,699
Long-term liabilities:	
Bonds and unamortized bond premium	84,047,012
Energy performance contract	15,064,946
Leases	56,426
Compensated absences	4,186,417
Judgments and claims	7,383,943
Net pension liability - ERS	4,368,538
Total OPEB liability	695,404,140
Total long-term liabilities	810,511,422
Total liabilities	925,831,121
Deferred inflows of resources	
Pensions	39,653,657
OPEB	168,816,734
Leases	3,183,498
Total deferred inflows of resources	211,653,889
Net position	
Net investment in capital assets	105,908,586
Restricted	127,023,197
Unrestricted (deficit)	(674,778,382)
Total net position	$ (441,846,599)

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Statement of Activities and Changes in Net Position
Governmental Activities
Year ended June 30, 2026

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Functions/programs:				
General support	$ 40,099,697	-	-	(40,099,697)
Instruction	299,370,046	271,782	22,687,380	(276,410,884)
Pupil transportation	26,743,551	-	-	(26,743,551)
Debt service - interest	4,720,340	-	-	(4,720,340)
Cost of sales	8,793,252	319,600	10,161,115	1,687,463
Total functions and programs	$ 379,726,886	591,382	32,848,495	(346,287,009)
General revenue:				
Real property taxes				116,565,337
Other tax items				12,565,958
Use of money and property				4,404,748
State sources				238,740,454
Federal sources				705,623
Miscellaneous				2,258,980
Total general revenue				375,241,100
Change in net position				28,954,091
Net position at beginning of year				(470,800,690)
Net position at the end of year				$ (441,846,599)

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2026

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Library	Miscellaneous Special Revenue	Total Governmental Funds
Assets								
Cash:								
Unrestricted	$ 37,757,746	23,327	3,261,044	-	-	6,381,095	82,320	47,505,532
Restricted	80,875,070	-	-	59,876,136	5,163,886	-	565,540	146,480,632
Receivables:								
Taxes	5,770,366	-	-	-	-	-	-	5,770,366
Accounts receivable	470,045	-	73,450	-	-	-	-	543,495
Leases receivable	3,553,628	-	-	-	-	-	-	3,553,628
State and federal aid	7,203,310	8,898,752	859,442	-	-	-	-	16,961,504
Due from other funds	23,120,865	527,649	994,069	-	884,100	450,842	-	25,977,525
Prepaid expenditures	250,000	-	-	-	-	-	-	250,000
Inventory	-	-	162,337	-	-	-	-	162,337
Total assets	$ 159,001,030	9,449,728	5,350,342	59,876,136	6,047,986	6,831,937	647,860	247,205,019
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities:								
Accounts payable and accrued expenses	18,131,999	760,529	423,698	4,282,134	-	125,431	37,930	23,761,721
Due to other governments	-	-	3,601	-	-	75	476	4,152
Due to other funds	2,856,660	8,120,865	-	15,000,000	-	-	-	25,977,525
Due to teachers' retirement system	15,470,029	-	-	-	-	-	-	15,470,029
Due to employees' retirement system	1,323,089	-	-	-	-	-	-	1,323,089
Bond anticipation note	-	-	-	70,000,000	-	-	-	70,000,000
Unearned revenue	50,097	168,334	18,442	-	-	-	-	236,873
Total liabilities	37,831,874	9,049,728	445,741	89,282,134	-	125,506	38,406	136,773,389
Deferred inflows or resources:								
Taxes	4,049,664	-	-	-	-	208,193	-	4,257,857
Leases	3,183,498	-	-	-	-	-	-	3,183,498
Total deferred inflows of resources	7,233,162	-	-	-	-	208,193	-	7,441,355
Fund balances:								
Nonspendable - inventory and prepaid expenses	250,000	-	162,337	-	-	-	-	412,337
Restricted:								
Unemployment insurance	1,978,620	-	-	-	-	-	-	1,978,620
Workers' compensation	13,050,097	-	-	-	-	-	-	13,050,097
Retirement reserve	15,724,853	-	-	-	-	-	-	15,724,853
Tax certiorari	3,096,738	-	-	-	-	-	-	3,096,738
Capital projects	36,060,021	-	-	-	-	-	-	36,060,021
Employee benefits and accrued liabilities	3,898,212	-	-	-	-	-	-	3,898,212
Insurance	1,194,134	-	-	-	-	-	-	1,194,134
Repairs	1,726,845	-	-	-	-	-	-	1,726,845
Liability reserve	4,145,550	-	-	-	-	-	-	4,145,550
Debt service and other	-	-	-	-	6,047,986	-	691,774	6,739,760
Total restricted	80,875,070	-	-	-	6,047,986	-	691,774	87,614,830
Assigned:								
Appropriated	11,797,832	400,000	4,380,026	-	-	6,498,238	-	23,076,096
Designated for subsequent year's expenditures	5,262,845	-	-	-	-	-	-	5,262,845
Total assigned	17,060,677	400,000	4,380,026	-	-	6,498,238	-	28,338,941
Unassigned	15,750,247	-	362,238	(29,405,998)	-	-	(82,320)	(13,375,833)
Total fund balances	113,935,994	400,000	4,904,601	(29,405,998)	6,047,986	6,498,238	609,454	102,990,275
Total liabilities, deferred inflows of resources, and fund balances	$ 159,001,030	9,449,728	5,350,342	59,876,136	6,047,986	6,831,937	647,860	247,205,019

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2026

Total governmental fund balances	$ 102,990,275
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	283,492,268
Revenue related to the tax levy and deferred state aid is recognized when earned in the statement of activities, but deferred in the fund statements if collection is anticipated to exceed sixty days after year-end.	4,257,857
Deferred outflows/inflows of resources related to pensions and OPEB and deferred gains and losses on refundings are applicable to future periods and; therefore, are not reported in the funds:	
Deferred outflows - pensions	56,252,775
Deferred inflows - pensions	(39,653,657)
Deferred outflows - OPEB	95,257,507
Deferred inflows - OPEB	(168,816,734)
Net pension assets (liabilities) are not receivable (payable) in the current period and; therefore, are not reported in the funds:	
Net pension liability - ERS	(4,368,538)
Net pension asset - TRS	39,408,367
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, net of unamortized premium	(86,038,660)
Lease payable	(166,012)
Energy performance contract debt	(17,096,876)
Compensated absences	(4,186,417)
Judgments and claims	(7,383,943)
Total OPEB liability	(695,404,140)
Accrued interest	(390,671)
Total net position	$ (441,846,599)

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds
Year ended June 30, 2026

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Library	Miscellaneous Special Revenue	Total Governmental Funds
Revenue:								
Real property taxes	$ 109,779,063	-	-	-	-	5,903,289	-	115,682,352
Other tax items	12,537,570	-	-	-	-	28,388	-	12,565,958
Charges for services	112,642	-	-	-	-	159,140	-	271,782
Use of money and property	3,307,053	-	83,179	-	999,286	-	15,230	4,404,748
Sale of property and compensation for loss	36,698	-	-	-	-	-	-	36,698
State sources	238,740,454	12,874,995	401,981	-	-	37,738	-	252,055,168
Medicaid reimbursement	705,623	-	-	-	-	-	-	705,623
Federal sources	80,202	9,694,445	9,759,134	-	-	-	-	19,533,781
Sales-school lunch	-	-	319,600	-	-	-	-	319,600
Miscellaneous	1,222,323	9,139	6,805	-	884,100	26,275	276,292	2,424,934
Total revenue	366,521,628	22,578,579	10,570,699	-	1,883,386	6,154,830	291,522	408,000,644
Expenditures:								
General support	28,380,473	-	-	-	835,336	3,678,830	326,398	33,221,037
Instruction	189,642,428	18,483,151	-	-	-	-	-	208,125,579
Pupil transportation	25,107,715	1,633,858	-	-	-	-	-	26,741,573
Employee benefits	96,461,199	3,323,126	2,066,145	-	-	1,994,630	-	103,845,100
Cost of food sales	-	-	8,365,560	-	-	-	-	8,365,560
Debt service:			-					
Principal	5,723,146	-	-	-	-	-	-	5,723,146
Interest	4,672,971	-	-	-	-	-	-	4,672,971
Capital outlay	-	-	-	61,576,483	-	-	-	61,576,483
Total expenditures	349,987,932	23,440,135	10,431,705	61,576,483	835,336	5,673,460	326,398	452,271,449
Excess (deficiency) of revenue over expenditures	16,533,696	(861,556)	138,994	(61,576,483)	1,048,050	481,370	(34,876)	(44,270,805)
Other financing sources (uses):								
Proceeds from bond issuance	-	-	-	70,405,000	-	-	-	70,405,000
Premium on bond issuance	-	-	-	4,595,000	835,336	-	-	5,430,336
Transfers in	183,097	911,524	-	-	-	-	-	1,094,621
Transfers (out)	(911,524)	(49,968)	-	-	-	(133,129)	-	(1,094,621)
Total other financing sources (uses)	(728,427)	861,556	-	75,000,000	835,336	(133,129)	-	75,835,336
Changes in fund balances	15,805,269	-	138,994	13,423,517	1,883,386	348,241	(34,876)	31,564,531
Fund balance at beginning of year	98,130,725	400,000	4,765,607	(42,829,515)	4,164,600	6,149,997	644,330	71,425,744
Fund balance at end of year	$ 113,935,994	400,000	4,904,601	(29,405,998)	6,047,986	6,498,238	609,454	102,990,275

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenue, Expenditures and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year ended June 30, 2026

Net change in fund balances	$ 31,564,531
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are expenditures in governmental funds, but are capitalized in the in the statement of net position.	62,159,065
Depreciation and amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(5,845,439)
Deferred tax revenues and State Aid are recorded on the modified accrual basis, but are not reported in the government-wide financial statement.	882,985
Repayment of bond principal and energy performance debt principal is an expenditure in the governmental funds, less the library portions, but reduce long-term liabilities in the statement of net position and do not affect the statement of activities:	
Principal paid on bonds	5,723,146
Proceeds from the issuance of bonds is recognized as revenue in the governmental financial statements but increases liabilities in the statement of net position.	(70,405,000)
Premium on bond issuance is recognized as revenue in governmental financial statements but amortized over the bond term for full accrual statements.	(5,430,336)
Repayments of long-term lease liabilities are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	105,369
Amortization of premiums associated with long-term debt are not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	125,481
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of district pension contributions is reported as pension expense:	
ERS pension expense	(278,958)
TRS pension expense	15,311,648
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:	
Change in accrued interest	(172,850)
Change in compensated absences	(553,224)
Change in judgments and claims	(1,584,961)
Change in other postemployment benefits	(2,647,366)
Change in net position of governmental activities	$ 28,954,091

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

Newburgh Enlarged City School District (the District) provides K-12 public education to students living within its geographic boundaries. The accompanying financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below.

(a) Reporting Entity

The District is governed by the laws of New York State (the State). The District is an independent entity governed by an elected Board of Education (the Board) consisting of nine members. The President of the Board serves as the 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 District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, 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 District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. The District does not have any reportable component units or other organizational entities for the year ended June 30, 2026.

Extraclassroom Activity Fund

The extraclassroom activity funds of the District represent funds of the students of the District. The Board exercises general oversight of these funds. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be obtained at the District's business office. The District accounts for assets held as an agent for various student organizations in a miscellaneous special revenue fund.

Public Library

The public library jointly shares the services of the District Treasurer, appoints trustees for library purposes, and has title to real property used by the library.

(1) Summary of Significant Accounting Policies, Continued

(b) Basis of Presentation

(i) District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. 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 program expenses and revenue for each function of the 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.

(ii) Fund Financial Statements

The fund statements provide information about the 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 accounts of the District are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflows of resources, fund balances, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types used by the District are as follows:

Governmental funds are those in which most governmental functions of the District are reported. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of the changes in financial position rather than upon determination of net income. The following are the District's major governmental funds:

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

(1) Summary of Significant Accounting Policies, Continued

(b) Basis of Presentation, Continued

(ii) Fund Financial Statements, Continued

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the activities of the District's food service operations.

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

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

Library Fund: Used to account for operations of the public library.

Miscellaneous Special Revenue Fund: This fund accounts for proceeds from various funding sources, which may be restricted by donor or designated by the District for specific purposes. The transactions of the extraclassroom activity funds are included in this fund as well as scholarships.

(c) Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those 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.

(d) Measurement Focus and Basis of Accounting

The 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 District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. 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 are recognized in the fiscal year in which all eligibility requirements have been satisfied.

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus and Basis of Accounting, Continued

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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 capital leases are reported as other financing sources.

(e) Cash and Investments

Cash and investments consist of funds deposited in demand deposit accounts and amounts with the New York Cooperative Liquid Assets Securities System (NYCLASS). The District's deposit and investment policies are governed by State statutes. The District has adopted its own written investment policy, which provides for the deposit of funds in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include NYCLASS, obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions and accordingly, The District's policy provides for no credit risk on investments.

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

(f) Accounts Receivable

Accounts receivable are reported 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.

(1) Summary of Significant Accounting Policies, Continued

(g) Inventory and Prepaid Items

Inventory of food in the school lunch fund are 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 inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the 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 District-Wide and Governmental 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.

(h) Interfund Transactions

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

In the 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 District's practice to settle these amounts at a net balance based upon the right of legal offset.

(i) Lease Receivable

The District is a lessor for a noncancellable lease of land and equipment. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

(1) Summary of Significant Accounting Policies, Continued

(i) Lease Receivable, Continued

Key estimates and judgements include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease-term, and (3) lease receipts.

- The District uses its long-term bond rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(j) Capital Assets

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land improvements	$ 5,000	Straight-line	50 years
Buildings and improvements	5,000	Straight-line	50 years
Machinery and equipment	5,000	Straight-line	5-15 years
Vehicles	5,000	Straight-line	5 years

(k) Deferred Outflow of Resources and Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-Wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liabilities and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included in this item are the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The second item represents the difference between expected and actual experience as well as changes of assumptions related to the total OPEB liability. The third item represents bond refunding proceeds recognized over the life of the related bond.

(1) Summary of Significant Accounting Policies, Continued

(k) Deferred Outflow of Resources and Inflows of Resources, Continued

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First relates to cash received before the related revenue is earned and is reported as unearned revenue. The second item is related to pensions reported in the District-Wide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net position liabilities and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The third represents differences between expected and actual experience as well as the change of assumptions and other inputs related to the OPEB liability.

(l) Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 101 - "Compensated Absences," the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-Wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the funds statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Net Pension Liability/Asset

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

(1) Summary of Significant Accounting Policies, Continued

(l) Vested Employee Benefits, Continued

Total Other Postemployment Benefits Liability

In addition to providing the pension benefits through ERS and TRS, the District provides postemployment health insurance coverage (OPEB) to its retired employees and their survivors. The District has retained an actuary to determine the District's total OPEB liability in accordance with the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions."

(m) Property Taxes

Real property taxes are levied annually by the Board no later than September 1, and become a lien on September 1. Taxes are collected by the City of Newburgh (the City) and County of Orange (the County). Uncollected taxes become a lien on September 1st. Uncollected real property taxes are transmitted to the County for enforcement. Uncollected taxes are paid by the County to the District no later than the forthcoming April 1st.

(n) Unearned Revenue

Unearned revenue is reported when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

(o) Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-Wide financial statements. In the Governmental Funds, payables and accrued liabilities are paid 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 District's future obligations or future economic outflows. The liabilities are reported as due within one year or due after one year in the Statement of Net Position.

(1) Summary of Significant Accounting Policies, Continued

(p) Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenue. 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 District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient provision or no provision made in the annual budget. The budget note must be repaid no later than the close of second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), 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 are converted to long-term financing within five years after the original issue date.

(q) Leases Liabilities

The District is a lessee for noncancellable leases of equipment and a building. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

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

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its long-term bond rate as the discount rate for leases.

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

(1) Summary of Significant Accounting Policies, Continued

(q) Leases Liabilities, Continued

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

(r) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the 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.

(s) Equity Classifications

District-Wide Statements

In the District-Wide statements there are three classes of net position:

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

Restricted net position - reports net position when constraints placed on the assets 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 is deemed to be available for general use by the District.

Fund Statements

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

(1) Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of $162,337 and prepaid expenditures recorded in the General Fund of $250,000.

(2) Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Currently, New York State laws still use the terminology "reserves" and Districts are only allowed to use reserves authorized by law. The District has reserves as follows:

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

Unemployment Insurance

Unemployment insurance 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 employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Employees' Retirement System Liability Reserve

Reserve for employees' retirement system liability (GML§6-r) must be used for financing retirement contributions. 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. The reserve is accounted for in the General Fund.

Teachers' Retirement System Liability Reserve

Reserve for teachers' retirement system liability (GML§6-r) must be used for financing retirement contributions. 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. The reserve is accounted for in the General Fund.

Workers' Compensation Reserve

Workers' compensation reserve (GML §6-j) is 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.

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

Tax Certiorari

Tax certiorari reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the General Fund.

Capital Projects

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

Employee Benefit Accrued Liability Reserve

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds 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

Insurance reserve is 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 the board of education action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the General Fund.

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

Repair

Repair services (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The board of education without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been help, except in emergency situations. If no hearings 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.

Liability Claims and Property Loss

Property loss reserve and liability reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or $15,000 whichever is greater. This type of reserve fund may be utilized only by School Districts, except city School Districts with a population greater than 125,000. These reserves are accounted for in the General Fund.

Debt Service

Mandatory reserve for debt service (GML §6-1) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

Scholarship Reserve

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

Extraclassroom Activities Reserve

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

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

Restricted fund balances at June 30, 2026 consists of:

Unemployment insurance	$ 1,978,620
Workers' compensation	13,050,097
Retirement contributions	15,724,853
Tax certiorari	3,096,738
Capital projects	36,060,021
Employee benefit accrued liability	3,898,212
Insurance	1,194,134
Repair	1,726,845
Liability reserve	4,145,550
Debt service	6,047,986
Other	691,774
Total restricted fund	$ 87,614,830

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

(4) Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances are classified as assigned fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget. Assigned fund balance also includes encumbrances not classified as restricted at the end of the fiscal year.

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

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

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Fund Statements, Continued

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

(t) Subsequent Events

Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(2) Explanation of Certain Differences Between Fund Statements and District-Wide Statements

Due to the differences in the measurement focus and basis of accounting used in the fund statements and the 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 resource measurement focus of the District-Wide statements, compared with the current financial resource measurement focus of the governmental funds.

(a) Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

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

(b) Statement of Revenue, Expenditures and Changes in Fund Balances vs. Statement of Activities

Differences between the Statement of Revenue, Expenditures and Changes in Fund Balances and the Statements of Activities fall into one of three broad categories.

Long-term Revenue and Expense Differences

Long-term revenue differences arise because governmental fund report revenue only when they are 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.

(2) Explanation of Certain Differences Between Fund Statements and District-Wide Statements, Continued

(b) Statement of Revenue, Expenditures and Changes in Fund Balances vs. Statement of Activities, Continued

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on 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 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 expense is 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 District's proportion of the collection net pension asset/liability and differences between the School District's contributions and its proportionate share of the total contributions to the pensions system.

OPEB Differences

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

(3) Stewardship, Compliance and Accountability

The District administration prepares a proposed budget for approval by the Board of Education for the general fund for which a legal (appropriated) budget is adopted.

The voters of the District approved the proposed appropriation budget for the general fund and library fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

(3) Stewardship, Compliance and Accountability, Continued

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects. The Capital Projects Fund has a deficit fund balance of $29,405,998. This will be funded when the District obtains permanent financing for its current capital projects.

(4) Cash and Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

The District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby the District holds a portion of the investments in cooperation with other participants. At June 30, 2026, the District held $72,751,331 in NYCLASS consisting of various investments in securities issued by the United States and its agencies. NYCLASS is rated 'AAAm' from Standard & Poor's Global Ratings. Amounts held with NYCLASS 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 its website www.newyorkclass.org.

(4) Cash and Equivalents, Continued

The District's aggregate bank balances, included balances not covered by FDIC insurance at year-end, collateralized as follows:

	Bank Balance	Carrying Amount
Cash and equivalents	$ 124,215,436	121,234,833
Cash equivalents, including trust funds	72,751,331	72,751,331
	$ 196,966,767	193,986,164
Covered by FDIC insurance	$ 1,040,000	
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	195,926,767	
Total	$ 196,966,767	

Restricted cash represents cash and equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash consists of the following:

General fund:	
Unemployment insurance	$ 1,978,620
Workers' compensation reserve	13,050,097
Retirement	15,724,853
Tax certiorari	3,096,738
Capital projects	36,060,021
Employee benefits accrued liability	3,898,212
Insurance	1,194,134
Repairs	1,726,845
Liability reserve	4,145,550
Total general fund	80,875,070
Capital projects fund	59,876,136
Debt service fund	5,163,886
Miscellaneous special revenue fund:	
Extraclassroom activities	154,779
Scholarships	410,761
Total miscellaneous fund	565,540
Total restricted cash	$ 146,480,632

(5) Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets that are not being depreciated:				
Land	$ 1,949,269	-	-	1,949,269
Construction in progress	114,321,759	61,506,881	(1,554,419)	174,274,221
Total capital assets that are not being depreciated	116,271,028	61,506,881	(1,554,419)	176,223,490
Capital assets that are being depreciated:				
Building and improvements	276,738,408	1,554,419	-	278,292,827
Machinery and equipment	15,132,178	759,510	(53,307)	15,838,381
Vehicles	2,142,662	95,326	(149,345)	2,088,643
Total capital assets that are being depreciated	294,013,248	2,409,255	(202,652)	296,219,851
Less accumulated depreciation	(183,370,175)	(5,949,562)	202,652	(189,117,085)
Total capital assets, net	226,914,101	57,966,574	(1,554,419)	283,326,256
Leased assets, being amortized - equipment	423,265	-	-	423,265
Less accumulated amortization - equipment	(158,724)	(98,529)	-	(257,253)
Total leased assets, being amortized, net	264,541	(98,529)	-	166,012
Governmental activities - capital assets, net	$ 227,178,642	57,868,045	(1,554,419)	283,492,268

Depreciation and amortization expense for the year ended June 30, 2026, was allocated to specific functions as follows:

	Depreciation	Amortization
General support	$ 241,576	-
Instruction	5,474,872	98,529
Pupil transportation	1,978	-
Cost of sales	231,136	-
Total	$ 5,949,562	98,529

(6) Short-Term Debt

Transactions in short-term debt for the year ended June 30, 2026 are summarized below:

	Maturity	Interest Rate	July 1, 2025 Balance	Issued	Redeemed	June 30, 2026 Balance
BAN	6/24/2026	4.00%	$ 100,000,000	-	100,000,000	-
BAN	6/23/2027	2.67%	-	70,000,000	-	70,000,000
			$ 100,000,000	70,000,000	100,000,000	70,000,000

During the year ended June 30, 2026, this District issued a BAN in the amount of $70,000,000. This BAN is expected to be converted into long-term debt when permanent financing is executed.

(7) Long-Term Liabilities

Issue dates, maturities, and interest rates on outstanding debt are as follows at June 30, 2026:

	Beginning Balance	Issued/ Increased	Redeemed/ Defeased	Ending Balance	Due Within One Year	Long-term Portion
Government activities:						
Bonds payable:						
Bonds payable	$ 13,365,000	70,405,000	3,720,000	80,050,000	1,350,000	78,700,000
Unamortized bond premium	683,805	5,430,336	125,481	5,988,660	641,648	5,347,012
Total bonds payable	14,048,805	75,835,336	3,845,481	86,038,660	1,991,648	84,047,012
Other liabilities:						
Energy performance contracts	19,100,022	-	2,003,146	17,096,876	2,031,930	15,064,946
Leases liability	271,381	-	105,369	166,012	109,586	56,426
Judgments and claims payable	5,798,982	1,584,961	-	7,383,943	-	7,383,943
Net pension liability - proportionate share - ERS	13,434,057	-	9,065,519	4,368,538	-	4,368,538
Compensated absences	3,633,193	553,224	-	4,186,417	-	4,186,417
Total OPEB liability	673,154,532	22,249,608	-	695,404,140	-	695,404,140
Total	$ 729,440,972	100,223,129	15,019,515	814,644,586	4,133,164	810,511,422

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Serial Bonds	2021	2041	varies	$ 9,645,000
Serial Bonds	2026	2050	varies	70,405,000
				$ 80,050,000

In June 2026, the District issued a bond in the amount of $70,405,000 that included a premium of $5,430,336.

(7) Long-Term Liabilities, Continued

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

Year ending June 30,	Principal	Interest	Total
2027	$ 1,350,000	4,813,196	6,163,196
2028	2,450,000	3,718,956	6,168,956
2029	2,570,000	3,596,456	6,166,456
2030	2,695,000	3,467,956	6,162,956
2031	2,825,000	3,339,007	6,164,007
2032-2036	16,145,000	14,670,881	30,815,881
2037-2041	20,060,000	10,764,413	30,824,413
2042-2046	16,015,000	6,465,750	22,480,750
2047-2051	15,940,000	2,041,250	17,981,250
	$ 80,050,000	52,877,865	132,927,865

In fiscal year 2021-2022, the District refinanced two Energy Performance Contracts (EPC) agreements for $23,078,999 and $1,861,811. Upon refinancing, the prior EPC agreements were paid in full. The agreement carries interest rates of 1.4339% and 1.4062%, respectively and matures in 2034. The following is a summary of the scheduled principal and interest payments of energy performance agreement:

Year ending June 30,	Principal	Interest	Total
2027	$ 2,031,930	237,544	2,269,474
2028	2,061,127	208,346	2,269,473
2029	2,090,743	178,730	2,269,473
2030	2,120,786	148,688	2,269,474
2031	2,151,259	118,214	2,269,473
2032-2034	6,641,031	167,389	6,808,420
	$ 17,096,876	1,058,911	18,155,787

Interest on long-term debt for the year ended June 30, 2026 was composed of:

Interest paid	$ 4,672,971
Less interest accrued in the prior year	(217,821)
Plus interest accrued in the current year	390,671
Less amortization of bond premium	(125,481)
Total expense	$ 4,720,340

(8) Lease Agreements

Lease liabilities

The District leases equipment and machines from Konica Minolta. The leases do not contain renewal options. The leases have an inception date of January 1, 2024, and a termination date of December 31, 2027. The remaining lease liability is $166,012 as of June 30, 2026.

Activity of lease liabilities for the year ended June 30, 2026, is summarized as follows:

Beginning balance	Additions	Deletions	Ending balance	Amount due with one year
$ 271,381	-	105,369	166,012	109,586

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

	Principal	Interest	Total
2027	$ 109,586	4,564	114,150
2028	56,426	649	57,075
	$ 166,012	5,213	171,225

Lease receivables

The District is lessor of various equipment and properties. The leases do not contain renewal options. Lease agreements are summarized as follows:

Description	Interest Rate	Future Receipts
NFA Sprint tower Nextel - equipment	2.16%	$ 1,839,248
NFA phone tower ATT - Land	2.16%	1,714,380
		$ 3,553,628

Activity of lease inflows for the year ended June 30, 2026 is summarized as follows

Lease revenue:		
Land		$ 44,115
Equipment		147,260
	Total lease revenue	191,375
Interest revenue		78,258
	Total	$ 269,633

(8) Lease Agreements, Continued

Future minimum lease payments due to the District are as follows:

	Principal	Interest	Total
2027	$ 131,378	75,464	206,842
2028	157,470	72,389	229,859
2029	163,992	68,904	232,896
2030	168,638	65,316	233,954
2031	173,407	61,626	235,033
2032-2036	1,041,080	245,041	1,286,121
2037-2041	376,993	157,007	534,000
2042-2046	222,590	133,504	356,094
2047-2051	287,018	106,138	393,156
2052-2056	362,853	71,223	434,076
2057-2061	451,818	27,437	479,255
2062	16,391	44	16,435
	$ 3,553,628	1,084,093	4,637,721

(9) Interfund Balances and Activity

	Interfund		Interfund	
	Receivable	Payable	Revenue	Expenditures
General fund	$ 23,120,865	2,856,660	183,097	911,524
Special aid fund	527,649	8,120,865	911,524	49,968
School lunch fund	994,069	-	-	-
Capital projects fund	-	15,000,000	-	-
Debt service fund	884,100	-	-	-
Library fund	450,842	-	-	133,129
Miscellaneous special revenue fund	-	-	-	-
Total	$ 25,977,525	25,977,525	1,094,621	1,094,621

Interfund receivables and payables, other than between governmental activities, are eliminated on the statement of net position.

The District typically advances resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

(10) Pension Plans

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The 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. 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 TRS, the election is irrevocable. The State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS by referring to the NYSTRS Annual Comprehensive Financial Report which can be found on TRS's website at www.nystrs.org.

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary 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. Benefits are established under the provisions of the New York State Retirement and Social Security Law. Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. GLIP amounts are appointed to and included in ERS. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.ny.gov/retirement/publications.

The systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 6% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale.

(10) Pension Plans, Continued

(b) Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pensions

At June 30, 2026, the District reported the following asset/liability for its proportionate share of TRS and ERS. The net pension asset/liability were measured as of March 31, 2026 for ERS and June 30, 2025 for TRS. The total pension asset/liability used to calculate the respective net pension asset/liability was determined by an actuarial valuation. The District's proportion of the respective net pension asset/liability was based on a projection of the District's long-term share of contributions to TRS and ERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2026	June 30, 2025
Actuarial valuation date	April 1, 2025	June 30, 2024
Net pension asset (liability)	$ (4,368,538)	39,408,367
District's proportion of the Plan's net pension asset (liability)	0.077432%	0.665563%
Change in proportionate share	0.001103	0.025542

For the year ended June 30, 2026, the District's recognized pension expense of $5,098,942 for ERS and pension income of $2,075,705 for TRS. At June 30, 2026 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(10) Pension Plans, Continued

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 2,499,934	20,658,771	-	-
Changes of assumptions	749,885	15,600,546	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	7,833,030	424,887
Changes in proportion and differences between the District's contributions and proportionate share of contributions	886,485	1,380,010	151,635	30,777,836
Contributions subsequent to the measurement date	1,323,089	13,154,055	-	466,269
Total	$ 5,459,393	50,793,382	7,984,665	31,668,992

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending	ERS	TRS
2027	$ 2,003,639	20,059,696
2028	(2,646,099)	(8,177,331)
2029	(1,506,405)	(8,729,210)
2030	(1,699,496)	(1,628,583)
2031	-	3,658,777
Thereafter	-	786,986
	$ (3,848,361)	5,970,335

(c) Actuarial Assumptions

The total pension asset/liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

(10) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

	ERS	TRS
Investment rate of return (net of investment expense, including inflation)	5.90%	6.95%
Salary scale	5.20%	2.04% - 5.80%
Cost of living adjustments	1.50%	1.40%
Inflation rate	2.90%	2.50%

For ERS, demographic assumptions used in the April 1, 2025 actuarial valuation are based on the results of an actuarial experience study completed March 31, 2025. Demographic assumptions are primarily based on System experience over the period April 1, 2020 - March 31, 2025. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021. For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis. The demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2024. TRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions.

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

The long-term expected real rates of return are presented by asset allocation classification. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized in the following table:

(10) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

	ERS		TRS	
Asset class	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Domestic equity	25%	3.29%	33%	6.70%
International equity	14%	5.85%	15%	7.40%
Real estate equity	-	-	11%	6.50%
Global equity	-	-	4%	7.00%
Domestic fixed income	-	-	16%	2.60%
Global bonds	-	-	2%	2.40%
High-yield bonds	-	-	1%	4.70%
Real estate debt	-	-	6%	3.80%
Real estate	12%	5.20%	-	-
Private equity	15%	7.00%	9%	9.80%
Private debt	-	-	2%	6.10%
Real assets	4%	5.54%	-	-
Fixed income	22%	1.75%	-	-
Opportunistic/ARS portfolio	3%	5.13%	-	-
Credit	4%	5.10%	-	-
Cash and equivalents	1%	0.25%	1%	0.60%
	100%		100%	

* For ERS, the real rate of return are net of a long-term inflation assumption of 2.5%. For TRS, the real rates of return are net of pension plan investment expenses and long-term inflation expectations.

(d) Discount Rate

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

(10) Pension Plans, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Asset/Liability to the Discount Rate

The following presents the District's proportionate share of the ERS and TRS net pension asset/liability calculated using the discount rates referred to above, as well as what the District's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rates referred to above:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	$ (29,835,917)	(4,368,538)	16,923,319

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	$ (75,723,677)	39,408,367	136,285,992

(f) Pension Plan Fiduciary Net Position

The components of the current year net pension asset/liability of the participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions) ERS	TRS
Employers' total pension liability	$ (253,773)	(148,272)
Plan net position	248,131	154,193
Employers' net pension asset (liability)	$ (5,642)	5,921
Ratio of plan net position to the employers' total pension liability	97.78%	104.00%

(10) Pension Plans, Continued

(g) Payables to the Pension Plan

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, 2026 represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to $1,323,089. This amount has been recorded as an expenditure in the governmental fund statements and a deferred cost in the Government-Wide financial statements. Retirement contributions paid to ERS for the year ended June 30, 2026 were $4,666,767.

TRS employer and employee contributions for the fiscal year ended June 30, 2026 are paid to the System in September, October and November 2026 through a state aid intercept. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the fiscal year ended June 30, 2026 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employer retirement contributions to TRS as of June 30, 2026 amounted to $15,470,029 including employees' share. The accrued employer contributions have been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2026 were $13,212,082.

(11) Other Postemployment Benefits (OPEB)

(a) Plan Description

The District's single employer defined benefit OPEB plan, which is administered by the District, provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits and eligibility requirements determined by the employment contracts negotiated between the District and its employee groups. All employees are eligible if they retire at or after the age of 55 and have 10 years of service with the District. Medical benefits, including pharmaceutical costs. are provided through plans whose premiums are based on the benefits paid during the year. The District pays 100% of the cost of premiums with surviving spouses contributing 100% of premiums.

Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the 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.

In the governmental funds, the 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 District's share of insurance premiums for the year ended June 30, 2026 was $22,844,466.

(11) Other Postemployment Benefits (OPEB), Continued

(b) Employees Covered by Benefit Terms

At July 1, 2025, the number of employees covered by the District's OPEB plan was:

Inactive employees or beneficiaries currently receiving benefits	2,000
Active employees	1,738
Total participants	3,738

(c) Total OPEB Liability

The District's total OPEB liability of $695,404,140 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2025.

(d) Actuarial Assumptions and Other Inputs

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

Salary increases	4.00%
Discount rate	5.20%
Healthcare cost trend rates	6.00% for 2025, decreasing to 0.25% per year to an ultimate rate of 4.50% in 2031

Pub-2016 Headcount Weighted Mortality Table protected generationally with MP-2021 from the central year.

(e) Changes in the Total OPEB Liability

Total OPEB liability as of July 1, 2025	$ 673,154,532
Changes for the year:	
Service cost	22,016,684
Interest	26,875,661
Changes of benefit terms	1,188,168
Changes of assumptions	(37,760,574)
Difference between expected and actual experience	32,774,135
Benefit payments	(22,844,466)
Total changes	22,249,608
Total OPEB liability as of June 30, 2026	$ 695,404,140

(f) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.20%) or 1-percentage point higher (6.20%) than the current discount rate:

(11) Other Postemployment Benefits (OPEB), Continued

(f) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate, Continued

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	$ 808,097,043	695,404,140	604,404,849

(g) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rates

The following presents the total OPEB liability of the District, as well as what the 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 trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 595,853,262	695,404,140	821,701,778

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the District recognized OPEB expense of $26,543,080. At June 30, 2026, the 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
Difference between expected and actual experience	$ 41,866,439	157,873,870
Changes of assumptions	29,495,354	10,942,864
Contributions subsequent to measurement date	23,895,714	-
Total	$ 95,257,507	168,816,734

District contributions subsequent to the measurement date will be recognized as a reduction of the other postemployment benefit liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources related to other postemployment benefits will be recognized as follows:

Year ending	
2027	$ (27,049,220)
2028	(44,681,559)
2029	(19,084,929)
2030	(4,964,718)
2031	(1,568,764)
Thereafter	(105,751)
	$ (97,454,941)

(12) Risk Management

General Insurance - The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Consortiums and Self Insured Plans - For the year ended June 30, 2026, the District has chosen to establish a risk financing fund for risks associated with workers' compensation, which is accounted for in the District's general fund.

The District's workers' compensation program administrator is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District performs an actuarial study of its workers' compensation plan on a biannual basis, the last actuarial study was conducted during the fiscal year ended June 30, 2026. At year end, the District estimated its liability at $7,383,943 which represents reported and unreported claims which were incurred on or before year end, but which were not paid by the District as of that date.

As of June 30, 2026, the District's reserves provide coverage for up to a maximum of $650,000 for each workers' compensation claim with annual cash flow endorsements, $50,000 for each property claim and $10,000 for School Board liability. The District purchases commercial insurance for claims in excess of coverage provided by the fund for all other risks of loss.

The District's claims experience for the year ended June 30, 2026 for workers' compensation is as follows:

Unpaid claims at beginning of year	$ 5,798,982
Claims incurred	1,584,961
Unpaid claims at end of year	$ 7,383,943

The District participates in a risk sharing pool for property and casualty insurance, sponsored by NYSIR (New York School Insurance Reciprocal). The District is jointly and severally liable for claims of all group members.

(13) 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).

(13) Tax Abatements, Continued

Some exemptions apply to taxes levied for county, city/town, and school purposes, whereas other 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 District has 29 real property tax abatement agreements that are entered into by the Orange County Industrial Development Agency (OCIDA), the Town of Newburgh, the Town of New Windsor and the City of Newburgh Industrial Development Agency (NIDA). These agreements provide for abatement of real property taxes in exchange for payment in lieu of taxes (PILOT) in accordance with the OCIDA's, NIDA's or the Towns' Tax Exemption Policy.

PILOTs 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 to promote job creation or retention. There are no policies for recapture of PILOTs should the applicant not meet certain criteria.

The following are the aggregated PILOT agreements by purpose and the amount of real property tax that has been abated for the year ended June 30, 2026:

Purpose:	Assessed taxable value	Tax value	PILOT received	2025-2026 Amount of tax abated	Prior year payments received	Total tax Abatement
Town of Newburgh:						
Promote affordable housing	$ 1,336,300	104,655	15,957	88,678	-	88,678
Promote job retention and growth	3,374,400	264,272	27,912	236,360	-	236,360
Town of New Windsor - Promote job retention and growth	3,047,946	422,244	284,840	37,404	-	37,404
Orange County Industrial Development Agency - promote economic growth	18,306,676	1,548,712	1,355,304	193,408	-	193,408
City of Newburgh Industrial Development Agency:						
Promote affordable housing	87,326,900	1,183,156	208,241	974,914	175,539	799,375
Promote job retention and growth	854,000	11,570	6,089	5,482	6,626	(1,144)
Total	$ 114,246,222	3,534,609	1,898,343	1,536,246	182,165	1,354,081

(14) Commitments and Contingencies

(a) Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time.

The District is the defendant in certain litigation, in the opinion of managements and the District's attorney, it is unlikely that any losses will be material to the financial statements.

(b) Grants

The District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial. The District has tax certiorari pending with certain property owners. While the outcome of these matters is uncertain, the District intends to vigorously defend its position.

(15) Certain Risk Disclosures

(a) Concentration - Workforce Covered by Collective Bargaining Agreements

The District's workforce has collective bargaining agreements which dictate employment terms including payroll and related expenditures as well as benefits. Collective bargaining agreements are maintained by the District and available upon request.

(b) Constraints

(i) Limitations on Raising Revenue

The District's ability to raise revenue through property taxes is subject to Article VIII of the New York State Constitution and the Real Property Tax Law, including the property tax levy limit (tax cap) imposed by Chapter 97 of the Laws of 2011. The annual increase in the property tax levy cannot exceed the lesser of 2% or change in the consumer price index, unless approved by a 60% majority of the taxpayers.

(ii) Limitations on Spending

Expenditures must be authorized in accordance with the annual budget adopted by the District, pursuant to New York State General Municipal Law (GML) and local charter provisions. The District may not incur expenditures in excess of appropriations, except for legally authorized emergency expenditures.

(15) Certain Risk Disclosures, Continued

(b) Constraints, Continued

(iii) Limitations on the Incurrence of Debt

The District is subject to a constitutional debt limit, which is 10% of the full value on the most recent tax roll. The debt limit may be exceeded if authorized by 60% of the voters and approved by the Board of Regents and the New York State Comptroller. All borrowings must be approved by a majority vote of the District's residents at a public referendum.

(16) Future Implementations of GASB Pronouncements

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 105 - Subsequent Events. Effective for fiscal years beginning after June 15, 2026.

(17) Donor-Restricted Endowments

The District administers endowment funds within the private purpose trust, which are restricted by the donor for the purpose of student scholarships and awards.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

REQUIRED SUPPLEMENTARY INFORMATION

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Required Supplementary Information
Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget to Actual - General Fund
Year ended June 30, 2026

	Original Budget	Change	Final Budget	Change	Actual
Revenue:					
Real property taxes	$ 106,704,470	1,175,530	107,880,000	1,899,063	109,779,063
Other real property tax items	13,152,507	(1,175,530)	11,976,977	560,593	12,537,570
Charges for services	40,000	-	40,000	72,642	112,642
Use of money and property	2,825,000	-	2,825,000	482,053	3,307,053
Sale of property and compensation for loss	160,000	-	160,000	(123,302)	36,698
State sources	245,668,718	-	245,668,718	(6,928,264)	238,740,454
Medicaid reimbursement	625,000	-	625,000	80,623	705,623
Federal sources	35,000	-	35,000	45,202	80,202
Miscellaneous	585,000	-	585,000	637,323	1,222,323
Total revenue	369,795,695	-	369,795,695	(3,274,067)	366,521,628
Expenditures:					
General support:					
Board of Education	240,583	(13,886)	254,469	189	254,280
Central administration	1,046,466	17,622	1,028,844	8,609	1,020,235
Finance	1,964,536	8,872	1,955,664	152,079	1,803,585
Staff	1,431,552	(530,251)	1,961,803	57,161	1,904,642
Central services	21,099,885	(3,408,282)	24,508,167	2,978,565	21,529,602
Special items	1,959,902	91,751	1,868,151	22	1,868,129
Instruction:					
Instruction, administration	15,679,728	1,305,135	14,374,593	236,827	14,137,766
Teaching - regular school	82,889,670	1,886,998	81,002,672	1,244,463	79,758,209
Programs for students with disabilities	68,333,377	2,777,927	65,555,450	1,769,356	63,786,094
Occupational education	4,832,882	(874,745)	5,707,627	1,081,552	4,626,075
Teaching - special schools	10,000	(11,169)	21,169	-	21,169
Instructional media	5,307,452	(201,329)	5,508,781	166,641	5,342,140
Pupil services	21,812,945	(1,120,503)	22,933,448	962,473	21,970,975
Pupil transportation	27,581,638	30,126	27,551,512	2,443,797	25,107,715
Employee benefits	113,165,466	9,475,642	103,689,824	7,228,625	96,461,199
Debt service:					
Principal	8,593,030	(12,000,000)	20,593,030	14,869,884	5,723,146
Interest	1,803,087	(3,000,000)	4,803,087	130,116	4,672,971
Total expenditures	377,752,199	(5,566,092)	383,318,291	33,330,359	349,987,932
Excess (deficiency) of revenue over expenditures	(7,956,504)	(5,566,092)	(13,522,596)	30,056,292	16,533,696
Other financing sources and (uses):					
Operating transfers in	185,000	-	185,000	(1,903)	183,097
Operating transfers (out)	(1,500,000)	(677,615)	(822,385)	(89,139)	(911,524)
Total other financing sources (uses)	(1,315,000)	(677,615)	(637,385)	(91,042)	(728,427)
Net change in fund balance					15,805,269
Fund balance at beginning of year					98,130,725
Fund balance at end of year					$ 113,935,994

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios
Year ended June 30, 2026

Total OPEB liability	2026	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 22,016,684	23,122,759	22,899,631	32,885,208	36,531,706	25,558,647	22,504,303	20,183,805	21,319,845
Interest	26,875,661	25,323,421	22,910,991	17,010,859	19,482,470	24,509,769	24,606,506	22,478,124	18,116,285
Changes of benefit terms	1,188,168	-	-	-	137,769	-	(1,151,558)	-	-
Changes of assumptions	(37,760,574)	(38,296,113)	36,943,818	(163,318,745)	(124,722,295)	140,989,583	8,345,884	(20,927,950)	(93,687,165)
Difference between expected and actual experience	32,774,135	2,680,113	(17,188,470)	673,099	(4,510,730)	(1,890,010)	21,504,331	(20,514)	63,090,036
Benefit payments	(22,844,466)	(20,506,655)	(17,921,056)	(17,345,215)	(17,237,835)	(16,445,248)	(16,354,979)	(15,836,050)	(15,159,717)
Net change in total OPEB liability	22,249,608	(7,676,475)	47,644,914	(130,094,794)	(90,318,915)	172,722,741	59,454,487	5,877,415	(6,320,716)
Total OPEB liability - beginning	673,154,532	680,831,007	633,186,093	763,280,887	853,599,802	680,877,061	621,422,574	615,545,159	621,865,875
Total OPEB liability - ending	$ 695,404,140	673,154,532	680,831,007	633,186,093	763,280,887	853,599,802	680,877,061	621,422,574	615,545,159
Covered payroll	$ 152,424,212	155,413,550	152,229,645	165,653,891	145,891,058	145,891,058	150,483,916	145,299,977	138,885,552
Total OPEB liability as a percentage of covered payroll	456.23%	433.14%	447.24%	382.23%	523.19%	585.09%	452.46%	427.68%	443.20%

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Discount rate	5.20%	3.93%	3.65%	2.16%	2.16%	2.21%	3.51%	3.87%	3.58%

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability
Year ended June 30, 2026

ERS System - Asset (Liability)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
The District's proportion of the pension asset (liability)	0.077432%	0.078352%	0.079331%	0.078069%	0.071510%	0.074167%	0.074912%	0.070655%	0.071010%	0.070729%
The District's proportionate share of the net pension asset (liability)	$ (4,368,538)	(13,434,057)	(11,680,673)	(16,741,034)	5,845,617	(73,851)	(19,837,087)	(5,006,132)	(2,291,797)	(6,645,894)
The District's covered payroll	$ 31,387,511	30,011,033	29,877,842	27,865,354	25,333,678	25,172,529	23,285,661	20,882,636	20,882,636	21,254,678
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	13.92%	44.76%	39.09%	60.08%	23.07%	0.29%	85.19%	23.97%	10.97%	31.27%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.00%	96.27%	98.00%	95.00%
TRS System - Liability (Asset)										
The District's proportion of the net pension asset (liability)	0.665563%	0.691105%	0.699714%	0.693243%	0.686987%	0.707336%	0.695081%	0.687190%	0.679209%	0.671571%
The District's proportionate share of the net pension asset (liability)	$ 39,408,367	20,619,864	(8,001,822)	(13,302,579)	119,048,279	(19,545,619)	18,058,262	12,426,204	5,162,661	(7,192,810)
The District's covered payroll	$ 137,164,286	130,683,415	131,956,410	129,161,215	122,809,571	116,603,736	120,050,929	111,935,510	107,632,218	103,630,226
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	-28.73%	-15.78%	6.06%	10.30%	96.94%	16.76%	15.04%	11.10%	4.80%	6.94%
Plan fiduciary net position as a percentage of the total pension asset (liability)	104.00%	102.10%	99.20%	98.60%	113.20%	97.80%	101.50%	101.50%	101.00%	99.00%

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Pension Contributions
Year ended June 30, 2026

ERS System	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 4,666,767	4,143,015	3,430,268	3,428,252	2,809,020	3,887,319	3,290,587	3,043,822	3,214,618	3,204,154
Contribution in relation to the contractually required contribution	4,666,767	4,143,015	3,430,268	3,428,252	2,809,020	3,887,319	3,290,587	3,043,822	3,214,618	3,204,154
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 31,387,511	30,011,033	29,877,842	27,865,354	25,333,678	25,172,529	23,285,661	20,882,636	20,882,636	21,254,678
Contribution as a percentage of covered payroll	14.87%	13.80%	11.48%	12.30%	11.09%	15.44%	14.13%	14.58%	15.39%	15.08%
TRS System										
Contractually required contribution	$ 13,212,082	12,878,943	13,297,875	13,290,689	12,035,338	11,112,336	10,636,512	10,969,680	12,614,496	13,741,368
Contribution in relation to the contractually required contribution	13,212,082	12,878,943	13,297,875	13,290,689	12,035,338	11,112,336	10,636,512	10,969,680	12,614,496	13,741,368
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 137,164,286	130,683,415	131,956,410	129,161,215	122,809,571	116,603,736	120,050,929	111,935,510	107,632,218	103,630,226
Contribution as a percentage of covered payroll	9.63%	9.86%	10.08%	10.29%	9.80%	9.53%	8.86%	9.80%	11.72%	13.26%

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2026

(1) Required Information

The budgetary comparison schedules present comparisons of the original and final adopted budget and comparisons of the final budget and actual results for the General Fund and each major special revenue fund with a legally adopted annual budget. The budgetary basis of accounting is substantially the same as the basis of accounting used in preparing the fund financial statements.

The budgetary comparison schedules are required supplementary information under Governmental Accounting Standards Board Statement No. 34 and are not required part of the basic financial statements. The schedules are intended to demonstrate compliance with the legally adopted budget.

(2) Significant Budgetary Changes

	Original Budget	Final Budget	Actual
Real property taxes	$ 106,704,470	107,880,000	109,779,063
State sources	245,668,718	245,668,718	238,740,454
Central services	21,099,885	24,508,167	21,529,602
Teaching - regular school	82,889,670	81,002,672	79,758,208
Programs for students with disabilities	68,333,377	65,555,450	63,786,094
Pupil transportation	27,581,368	27,551,512	25,107,715
Employee benefits	113,165,466	103,689,824	96,461,199
Debt service - principal	8,593,030	20,593,030	5,723,146
Debt service - interest	1,803,087	4,803,087	4,672,971

- Actual revenue from real property taxes exceeds budget due to an increase in collections from prior year receivables.
- Actual revenue from state sources was less than budgeted amount due to significantly less BOCES aid received.
- Central services budgeted expenditures increased during the year for anticipated increases in repairs.
- Teaching - regular school budgeted and actual expenditures were less than the original budget during the year, as salaries were less than anticipated.
- Programs for students with disabilities budgeted and actual expenditures were under original budget as not all anticipated students enrolled.

(2) Significant Budgetary Changes, Continued

- Employee benefits budgeted expenditures were less than the original budget due to overbudgeting health insurance premiums, and actual invoices were lower than anticipated.
- Debt service - principal budget increased during the year for anticipated BAN principal due during the year. Actual amount paid from General Fund decreased due to budgetary transfer.
- Debt service - interest budget increased during the year for anticipated interest due during the year.

(3) Schedule of Changes in the District's Total OPEB Liability and Related Ratios

The Schedule of Changes in the District's Total OPEB Liability and Related Ratios is required to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

Changes of assumptions reflect the effects of changes in the discount rate each period.

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

OTHER SUPPLEMENTARY INFORMATION

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Other Supplementary Information
Schedule of Change from Adopted Budget to Final Budget and
the Real Property Tax Limit - General Fund
Year ended June 30, 2026

Change from adopted budget to final budget:		
Original budget		$ 379,252,199
Add prior year's encumbrances		2,861,390
Adopted budget		382,113,589
Additional budget amendments		2,027,087
Final budget		$ 384,140,676
Section 1318 of Real Property Tax Law Limit Calculation		
2026-2027 voter approved expenditure budget		$ 394,068,884
Maximum allowed 4% of 2026-2027 budget		15,762,755
General fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Appropriated fund balance	$ 11,797,832	
Encumbrances	5,262,845	
Unassigned fund balance	15,750,247	
Total unrestricted fund balance		32,810,924
Less:		
Appropriated fund balance	11,797,832	
Encumbrances	5,262,845	
Total adjustments		17,060,677
General fund balance subject to Section 1318 of Real Property Tax Law		$ 15,750,247
Actual percentage		4.00%

* Per New York State 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Other Supplementary Information
Schedule of Project Expenditures - Capital Projects Fund
Year ended June 30, 2026

Project title	Original Appropriation	Revised Appropriation	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Unexpended Balance	Methods of Financing: Proceeds of Obligations	Methods of Financing: State and Federal Aid	Methods of Financing: Local Sources	Methods of Financing: Total	Fund Balance (Deficit) 6/30/2025
Smart Schools Bond Act	$ 12,831,056	12,831,056	11,690,458	-	11,690,458	1,140,598	-	6,914,928	1,275,732	8,190,660	(3,499,798)
Security - District-Wide	1,114,451	1,122,879	1,122,879	-	1,122,879	-	-	-	1,122,879	1,122,879	-
HOH Reconstruction	250,000	250,000	120,253	-	120,253	129,747	-	-	120,253	120,253	-
BAL-Old Balmville Demolition	495,000	495,000	434,452	-	434,452	60,548	-	-	495,000	495,000	60,548
Energy Performance Contract	26,135,748	28,141,425	28,305,049	-	28,305,049	(163,624)	28,133,926	-	-	28,133,926	(171,123)
Capital Bond District-Wide	257,000,000	257,000,000	90,330,128	61,576,483	151,906,611	105,093,389	105,006,534	-	21,104,452	126,110,986	(25,795,625)
District-Wide Renovations	49,950,222	49,434,228	49,434,228	-	49,434,228	-	49,434,228	-	-	49,434,228	-
District-Wide Improvements	68,000,000	68,259,843	68,259,843	-	68,259,843	-	57,413,343	9,483,351	1,363,149	68,259,843	-
Athletic Field Improvements	8,500,000	8,637,429	8,637,429	-	8,637,429	-	8,637,429	-	-	8,637,429	-
	$ 424,276,477	426,171,860	258,334,719	61,576,483	319,911,202	106,260,658	248,625,460	16,398,279	25,481,465	290,505,204	(29,405,998)

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Other Supplementary Information
Net Investment in Capital Assets
June 30, 2026

Capital assets, net		$ 283,492,268
Deduct:		
Bond anticipation note	$ 70,000,000	
Short-term portion of bonds	3,381,930	
Long-term portion of bonds payable	99,753,606	
Short-term portion of lease payable	109,586	
Long-term portion of lease payable	56,426	
Accounts payable - capital projects fund	4,282,134	177,583,682
Net investment in capital assets		$ 105,908,586

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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

The Board of Education
Newburgh Enlarged City School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Newburgh Enlarged City School District (the District), as of and for the year ended June 30, 2026, and the related notes to financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 13, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2026-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

The District's Responses to Finding

Government Auditing Standards requires that auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 13, 2026

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2026

Part II - FINANCIAL STATEMENT FINDINGS SECTION

(2026-001) Accounting Records and Significant Audit Adjusting Journal Entries

Criteria - Management is responsible for maintaining accurate accounting records.

Condition - The District's June 30, 2026 general ledgers required multiple material audit adjusting entries to correct asset, liability, fund balance, revenue, and expense accounts in multiple funds and therefore, the accounting records did not accurately reflect appropriate balances.

Cause - The absence of our involvement, including the processing of audit adjusting journal entries, would result in material misstatement.

Effect of Condition - Material adjusting journal entries across multiple funds were required in order to accurately report accounting records.

Repeat Finding - This is a repeat finding of item 2025-001 as reported for the year ended June 30, 2025.

Recommendation - We recommend that significant asset, liability, fund balance, revenue, and expense accounts be reconciled at year-end to ensure accounting records accurately reflect appropriate balances.

Views of Responsible Officials and Planned Corrective Actions - See accompanying Corrective Action Plan provided by management on page 70.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Status of Prior Year Audit Findings

June 30, 2026

Reference: 2025-001

Criteria - Management is responsible for maintaining accurate accounting records. The Distict's June 30, 2026 general ledgers required multiple material audit adjusting entries to correct asset, liability, fund balance, revenue, and expense accounts in multiple funds and therefore, the accounting records did not accurately reflect appropriate balances.

Status - This finding was repeated as finding 2026-001 in the current year.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Corrective Action Plan

Year ended June 30, 2026

Name of Auditee: Newburgh Enlarged City School District

Name of Audit Firm: EFPR Group, CPAs, PLLC

Period Covered by the Audit: Year ended June 30, 2026

CAP Prepared by: Greta Simmons, Treasurer

Email: gsimmons@necsd.net

(A) Current Finding on the Schedule of Findings and Responses

(1) Audit Finding 2026-001

(a) Comments on the finding and recommendation: The District agrees with the finding. The District also agrees with the recommendation. See below for actions taken.

(b) Actions Taken: Management will reconcile significant asset, liability, fund balance, revenue, and expense accounts at year end to ensure accounting records accurately reflect appropriate balances.

(c) Anticipated Completion Date: Management anticipates this finding will be resolved by June 30, 2027.

(d) Person Responsible for Implementation: Greta Simmons, Treasurer.