

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Harris Beach Murtha Cullina PLLC, Bond Counsel to the School District, under existing statutes, regulations, administrative rulings, and court decisions, and assuming continuing compliance by the School District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), and the accuracy of certain representations made by the School District, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes and is not an "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals. However, interest on the Notes held by certain corporations that are subject to the Federal corporate alternative minimum tax is included in the computation of "adjusted financial statement income" for purposes of the Federal alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that under existing statutes interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). No opinion is expressed regarding other Federal or State tax consequences arising with respect to the Notes. See "TAX MATTERS" herein.

The Notes will NOT be designated or deemed designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$70,000,000

NEWBURGH ENLARGED CITY SCHOOL DISTRICT



ORANGE COUNTY, NEW YORK

GENERAL OBLIGATIONS

\$70,000,000 Bond Anticipation Notes, 2026

(the "Notes")

Dated: June 23, 2026

Due: June 23, 2027

The Notes are general obligations of the Newburgh Enlarged City School District, Orange County, New York (the "District" or "School District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "TAX LEVY LIMITATION LAW", herein.

The Notes are not subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued in (i) registered certificated form, registered in the name of the purchaser(s) or (ii) registered book-entry-only form. If the Notes are issued in the name of the purchaser, principal and interest on the Notes will be payable in Federal Funds at the office of the School District Clerk, Newburgh, New York, or at such bank or banks located and authorized to do business in New York as may be designated by the purchaser(s). Any applicable bank fees shall be the responsibility of the purchaser(s). A single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to each purchaser.

If the Notes are issued in registered book-entry-only form, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes purchased. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, and payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Harris Beach Murtha Cullina PLLC, Bond Counsel, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), or about June 23, 2026.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on June 9, 2026 by no later than 10:30 A.M., Eastern Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

June 2, 2026

THE DISTRICT DEEMS THIS PRELIMINARY OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C – UNDERTAKING TO PROVIDE NOTICES OF CERTAIN EVENTS" HEREIN.

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT
ORANGE COUNTY, NEW YORK**

SCHOOL DISTRICT OFFICIALS

2025-2026 BOARD OF EDUCATION



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President

MARK LEVINSTEIN
Vice President

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THOMASINA A. BELLO
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* * * * *

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Superintendent of Schools

KIMBERLY ROHRING
Assistant Superintendent for Finance

MATTHEW MCCOY
District Clerk



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor



HARRIS BEACH MURTHA CULLINA PLLC
Bond Counsel

No person has been authorized by Newburgh Enlarged City School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Newburgh Enlarged City School District.

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT
OF THE
NEWBURGH ENLARGED CITY SCHOOL DISTRICT
ORANGE COUNTY, NEW YORK
RELATING TO
\$70,000,000 Bond Anticipation Notes, 2026**

This Official Statement, which includes the cover page and appendices, has been prepared by the Newburgh Enlarged City School District, Orange County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$70,000,000 principal amount of Bond Anticipation Notes, 2026 (the "Notes").

The factors affecting the District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

NATURE OF OBLIGATION

Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof.

Holders of any series of notes or bonds of the District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, without limitation as to rate or amount.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law" or "Chapter 97"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District's power to increase its annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "TAX LEVY LIMITATION LAW" herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the city’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the *Flushing National Bank* (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution, which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, ensuring the availability of the levy of property tax revenues to pay debt service. As the *Flushing National Bank* (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in *Flushing National Bank v. Municipal Assistance Corp.*, 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in *Quirk*, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In *Quirk v. Municipal Assistance Corp.*, the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

THE NOTES

Description of the Notes

The Notes are general obligations of the School District and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See “NATURE OF OBLIGATION” and “TAX LEVY LIMITATION LAW” herein.

The Notes are dated June 23, 2026 and mature, without option of prior redemption, on June 23, 2027. The Notes will be issued, at the option of the purchaser(s) in either (i) registered certificated form registered in the name of the purchaser, with a single note certificate being issued for those Notes bearing interest at the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate, or (ii) as registered book-entry-only form, and, if so issued, registered in the name of Cede & Co. as nominee of the Depository Trust Company (“DTC”), which will act as the securities depository for the Notes. See “BOOK-ENTRY-ONLY SYSTEM” herein.

If the Notes are registered in the name of the purchaser, principal and interest on the Notes shall be payable at the office of the School District Clerk, Newburgh, New York, who will act as Paying Agent for the Notes, or at the option of a purchaser at such bank or banks located or authorized to do business in New York, as may be designated by such purchaser(s). Any applicable bank fees shall be the responsibility of such purchaser(s).

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Authority for and Purpose of Issue

The Notes are issued pursuant to the Constitution and laws of the State, including the Education Law, constituting Chapter 16, and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, two bond resolutions both adopted by the Board of Education of the District on March 12, 2019 authorizing the issuance of (i) \$188,000,000 serial bonds of the District to finance the construction and equipping of a new school building and additions, alterations and other improvements to the District's existing school buildings and facilities (the "Capital Project"), and (ii) \$59,000,000 serial bonds of the District to finance upgrades and improvements to the heating, ventilation, air conditioning and circulation systems in all of the District's existing school buildings and facilities (the "HVAC Project"), respectively and a bond resolution adopted by the Board of Education of the District on April 8, 2025 authorizing the construction and reconstruction of improvements to Fostertown and Gardnertown elementary schools at an estimated cost of \$33,000,000 with the issuance of \$30,000,000 in serial bonds to finance said project. Each bond resolution was subsequently authorized by voter approval at a referendum held on May 21, 2019 and May 20, 2025, respectively.

On June 24, 2025, the District issued \$100,000,000 bond anticipation notes, which along with \$10,000,000 available District funds, redeemed and partially renewed \$35,000,000 bond anticipation notes which matured on June 25, 2025 and provided \$75,000,000 of new monies for the 2019 projects. A \$75,000,000 portion of the outstanding \$100,000,000 bond anticipation notes is to be redeemed and permanently financed with the proceeds of serial bonds issued through the Dormitory Authority of the State of New York which are expected to close on June 17, 2026. The remaining \$25,000,000 portion of the outstanding \$100,000,000 bond anticipation notes is to be redeemed and renewed in part with a \$15,000,000 portion of the proceeds of the Notes and \$10,000,000 available funds of the District. A \$40,000,000 portion of the proceeds of the Notes represents \$30,300,000 in new money for the Capital Project and \$9,700,000 in new money for the HVAC Project.

The remaining \$15,000,000 portion of the proceeds of the Notes represents the initial borrowing against the 2025 authorization.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, a limited-purpose trust company organized under the New York Banking Law, is a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The School District, with an area of approximately 44 square miles, is located in northeastern Orange County on the west bank of the Hudson River, approximately 60 miles north of New York City. The School District consists of the entire City of Newburgh (the “City”), major portions of the Towns of Newburgh and New Windsor, and a few homes in the Town of Cornwall. While the School District encompasses the entire City of Newburgh, over 75% of the School District consists of properties in the towns surrounding the City.

The School District has an in-district pre-kindergarten program in four of its grade PreK-5 schools, three grade K-5 elementary schools, two grade K-8 schools, two grade 6-8 middle schools and three grade 9-12 senior high schools (Newburgh Free Academy – Main Campus, Newburgh Free Academy – West Campus, and Newburgh Free Academy – North Campus).

Source: District officials.

Population

The current estimated population of the District is 68,211. (Source: 2020-2024 American Community Survey 5-Year Estimates.)

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Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are the towns listed below (the “Towns”), the City of Newburgh and the County of Orange. The figures set below with respect to such Towns, City, County, and the State of New York are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns, City, County, or State are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>
Towns of:						
Cornwall	\$ 36,658	\$ 48,469	\$ 54,215	\$ 92,782	\$124,714	\$133,868
Newburgh	33,906	40,271	49,135	86,124	97,515	120,902
New Windsor	31,652	38,414	50,543	86,375	110,962	122,345
City of:						
Newburgh	15,897	22,425	31,232	39,527	60,010	70,682
County of:						
Orange	28,944	35,616	43,052	82,480	97,542	114,031
State of:						
New York	30,948	40,898	50,712	67,405	87,270	106,873

Note: 2021-2025 American Community Survey estimates are not available as of the date of this Official Statement.

Source: 2006-2010, 2016-2020, 2020-2024 5-Year American Community Survey estimates.

Five Largest Employers

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Newburgh Enlarged City School District	Education	1,934
St Luke’s Cornwall Hospital	Hospital	1,500
Adams Fairacres Farms	Grocer	1,350
Mount Saint Mary College	Education	662
Verla International	Manufacturing	445

Source: District officials and Orange County Center of Economic Development.

Unemployment Rate Statistics

Per capita income statistics are not available for the District as such. The smallest area for which such statistics are available, which includes the District, is Orange County. The figures set below with respect to such County and the State of New York are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the County or State are necessarily representative of the District, or vice versa.

	<u>Annual Averages</u>						
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Orange County	3.9%	8.3%	5.0%	3.4%	3.5%	3.7%	3.9%
New York State	3.9%	9.8%	7.1%	4.3%	4.0%	4.2%	4.3%

	<u>2026 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	
Orange County	4.1%	4.5%	4.0%	N/A	N/A	N/A	
New York State	4.7%	5.2%	4.4%	4.2%	N/A	N/A	

Note: Unemployment rates for the months May and June of 2026 are unavailable as of the date of this Official Statement.

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

District Organization

The Board of Education, which is the policy-making body of the District, consists of nine members with overlapping three-year terms so that as nearly an equal number as possible is elected to the Board each year. The President and the Vice President are elected by the Board members.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the Assistant Superintendent for Finance.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the District for the ensuing fiscal year. This tentative budget must be completed at least twenty-five days before the annual District meeting at which it is to be presented. Copies are available upon request to taxpayers within the District, fourteen days preceding such meeting and at each such meeting. The Board must also give notice that a copy of the tentative budget may be obtained at each schoolhouse within the District.

The Board of Education causes a notice to be published stating the time, date, place and purpose of the annual district meeting. At least forty-five days must elapse between the first publication of such notice and the date specified for such meeting. If the qualified voters at the annual District meeting approve the tentative budget, the Board of Education, by resolution adopts the tentative budget as the budget of the District for the ensuing year.

If by majority vote the budget is rejected, the Board of Education may make any change, alteration or revision to the budget and may hold a second public hearing and referendum. If no budget is approved, the Board of Education, must, pursuant to law, adopt by resolution a contingency budget for the ensuing fiscal year. The Board of Education may then levy a tax for ordinary contingent expenses of the District, which includes debt service.

Pursuant to Chapter 97 of the Laws of 2011, beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the “School District Tax Cap”), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the School District Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the District to exceed the School District Tax Cap to be exceeded also must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, see “TAX LEVY LIMITATION LAW” herein.

Recent Budget Vote Results

The budget for the 2025-26 fiscal year was approved by the qualified voters on May 20, 2025 by a vote of 1903 to 936. The District’s adopted budget for the 2025-26 remained within the District Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget included no tax levy increase, which was within the District’s Tax Cap of 3.20% for the 2025-26 fiscal year.

The budget for the 2026-27 fiscal year was approved by the qualified voters on May 19, 2026 by a vote of 1,355 to 1,046. The District’s adopted budget for the 2026-27 remained within the District Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget included no tax levy increase, which was within the District’s Tax Cap of 5.50% for the 2026-27 fiscal year.

Investment Policy

Pursuant to Section 39 of the State's General Municipal Law, the District has an investment policy applicable to the investment of all moneys and financial resources of the District. The responsibility for the investment program has been delegated by the Board of Education to the District Treasurer and Assistant Superintendent for Finance who is required to establish written operating procedures consistent with the District's investment policy guidelines. According to the investment policy of the District, all investments must conform to the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return.

Authorized Investments. The District has designated four banks or trust companies which are located and authorized to conduct business in the State to receive deposits of money. The District is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the District is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America and obligations of the State. Other eligible investments for the District include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the District (investment subject to approval of the State Comptroller); obligations of certain public authorities or agencies; obligations issued pursuant to Section 109(b) of the General Municipal Law (certificates of participation) and certain obligations of the District but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The District may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the District, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State.

Collateral Requirements. All District deposits in excess of the applicable insurance coverage provide by the Federal Deposit Insurance Act must be secured in accordance with the provisions of and subject to the limitations of Section 10 of the General Municipal Law of the State. Such collateral must consist of the "eligible securities," "eligible surety bonds" or "eligible letter of credit" as described in the law.

Eligible securities pledged to secure deposits must be held by the depository or third party bank or trust company pursuant to written security and custodial agreements. The District's security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount of deposit, the agreed upon interest, if any, and any costs or expenses arising from the collection such deposits in the event of a default. Securities not registered or inscribed in the name of the District must be delivered, in a form suitable for transfer or with an assignment in blank, to the District or its designated custodial bank. The custodial agreements used by the District provide that pledged securities must be kept separate and apart from the general assets of the custodian and will not, under any circumstances, be commingled with or become part of the backing for any other deposit or liability. The custodial agreement must also provide that the custodian shall confirm the receipt, substitution or release of the collateral, the frequency of revaluation of eligible securities and the substitution of collateral when a change in the rating of a security may cause ineligibility.

An eligible irrevocable letter of credit may be issued, in favor of the District, by a qualified bank other than the depository bank. Such letters may have a term not to exceed 90 days and must have an aggregate value equal to 140% of the deposit obligations and the agreed upon interest. Qualified banks include those with commercial paper or other unsecured or short-term debt ratings within one of the three highest categories assigned by at least one nationally recognized statistical rating organization or a bank that is in compliance with applicable Federal minimum risk-based capital requirements.

An eligible surety bond must be underwritten by an insurance company authorized to do business in the State which has claims paying ability rated in the highest rating category for claims paying ability by at least two nationally recognized statistical rating organizations. The surety bond must be payable to the District in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

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State Aid

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2026-27 fiscal year, approximately 65.93% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

In addition to the amount of State aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (See also “MARKET AND RISK FACTORS”).

State aid, including building aid appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

There can be no assurance that the State’s financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State’s fiscal year of April 1. With the exception of the State’s fiscal year 2025-26 Enacted Budget (which was adopted on May 9, 2025, thirty-eight (38) days after the April 1 deadline, the State’s fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State’s fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State’s budget has been adopted by April 1 or shortly thereafter for over ten (10) years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Federal Aid Received by the State

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules.

President Trump signed an executive order that directs the Secretary of Education to take all necessary steps to facilitate the closure of the U.S. Department of Education. The executive order aims to minimize the federal role in education but stops short of completely closing the Department as this would require 60 votes in the U.S. Senate. President Trump also indicated his preference that critical functions, like distributing Individuals with Disabilities Education Act funding, would be the responsibility of other federal agencies. The impact that the executive order will have on the State and school districts in the State is unknown at this time.

Building Aid

A portion of the District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary building aid forms are filed with the State in a timely manner. The building aid received is equal to the assumed debt service for that project, which factors in the bond percent, times the building aid ratio that is assigned to the District, and amortized over the predefined timeframe. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2026-27 building aid ratios, the District expects to receive State building aid of approximately 85.4% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

State Aid History

State aid to school districts within the State has declined in some recent years before increasing again in more recent years.

School district fiscal year (2021-2022): The State's 2021-22 Enacted Budget included \$29.5 billion in State aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

School district fiscal year (2022-2023): The State's 2022-23 Enacted Budget included \$31.5 billion in State funding to school districts for the 2022-23 school year. This represented an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and included a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also included \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocated \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increased federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

School district fiscal year (2023-2024): The State's 2023-24 Enacted Budget included \$34.5 billion for school aid, an increase of \$3.1 billion or 10%. The States 2023-24 Budget also provided a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provided \$134 million to increase access to free school meals. An additional \$20 million in grant funding was included to establish new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

School district fiscal year (2024-2025): The State’s 2024-25 Enacted Budget provided \$35.9 billion in State funding to school districts for the 2024-25 school year, the highest level of State aid ever at that time (assuming the State aid amount agreed to as described in the following paragraphs is the amount ultimately enacted). This represented an increase of \$1.3 billion compared to the 2023-24 school year and included a \$934 million or 3.89 percent Foundation Aid increase. The State’s 2024-25 Enacted Budget maintained the “save harmless” provision, which ensured a school district receives at least the same amount of Foundation Aid as it received in the prior year. The State’s 2024-25 Enacted Budget also authorized a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

School district fiscal year (2025-2026): The State’s 2025-26 Enacted Budget includes approximately \$37.6 billion in State funding to school districts for the 2025-2026 school year, an estimated year-to-year funding increase of \$1.7 billion. The State’s 2025-26 Budget provides an estimated \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and includes a 2% minimum increase in Foundation Aid to all school districts. As part of the 2025–26 Enacted State Budget, the Governor and Legislature made targeted adjustments to the Foundation Aid formula. While the formula itself remains largely intact, the budget includes a hold harmless provision ensuring that no district receives less Foundation Aid than in the prior year. Additionally, all districts are guaranteed at least a 2% year-over-year increase in Foundation Aid. The enacted budget also includes formula modifications intended to provide enhanced support for high-need and disadvantaged school districts.

Provisions in the State’s 2025-26 Enacted Budget grant the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation (such as State Aid) if, on a cash basis of accounting, a “general fund imbalance” has or is expected to occur in fiscal year 2025-26. Specifically, the State’s 2025-26 Enacted Budget provides that a “general fund imbalance” has occurred, and the State Budget Director’s powers are activated, if any State fiscal year 2025-26 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2025-26 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State’s 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of \$2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

As of the date of this Official Statement, the State’s 2026-27 fiscal year budget has not yet been enacted, and the proposed 2026-27 budget remains under negotiation. The State’s 2025-26 fiscal year ended on March 31, 2026, and since April 1, 2026, the State’s operations have been funded via short-term “extender” legislation.

The State’s 2026-27 Executive Budget Proposal provides \$39.3 billion in State funding to school districts for the 2026-27 school year. This represents an increase of \$1.6 billion, or 4.3 percent compared to the 2025-26 school year and includes a \$779.5 million or 3 percent Foundation Aid increase. No assurance can be given that the State funding amounts to school districts contained in the State’s 2026-27 Executive Budget Proposal will be included in the State’s 2026-27 Enacted Budget.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York (“CFE”) mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of the CFE decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as Foundation Aid. The stated purpose of Foundation Aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in Foundation Aid over a four fiscal year phase-in covering 2007 to 2011.

A case related to the CFE was heard on appeal on May 30, 2017 in New Yorkers for Students’ Educational Rights v. State of New York (“NYSER”) and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the CFE case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly

dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a “sound basic education” as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent “gross education inadequacies”, claims regarding state funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Hochul announced that New York State reached an agreement to settle and discontinue the NYSER case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York’s school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the CFE cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 and FY 2025 budget and enacted this commitment into law.

A breakdown of currently anticipated Foundation Aid funding is outlined below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall.
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall.
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts.
- FY 2025: Funding the full amount of Foundation Aid for all school districts.
- FY 2026: \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and a 2% minimum increase in Foundation Aid to all school districts.
- FY 2027 Executive Budget: \$27 billion in Foundation Aid, an increase of \$779 million from 2025-26, and a 1% minimum increase in Foundation Aid to all school districts.

The State’s 2025-26 Budget also made a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and proposed budgeted new figures comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2020-2021	\$159,467,675	\$291,233,223	54.76%
2021-2022	289,491,188	167,090,584	57.72
2022-2023	314,007,921	186,961,730	59.54
2023-2024	347,227,208	217,342,457	62.59
2024-2025	354,829,116	227,338,607	64.07
2025-2026 (Budgeted)	369,980,695 ⁽²⁾	245,668,718	66.40
2026-2027 (Budgeted)	385,260,556 ⁽³⁾	259,828,579	65.93

⁽¹⁾ General Fund only. Does not include interfund transfers.

⁽²⁾ Does not include use of \$9,271,504 appropriated fund balance or use of reserves.

⁽³⁾ Does not include use of \$8,808,328 appropriated fund balance or use of reserves.

Source: Audited financial statements for the 2020-2021 fiscal year through and including the 2024-2025 fiscal year and the adopted budgets for the 2025-2026 and 2026-2027 fiscal years. This table is not audited.

School Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>
Balmville Elementary School	Pre-K-5	475
Fostertown Elementary School	K-5	675
Gardnertown Elementary School	PreK-5	650
Gidney Avenue High Tech Magnet Elementary School	PreK-5	1,000
Heritage Middle School	6-8	900
Horizons-on-the-Hudson Magnet School	PreK-5	600
Meadow Hill Elementary School	K-8	1,100
New Windsor Elementary School	K-5	650
Newburgh Free Academy – Main Campus	9-12	2,850
Newburgh Free Academy – North Campus	9-12	1,150
South Middle School	6-8	1,150
Temple Hill Elementary School	K-8	1,100
Vails Gate High Tech Magnet Elementary	K-5	600
Newburgh Free Academy-West Campus	9-12	120

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2021-22	10,641	2026-27	10,519
2022-23	11,252	2027-28	10,386
2023-24	10,555	2028-29	10,380
2024-25	11,419	2029-30	10,358
2025-26	12,073	2030-31	10,335

Source: District officials.

Employees

The School District employees are represented by collective bargaining agents. The dates of expiration of the various collective bargaining agreements are as follows:

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
1,219	Newburgh Teachers’ Association	June 30, 2027
593	CSEA – Local 836	June 30, 2026 ⁽¹⁾
88	Newburgh Association of Supervisors & Administrators	June 30, 2027

⁽¹⁾ Currently under negotiations.

Note: Additionally, there are 25 managerial/confidential and 9 executive cabinet employees not represented by any formal bargaining unit.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Effective April 20, 2024, this final average salary calculation for ERS Tier VI members has been changed from five years to the three highest consecutive years of earnings. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

The District is required to contribute at an actuarially determined rate. The actual contributions for the fiscal years 2020-2021 through and including 2024-2025, and budgeted figures for the 2025-2026 and 2026-2027 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	\$3,887,319	\$11,112,336
2021-2022	2,809,020	12,035,338
2022-2023	2,916,501	13,290,689
2023-2024	3,018,220	11,240,920
2024-2025	3,620,168	12,122,018
2025-2026 (Budgeted)	4,690,474	13,990,678
2026-2027 (Budgeted)	5,386,793	12,878,903

Source: District records.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District offered an early retirement incentive in fiscal year 2023-2024 with approximately 58 participants at a cost of approximately \$4,000,000.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2021-22 to 2026-27) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2021-22	16.2%	9.80%
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11
2025-26	16.5	9.59
2026-27	17.6	8.24

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The District is not amortizing any pension payments, nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option. The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The District did not participate in the Stable Rate Pension Contribution Option, nor does it intend to do so in the foreseeable future.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the District’s employees is not subject to the direction of the District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a TRS reserve fund on June 30, 2019. The District has funded the TRS reserve in the amount of \$8,927,851 as of May 29, 2025.

Other Post Employee Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits (“OPEB”) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The District implemented GASB 75 for the fiscal year ended June 30, 2018. The implementation of this statement requires school districts to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires school districts to report the entire OPEB liability on the statement of net position.

The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

	Balance beginning at:	July 1, 2023	July 1, 2024
		\$ 633,186,093	\$ 680,831,007
<u>Changes for the year:</u>			
Service cost		22,899,631	23,122,759
Interest		22,910,991	25,323,421
Change in benefit terms		-	-
Differences between expected and actual experience		(17,188,470)	2,680,113
Changes in assumptions or other inputs		36,943,818	(38,296,113)
Benefit payments		(17,921,056)	(20,506,655)
Net Changes		\$ 47,644,914	\$ (7,676,475)
	Balance ending at:	June 30, 2024	June 30, 2025
		\$ 680,831,007	\$ 673,154,532

Note: The above table is not audited. For additional information see “APPENDIX – D” attached hereto.

The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the District’s audited financial statements for the fiscal years ending June 30, 2023 and June 30, 2024.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved \$0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Education Law and the Local Finance Law.

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the District is past due.

The fiscal year of the District is July 1 to June 30.

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2025 and is attached hereto as "APPENDIX – D". Certain financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the District issues its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

EFPR Group, CPAs, PLLC, the independent auditor for the District, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. EFPR Group, CPAs, PLLC, also has not performed any procedures relating to this Official Statement.

Source: District officials.

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New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The most recent audit report dated February 6, 2026 was to determine whether the District Board of Education (Board) and District officials effectively managed fund balance and reserve funds for the period July 1, 2019 through June 30, 2024.

Audit Summary

The Board and District officials overestimated certain appropriations, underestimated certain revenues, as well as made unbudgeted year-end transfers totaling \$67 million, which collectively reduced the effectiveness of managing the District's financial condition. The Board and District officials also made it appear they needed more funding to meet operational needs than was needed by appropriating fund balance to balance the budget but generally did not need the appropriations. Because realistic budgets were not adopted, the Board and District officials accumulated significant fund balance. The variances between the budgets District officials presented to taxpayers and the District's actual operational results during the audit period were approximately \$87 million. As a result of these practices, the Board was not as transparent with taxpayers as they could have been during the budget process.

- Of the \$67 million in year-end transfers, \$50.6 million went to the District's reserves. In some circumstances, the year-end reserve transfers totaling \$8.8 million were also not approved by the Board before the transfer was made. However, to help promote transparency, anticipated funds to be placed in reserves should be included in the annual budget.
- District officials did not establish a rationale for funding District reserves. Also, by transferring surplus funds, officials reduced the surplus fund balance in all five years reviewed to make it appear officials were not retaining more funds than statutorily permitted.
- The District consistently overestimated general fund appropriations by an average of \$4 million in each of the five fiscal years we reviewed, for a cumulative total of approximately \$20 million.
- The District underestimated revenues in three of the five fiscal years reviewed by an average of approximately \$8.6 million for a cumulative total of approximately \$25.7 million.
- The Board did not effectively manage the District's fund balance over the five fiscal years reviewed, resulting in \$41.5 million in operating surpluses, which increased surplus general fund balance to approximately \$18.1 million as of June 30, 2024.
- The Board appropriated \$8.6 million of fund balance and reserves that was not needed because of the District realizing operating surpluses. Therefore, the District did not use fund balance and reserves appropriated in four of the five years reviewed to fund operations.
- The Board did not properly manage five reserve funds totaling \$24.3 million. These funds were unused and/or likely exceeded the amount reasonably needed by the District based on our review of applicable statutes, eligible liabilities, a historical cost trend analysis and their use.
- The Board did not develop a written multiyear financial plan or comprehensive capital plan. Without such plans, the Board cannot assess expenditure commitments, revenue trends, financial risks and the affordability of new services and/or capital improvements.

The report includes seven recommendations that, if implemented, will improve the District's financial management. District officials disagreed with certain aspects of the findings but indicated they have initiated or plan to initiate corrective action.

A copy of the complete report and the District's response can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are no other recent State Comptroller's audits of the District, nor any that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district’s ST-3 report filed with the State Education Department annually, and each municipality’s annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “Significant Fiscal Stress”, in “Moderate Fiscal Stress,” as “Susceptible Fiscal Stress” or “No Designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “No Designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past three fiscal years of the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2025	No Designation	0.0
2024	No Designation	0.0
2023	No Designation	0.0
2022	No Designation	0.0

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein, and is not incorporated herein by reference.

TAX INFORMATION

Assessed and Full Valuations Based on Equalization Rates

<u>Years Ending June 30</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
<u>Assessed Values:</u>					
City of Newburgh	\$1,284,218,478	\$1,470,056,800	\$1,893,087,888	\$1,989,653,452	\$2,096,186,084
Town of Cornwall	\$938,890	\$953,742	\$945,582	\$945,558	\$945,552
Town of Newburgh	\$713,890,243	\$715,155,500	\$731,901,540	\$735,382,465	\$738,221,404
Town of New Windsor	\$242,728,216	\$242,545,652	\$242,258,711	\$242,518,053	\$240,895,512
Total Assessed Values	\$2,241,775,827	\$2,428,711,694	\$2,868,193,721	\$2,968,499,528	\$3,076,248,552
<u>Equalization Rates:</u>					
City of Newburgh	100%	100%	100.00%	100.00%	100.00%
Town of Cornwall	93.00%	75.45%	67.45%	65.17%	63.22%
Town of Newburgh	28.25%	24.70%	21.59%	20.60%	17.30%
Town of New Windsor	14.49%	12.63%	10.98%	10.64%	9.78%
<u>Full Values:</u>					
City of Newburgh	\$1,284,218,478	\$1,470,056,800	\$1,893,087,888	\$1,989,653,452	\$2,096,186,084
Town of Cornwall	\$1,009,559	\$1,264,072	\$1,401,901	\$1,450,910	\$1,495,653
Town of Newburgh	\$2,527,045,108	\$2,895,366,397	\$3,390,002,501	\$3,569,817,791	\$4,267,175,746
Town of New Windsor	\$1,675,142,968	\$1,920,393,127	\$2,206,363,488	\$2,279,305,009	\$2,463,144,294
Total Full Values	\$5,487,416,113	\$6,287,080,396	\$7,490,855,778	\$7,840,227,163	\$8,828,001,777

Source: District officials and the State Office of Real Property Tax Service (the “ORPTS”).

Real Property Tax Rates

<u>Years Ending June 30</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Cities of:					
Newburgh	\$20.19	\$17.63	\$14.80	\$14.49	\$12.87
Towns of:					
Cornwall	21.71	23.37	21.94	22.23	20.36
Newburgh	71.47	71.39	68.55	70.34	74.39
New Windsor	139.35	139.62	134.79	136.19	131.59

Tax Levy and Collection Record

<u>Years Ending June 30</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
General Fund Tax Levy	\$110,864,396	\$110,864,396	\$110,864,396	\$113,611,615	\$113,611,615
Less STAR Reimbursement	\$8,708,349	\$7,898,234	\$6,907,145	\$6,238,446	\$5,731,615
Total Taxes to be Collected	\$102,156,047	\$102,966,162	\$103,957,251	\$107,373,169	\$107,880,000
Taxes Collected Prior to Return	\$96,557,315	\$97,149,825	\$102,474,984	\$101,689,841	\$102,162,360
Percentage Collected	94.52%	94.35%	98.57%	94.71%	94.70%

Tax Collection Procedure

The District has its own tax collector who collects the taxes for the entire District. Taxes are due in three equal installments with the first third payable without penalty by October 5, the second third payable without penalty by December 5, and the last third payable without penalty by March 5. The State Commissioner of Taxation and Finance will annually determine the rate of interest to be charged for late payments. Early in April, the uncollected portions are returned to the City and County as applicable. Section 1332 of the Real Property Tax Law states that the City and County enforcement officers shall proceed to enforce such unpaid taxes in the same manner as though they were unpaid City and County taxes, with 5% of the principal and interest added thereto. The respective tax enforcement officers will pay to the District all monies realized from the collection of unpaid taxes, including interest, less the amount of 5% added thereto. If the City or County bids on any property, the District shall receive the amount of unpaid taxes due, plus interest, less the 5% added thereto.

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Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted figures comprised of Real Property Taxes.

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total Real Property Taxes and Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes and Tax Items</u>
2020-2021	\$282,884,274	\$117,739,694	41.62%
2021-2022	289,491,188	117,169,965	40.47
2022-2023	314,007,921	117,479,257	37.41
2023-2024	347,227,208	117,583,472	33.86
2024-2025	354,829,116	119,753,662	33.75
2025-2026 (Budgeted)	369,980,695 ⁽²⁾	116,356,977	31.45
2026-2027 (Budgeted)	385,260,556 ⁽³⁾	116,306,977	30.19

⁽¹⁾ General Fund only. Does not include interfund transfers.

⁽²⁾ Does not include use of \$9,271,504 appropriated fund balance or use of reserves.

⁽³⁾ Does not include use of \$8,808,328 appropriated fund balance or use of reserves.

Source: Audited financial statements for the 2020-2021 fiscal year through and including the 2024-2025 fiscal year and the adopted budgets for the 2025-2026 and 2026-2027 fiscal years. This table is not audited.

Larger Taxpayers – 2025 for the 2025-2026 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
Central Hudson Gas & Elec	Utility	\$113,771,391
Matrix/PPE Newburgh	Commercial	25,702,500
Central Hudson	Utility	15,272,810
Northeast Business Center	Shopping Center	9,103,924
Mid-Valley Improvements Owner	Retail	7,876,475
Newburgh Plaza LLC	Commercial	7,441,700
DRA Fidelco Newburgh LLC	Apartment & Condo Complex	6,687,400
Conew LLC	Commercial	6,530,500
Wal-Mart Real Estate Business	Commercial	6,500,000
BHC Big V LLC	Retail Real Estate	4,000,000

The larger taxpayers listed above have a total assessed taxable assessed full valuation of \$202,886,700, which represents 6.60% of the 2025-2026 tax base of the School District.

The District does not have any pending or outstanding tax certioraris that are known or believed to have a material impact on the finances of the District.

Source: School District Tax Rolls.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

The STAR program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$92,000 or less in 2022-23 and \$93,200 or less in 2023-2024, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$74,900 for the 2022-23 school year and \$81,400 for the 2023-24 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

The 2022-23 Enacted State Budget provided \$2.2 billion in State funding for a new property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below \$250,000 and Enhanced STAR recipients are eligible for the property tax rebate where the benefit is a percentage of the homeowners' existing STAR benefit.

The below table lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

<u>City of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Newburgh	\$111,440	\$ 38,830	4/10/2025
<u>Town of:</u>			
Cornwall	\$ 72,620	\$ 25,300	4/10/2025
Newburgh	22,960	8,000	4/10/2025
New Windsor	11,860	4,130	4/10/2025

\$6,238,446 of the District's \$113,611,615 school tax levy for the 2025-2026 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2026.

Approximately \$5,731,615 of the District's \$113,611,615 school tax levy for the 2026-2027 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2027.

Additional Tax Information

Real property located in the School District is assessed by the City and Towns.

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the School District is estimated to be categorized as follows: Residential-65%; Commercial-28%; Utilities-5%; and Manufacturing-2%.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the School District is approximately \$2,660 including Town, County and School District taxes.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor. The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are indirectly affected by applicability to their respective city.)

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

Chapter 97 requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020; however, recent legislation has made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and is an exclusion from the tax levy limitation, applicable to the Notes.

See "State Aid" for a discussion of the *New Yorkers for Students' Educational Rights v. State of New York* case which includes a challenge to the supermajority requirements regarding school district property tax increases.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations in summary form, and as generally applicable to the District and the Notes, include the following:

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of the principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the District to borrow and incur indebtedness, by the enactment of the Local Finance Law, subject to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of bonds.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State; provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

Each bond resolution usually authorizes the construction, reconstruction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for an object or purpose for which the District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law, which should have been complied with in the authorization of such obligations, and an action contesting such validity is commenced within twenty days after the date of such publication, or
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

The estoppel procedure is recommended by Bond Counsel and has been undertaken by District.

The Board of Education, as the finance board of the District, has the power to adopt bond resolutions as well as authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell such obligations to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Statutory law in the State also permits the District to issue bond anticipation notes to be issued in anticipation of the issuance of serial bonds, which may be renewed each year provided annual principal installments are made in the reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first issuance date of such notes and provided that such renewals do not exceed five years beyond the original date of the issuance of such notes. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the District with the power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$ 42,345,000	\$ 33,740,000	\$ 26,250,000	\$ 18,625,000	\$ 13,365,000
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,000,000</u>	<u>100,000,000</u>
Total Debt Outstanding	<u>\$ 42,345,000</u>	<u>\$ 33,740,000</u>	<u>\$ 26,250,000</u>	<u>\$ 33,625,000</u>	<u>\$ 113,365,000</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the School District evidenced by bonds and notes as of June 2, 2026.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2026-2041	\$ 11,530,000
<u>Bond Anticipation Notes</u>	June 25, 2025	<u>100,000,000</u> ⁽¹⁾
	Total Indebtedness	<u>\$111,530,000</u> ⁽²⁾

- (1) \$75,000,000 to be redeemed and permanently financed with the proceeds of a serial bond issuance through the Dormitory Authority of the State of New York expected to close on June 16, 2026, \$25,000,000 to be redeemed and renewed in part with a portion of the proceeds of the Notes and \$10,000,000 available funds of the District.
- (2) The issuance of the Notes will increase total Indebtedness of the District \$45,000,000

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 2, 2026:

Full Valuation of Taxable Real Property	\$ 8,828,001,777
Debt Limit 10% thereof	882,800,178
<u>Inclusions:</u>	
Bonds	\$ 11,530,000
Bond Anticipation Notes (BANs):	<u>100,000,000</u>
Total Inclusions prior to issuance of the Notes	<u>111,530,000</u>
Less: BANs being redeemed from appropriations	10,000,000
Add: New money proceeds of the Notes	<u>55,000,000</u>
Total Net Inclusions after issuance of the Notes	\$156,530,000
<u>Exclusions:</u>	
State Building Aid ⁽¹⁾	\$ 0
Total Exclusions	<u>\$ 0</u>
Total Net Indebtedness after issuance of the Notes	<u>\$ 156,530,000</u>
Net Debt-Contracting Margin	<u>\$ 726,270,178</u>
The percent of debt contracting power exhausted is	17.73%

(1) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate. Over the years, the Building Aid Ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2026-27 Building Aid Ratios, the School District anticipates State Building Aid of 85.4% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the Building Aid it anticipates, however, no assurance can be given as to when and how much Building Aid the School District will receive in relation to its serial bonds.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

Bonded Debt Service

A schedule of bonded debt service may be found in “APPENDIX – B” to this Official Statement.

Capital Project Plans

On May 21, 2019, the qualified voters of the District approved two bond resolutions both adopted by the Board of Education of the District on March 12, 2019 authorizing the issuance of (i) \$188,000,000 serial bonds of the District to finance the construction and equipping of a new school building and additions, alterations and other improvements to the District's existing school buildings and facilities (the "Capital Project") and (ii) \$59,000,000 serial bonds of the District to finance upgrades and improvements to the heating, ventilation, air conditioning and circulation systems in all of the District's existing school buildings and facilities (the "HVAC Project"). On April 8, 2025 the Board of Education approved a bond resolution authorizing the construction and reconstruction of improvements to Fostertown and Gardnertown elementary schools at an estimated cost of \$33,000,000 with the issuance of \$30,000,000 in serial bonds to finance said project

On June 24, 2025, the District issued \$100,000,000 bond anticipation notes, which along with \$10,000,000 available District funds, redeemed and partially renewed \$35,000,000 bond anticipation notes which matured on June 25, 2025 and provided \$75,000,000 of new monies for the projects. A \$75,000,000 portion of the outstanding \$100,000,000 bond anticipation notes is to be redeemed and permanently financed with the proceeds of serial bonds issued through the dormitory authority of the State of New York which are expected to close on June 17, 2026. The remaining \$25,000,000 portion of the outstanding \$100,000,000 bond anticipation notes is to be redeemed and renewed in part with a \$15,000,000 portion of the proceeds of the Notes and \$10,000,000 available funds of the District. A \$40,000,000 portion of the proceeds of the Notes represents \$30,300,000 in new money for the Capital Project and \$9,700,000 in new money for the HVAC Project.

The remaining \$15,000,000 portion of the proceeds of the Notes represents the initial borrowing against the 2025 authorization

On May 16, 2023, the qualified voters of the District approved a capital project for \$2,575,128 for the Newburgh Free Academy Main locker room renovations to be wholly funded by the District's Capital Reserve.

On May 20, 2025, the qualified voters of the District approved a capital project for \$3,272,219 for the Newburgh Free Academy North auditorium renovations to be wholly funded by the District's Capital Reserve. The qualified voters also approved a capital project for \$33,000,000 for Gardnertown and Fostertown Elementary Schools conversion to geothermal heating/cooling system associated with the Clean Green Schools Initiative that is confirmed to include \$10,000,000 in NYSERDA grant funds for this project.

Other than as stated above, the District has no other capital project plans authorized, nor are any contemplated at the present time.

Cash Flow Borrowings

The District has not found it necessary to issue revenue anticipation notes and tax anticipation notes in recent years. The District does not currently anticipate issuing either tax anticipation notes or revenue anticipation notes in the foreseeable future.

Energy Performance Contract

In fiscal year 2021-2022, the School District refinanced two EPC agreements for \$23,078,999 and \$1,861,811. Upon refinancing, the prior EPC agreements were paid in full. The agreements carry interest rates of 1.4339% and 1.4062%, respectively and mature in 2034.

The following is a summary of scheduled principal and interest payments:

Year	Principal	Interest	Total
2026	\$ 2,003,146	\$ 266,327	\$ 2,269,473
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
2031-2034	8,792,290	285,602	9,077,892
Total	\$ 19,100,022	\$ 1,325,237	\$ 20,425,259

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed for the respective municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:				
Orange	12/31/2024	\$ 210,100,000	14.05%	\$ 29,519,050
City of:				
Newburgh	12/31/2024	75,467,833	100.00%	75,467,833
Town of:				
Cornwall	12/31/2024	18,458,507	0.06%	11,075
Newburgh	12/31/2024	12,845,000	66.72%	8,570,184
New Windsor	12/31/2024	41,353,794	59.73%	<u>24,700,621</u>
Total:				<u>\$ 138,268,763</u>

⁽¹⁾ Outstanding bonds and bond anticipation notes are as of the close of the respective fiscal years and are not adjusted to include subsequent bond or note sales, if any.

Note: Gross indebtedness sourced from local government data provided by the State Comptroller's office. Information regarding applicable exclusions, such as water debt, sewer debt, and budgeted appropriations for respective municipalities is not currently available from source.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 2, 2026.

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$156,530,000	\$ 2,294.79	1.77%
Net Indebtedness Plus Gross Overlapping Indebtedness ^(d)	294,798,763	4,321.87	3.34

^(a) The 2024 estimated population of the District is 68,211. (See "THE SCHOOL DISTRICT - Population" herein.)

^(b) The District's full value of taxable real estate based on regular rates for the 2024-2025 fiscal year is \$8,828,001,777. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

^(c) See "Debt Statement Summary" herein for the calculation of Net Direct Indebtedness.

^(d) Estimated Gross overlapping indebtedness is \$138,268,763. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept for School Districts. In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, State aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond and/or note issued by a school district for school purposes shall file with the State Comptroller a verified statement describing such bond and/or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond. Such investigation by the State Comptroller shall cover the current status with respect to the payment of principal of and interest on all outstanding bonds and/or notes of such school district issued for school purposes and the statement prepared and filed by the State Comptroller shall set forth a description of all such bonds and/or notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds and/or notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds and/or notes shall be forwarded promptly to the paying agent or agents for the bonds and/or notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds and/or notes. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and/or notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and/or notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and/or notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds and/or notes pursuant to said Section 99-b.

General Municipal Law Contract Creditors' Provision. Each Note when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of the School District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the School District may not be enforced by levy and execution against property owned by the School District.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future

events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

No Past Due Debt. No principal of or interest is past due on School District indebtedness.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. (See also "THE SCHOOL DISTRICT – State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District could have an impact upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

Current and future legislative proposals, if enacted into law, or clarification of the Internal Revenue Code of 1986, as amended (the "Code") or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Notes, or the tax status of interest on the Notes. See "TAX MATTERS" herein.

Cybersecurity. The District, like many other public and private entities, relies on a large and complex technological environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

TAX MATTERS

In the opinion of Harris Beach Murtha Cullina PLLC, Bond Counsel to the District, based on existing statutes, regulations, administrative rulings and court decisions and assuming compliance by the District with certain covenants and the accuracy of certain representations, interest on the Notes is excluded from gross income for Federal income tax purposes. Bond counsel is of the further opinion that interest on the Notes is not an "item of tax preference" for purposes of the Federal alternative minimum tax on individuals. However, the Internal Revenue Code of 1986, as amended (the "Code"), imposes a federal corporate alternative minimum tax equal to 15 percent of the "adjusted financial statement income" of corporations (other than S corporations, regulated investment companies and real estate investment trusts) having an average annual "adjusted financial statement income" for the 3-taxable-year period ending with the tax year that exceeds \$1,000,000,000. Interest on tax-exempt obligations such as the Notes is included in the computation of a corporation's "adjusted financial statement income".

The Code also imposes various limitations, conditions and other requirements which must be met at and subsequent to the date of issue of the Notes in order that interest on the Notes will be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Notes and in certain circumstances, payment of amounts in respect of such proceeds to the Federal government. Failure to comply with the requirement of the Code may cause interest on the Notes to be includable in gross income for purposes of federal income tax, possibly from the date of issuance of the Notes. In the Arbitrage and Use of Proceeds Certificate of the District to be executed in connection with the issuance of the Notes, the District will covenant to comply with certain procedures and it will make certain representations and certifications, designed to assure satisfaction of the requirements of the Code in respect to the Notes. The opinion of Bond Counsel assumes compliance with such covenants and the accuracy, in all material respects, of such representations and certificates.

Prospective purchasers of the Notes should be aware that ownership of the Notes, and the accrual or receipt of interest thereon, may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences of their ownership of the Notes and their accrual or receipt of interest thereon. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

The District will NOT designate the Notes as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

In the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance and delivery of the Notes may affect the tax status of interest on the Notes.

No assurance can be given that any future legislation or governmental actions, including amendments to the Code or State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Notes to be subject to federal, State or local income taxation, or otherwise prevent Noteholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decision or action of the Internal Revenue Service or any State taxing authority, including, but not limited to, the promulgation of a regulation or ruling, or the selection of the Notes for audit examination or the course or result of an audit examination of the Notes or of obligations which present similar tax issues, will not affect the market price, value or marketability of the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

All summaries and explanations of provisions of law do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.

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LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the approving legal opinion of Harris Beach Murtha Cullina PLLC, New York, New York, Bond Counsel to the District. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount (see “TAX LEVY LIMITATION LAW” herein); provided, that the enforceability (but not the validity) of the Notes may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights; (ii) under existing statutes, regulations, administrative rulings and court decisions, interest on the Notes is excluded from the gross income of the owners thereof for Federal income tax purposes, is not an “item of tax preference” for purposes of the Federal alternative minimum taxes imposed on individuals, however, interest on the Notes held by certain corporations that are subject to the Federal corporate alternative minimum tax is included in the computation of “adjusted financial statement income” for purposes of the Federal alternative minimum tax imposed on such corporations; (iii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York); and (iv) based upon Bond Counsel’s examination of law and review of the arbitrage and use of proceeds certificate executed by the President of the Board of Education of the District pursuant to Section 148 of the Code and the regulations thereunder, the facts, estimates and circumstances as set forth in said arbitrage certificate are sufficient to satisfy the criteria which are necessary under Section 148 of the Code to support the conclusion that the Notes will not be “arbitrage bonds” within the meaning of said section, and no matters have come to Bond Counsel’s attention which makes unreasonable or incorrect the representations made in said arbitrage certificate. Bond Counsel expresses no opinion regarding Federal or State income tax consequences arising with respect to the Notes.

Such legal opinions will also state that in the opinion of Bond Counsel (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and such certifications thereof; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the District together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Notes as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the District, would materially affect the ability of the District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the District, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

LITIGATION

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

Tax Certiorari Claims. The District is also a party to various tax certiorari proceedings instituted under Article 7 of the Real Property Tax Law. In these actions, taxpayers claim that their current real property assessment is excessive and ask that such assessment be reduced. Generally, tax claims request a refund of taxes applicable to the alleged over assessment. Claims of this nature are filed continuously and some cases may not be settled for several years or more. It is not unusual for certain taxpayers to have multiple pending claims affecting a period of years.

It is not possible to estimate the outcome of all pending tax certiorari cases. Tax certiorari claims are frequently settled for amounts substantially less than the original claims. In addition, settlements sometimes provide for reduced assessments in future years rather than a refund of taxes previously paid. The District maintains a tax certiorari reserve which had a balance of \$3,042,574 at June 30, 2025. Pursuant to State law, the District uses its tax certiorari reserve for the payment of tax refunds pursuant to settlements and court orders of its tax certiorari proceedings. At a minimum, the District must redesignate this reserve every three years otherwise moneys therein revert to the District's general fund. The District may also finance tax certiorari settlements by issuing debt pursuant to provisions set forth in the Education Law and Local Finance Law.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the bonds or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the bonds or contesting the corporate existence or boundaries of the District.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will enter into an Undertaking to Provide Notices of Certain Events, a description of which is attached hereto as “APPENDIX – C”.

Historical Compliance

The District has in the previous five years complied, in all material respects, with any previous undertakings pursuant to Securities Exchange Commission Rule 15c2-12; however:

- The District failed to provide its Annual Financial and Operating Data (“AFIOD”) for the fiscal year ended June 30, 2022 within the time required under continuing disclosure undertakings of the District. The AFIOD was due to be filed on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) website no later than December 27, 2022 (180 days after the fiscal year end) but was not filed on EMMA until January 4, 2023. A failure to provide annual financial information notice was filed on EMMA on January 10, 2023.
- The District failed to provide notice of an enhanced rating action as required. On April 14, 2022, Moody’s Investors Service, Inc. (“Moody’s”) upgraded the enhanced rating of the District from “Aa3” to “A1”. The “A1” enhanced rating reflects the additional security provided by the New York State Section 99-B Intercept Program. The District filed notice of such action along with its notice of failure to file event filing information on August 16, 2022.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

If the Notes are issued in registered book-entry form, it is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District; provided, however; that the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

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RATING

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) pending the approval of the District, including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX – C", attached hereto).

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of "A+" with a stable outlook to the District's outstanding bonds. The rating reflects only the view of S&P, and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

Moody's Investors Service, Inc. ("Moody's") has assigned its underlying rating of "Aa3" with no outlook and an enhanced rating of "Aa3" to the District's outstanding bonds. The rating reflects only the view of Moody's, and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich St., New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the Notes.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

Harris Beach Murtha Cullina PLLC, New York, New York, Bond Counsel to the District, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

The Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The District's contact information is as follows: Kimberly Rohring, Assistant Superintendent of Finance, Phone: (845) 563-3417, Email: krohring@necsd.net, or Kevin Rothman, School Business Administrator, Phone: (845) 568-6514, Email [krothman@necsd.net](mailto:kr Rothman@necsd.net), 124 Grand Street, Newburgh, New York 12550.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at www.fiscaladvisors.com.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Dated: June 2, 2026

JOHN DOERRE
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 26,314,937	\$ 34,888,846	\$ 44,762,330	\$ 60,752,112	\$ 47,714,464
Restricted Cash	53,031,786	55,744,358	54,233,759	52,512,978	69,947,568
Taxes Receivable, Net	2,042,389	3,648,716	2,629,810	4,129,365	3,058,158
Accounts Receivable	-	-	732,935	279,315	286,808
State and Federal Aid Receivable	12,748,755	10,921,246	11,204,629	16,433,868	5,934,934
Leases Receivable	-	-	3,764,956	3,805,111	3,681,215
Due from Other Funds	10,383,277	3,967,373	22,429,681	9,905,660	33,008,318
Due from Fiduciary Funds	-	-	-	-	-
Prepaid Expenses	250,000	250,000	250,000	250,000	250,000
Other Receivables	1,150,141	5,618,492	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 105,921,285</u>	<u>\$ 115,039,031</u>	<u>\$ 140,008,100</u>	<u>\$ 148,068,409</u>	<u>\$ 163,881,465</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>					
Accounts Payable and Accrued Expenses	\$ 10,211,855	\$ 8,289,711	\$ 10,550,396	\$ 16,881,828	\$ 11,193,979
Accrued Liabilities	-	-	-	-	-
Due to Teacher's Retirement System	12,248,778	13,427,986	14,941,490	14,711,909	15,261,104
Due to Employee's Retirement System	971,830	702,673	857,063	1,067,881	1,169,873
Due to Other Governments	10,192	1,542,499	1,642,342	1,445,918	-
Due to Other Funds	5,103,058	7,061,434	16,155,601	10,532,232	30,691,543
Deferred Tax Revenue	1,688,965	2,916,079	2,342,343	-	3,374,872
Deferred Revenue	7,152,219	-	-	-	50,001
Deferred State Aid	-	7,102,175	7,094,821	-	-
Deferred Leases	-	3,948,996	3,757,621	6,589,878	4,009,368
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TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 37,386,897</u>	<u>\$ 44,991,553</u>	<u>\$ 57,341,677</u>	<u>\$ 51,229,646</u>	<u>\$ 65,750,740</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Restricted	53,031,786	55,744,358	63,267,227	66,312,978	69,947,568
Assigned	3,527,784	1,855,121	5,811,674	12,202,575	12,917,982
Unassigned	11,724,818	12,197,999	13,337,522	18,073,210	15,015,175
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>68,534,388</u>	<u>70,047,478</u>	<u>82,666,423</u>	<u>96,838,763</u>	<u>98,130,725</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY	<u>\$ 105,921,285</u>	<u>\$ 115,039,031</u>	<u>\$ 140,008,100</u>	<u>\$ 148,068,409</u>	<u>\$ 163,881,465</u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 102,664,783	\$ 102,003,190	\$ 103,262,630	\$ 104,392,635	\$ 107,125,401
Real Property Tax Items	15,074,911	15,166,775	14,216,627	13,190,837	12,628,261
Non-Property Tax Items	-	-	-	-	-
Charges for Services	567,050	417,645	300,654	41,699	352,824
Use of Money & Property	72,440	247,397	3,060,217	6,351,231	4,658,820
Sale of Property and					
Compensation for Loss	243,691	1,441,539	260,139	185,356	30,814
Miscellaneous	3,585,790	1,785,551	2,283,916	5,062,737	2,217,391
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	159,467,675	167,090,584	186,961,730	217,342,457	227,338,607
Revenues from Federal Sources	1,207,934	1,338,507	3,662,008	660,256	476,998
Total Revenues	<u>\$ 282,884,274</u>	<u>\$ 289,491,188</u>	<u>\$ 314,007,921</u>	<u>\$ 347,227,208</u>	<u>\$ 354,829,116</u>
Other Sources:					
Interfund Transfers	8,348,949	575,051	639,525	303,293	344,292
Proceeds of Long-Term Debt	-	88,479	-	-	-
Total Revenues and Other Sources	<u>\$ 291,233,223</u>	<u>\$ 290,154,718</u>	<u>\$ 314,647,446</u>	<u>\$ 347,530,501</u>	<u>\$ 355,173,408</u>
<u>EXPENDITURES</u>					
General Support	\$ 24,931,512	\$ 27,613,948	\$ 21,531,400	\$ 40,538,755	\$ 25,623,390
Instruction	143,029,707	151,327,000	158,366,740	166,158,129	175,441,691
Pupil Transportation	11,617,476	14,808,236	17,983,304	22,793,883	24,579,890
Employee Benefits	75,762,772	78,748,659	85,605,967	90,547,795	96,044,192
Debt Service	-	1,052,264	-	10,790,134	25,031,771
Total Expenditures	<u>\$ 255,341,467</u>	<u>\$ 273,550,107</u>	<u>\$ 283,487,411</u>	<u>\$ 330,828,696</u>	<u>\$ 346,720,934</u>
Other Uses:					
Interfund Transfers	24,842,065	15,091,521	18,541,090	2,529,465	7,160,512
Total Expenditures and Other Uses	<u>\$ 280,183,532</u>	<u>\$ 288,641,628</u>	<u>\$ 302,028,501</u>	<u>\$ 333,358,161</u>	<u>\$ 353,881,446</u>
Excess (Deficit) Revenues Over Expenditures	<u>11,049,691</u>	<u>1,513,090</u>	<u>12,618,945</u>	<u>14,172,340</u>	<u>1,291,962</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	57,484,697	68,534,388	70,047,478	82,666,423	96,838,763
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 68,534,388</u>	<u>\$ 70,047,478</u>	<u>\$ 82,666,423</u>	<u>\$ 96,838,763</u>	<u>\$ 98,130,725</u>

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2025			2026	2027
	Adopted Budget	Modified Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 106,704,470	\$ 106,704,470	\$ 107,125,401	\$ 106,704,470	\$ 107,880,000
Real Property Tax Items	11,352,058	11,352,058	12,628,261	9,652,507	8,426,977
Non-Property Tax Items	-	-	-	3,520,000	3,400,000
Charges for Services	31,000	31,000	352,824	20,000	20,000
Use of Money & Property	2,515,000	2,515,000	4,658,820	2,825,000	2,082,000
Sale of Property and Compensation for Loss	140,000	140,000	30,814	160,000	150,000
Miscellaneous	610,000	610,000	2,217,391	585,000	2,563,000
Interfund Revenues	-	-	-	185,000	185,000
Revenues from State Sources	225,389,320	225,389,320	227,338,607	245,668,718	259,828,579
Revenues from Federal Sources	470,000	470,000	476,998	660,000	725,000
Total Revenues	\$ 347,211,848	\$ 347,211,848	\$ 354,829,116	\$ 369,980,695	\$ 385,260,556
Other Sources:					
Interfund Transfers	400,000	400,000	344,292	-	-
Appropriated Fund Balance & Reserves	11,371,500	14,232,890	-	9,271,504	8,808,328
Proceeds of Long-Term Debt	-	-	-	-	-
Total Revenues and Other Sources	\$ 358,983,348	\$ 361,844,738	\$ 355,173,408	\$ 379,252,199	\$ 394,068,884
EXPENDITURES					
General Support	\$ 25,790,134	\$ 30,796,228	\$ 25,623,390	\$ 27,742,924	\$ 30,244,589
Instruction	181,505,087	181,606,889	175,441,691	198,866,054	208,625,475
Pupil Transportation	24,629,056	25,144,345	24,579,890	27,581,638	28,571,960
Employee Benefits	112,731,328	103,411,797	96,044,192	113,165,466	116,479,929
Debt Service	12,327,743	20,031,771	25,031,771	10,396,117	9,146,931
Total Expenditures	\$ 356,983,348	\$ 360,991,030	\$ 346,720,934	\$ 377,752,199	\$ 393,068,884
Other Uses:					
Transfer to Other Funds	2,000,000	853,708	7,160,512	1,500,000	1,000,000
Total Expenditures and Other Uses	\$ 358,983,348	\$ 361,844,738	\$ 353,881,446	\$ 379,252,199	\$ 394,068,884
Excess (Deficit) Revenues Over Expenditures	-	-	1,291,962	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	96,838,763	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 98,130,725	\$ -	\$ -

Source: Audited financial report and budgets of the School District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2026	\$ 3,720,000	\$ 406,643.75	\$ 4,126,643.75
2027	500,000	266,206.25	766,206.25
2028	530,000	241,206.25	771,206.25
2029	555,000	214,706.25	769,706.25
2030	580,000	186,956.25	766,956.25
2031	605,000	163,756.25	768,756.25
2032	625,000	145,606.25	770,606.25
2033	640,000	126,856.25	766,856.25
2034	655,000	114,056.25	769,056.25
2035	665,000	100,956.25	765,956.25
2036	680,000	87,656.25	767,656.25
2037	695,000	74,056.25	769,056.25
2038	710,000	60,156.25	770,156.25
2039	720,000	45,956.25	765,956.25
2040	735,000	31,556.25	766,556.25
2041	750,000	15,937.50	765,937.50
TOTALS	\$ 13,365,000	\$ 2,282,268.75	\$ 15,647,268.75

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2014 DASNY		
	Principal	Interest	Total
2026	\$ 1,885,000	\$ 94,250.00	\$ 1,979,250.00
TOTALS	\$ 1,885,000	\$ 94,250.00	\$ 1,979,250.00

Fiscal Year Ending June 30th	2021 Capital Project			2014 Refunding of 2005 and 2006 A&B		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 620,000	\$ 297,206.25	\$ 917,206.25	\$ 1,215,000	\$ 15,187.50	\$ 1,230,187.50
2027	500,000	266,206.25	766,206.25	-	-	-
2028	530,000	241,206.25	771,206.25	-	-	-
2029	555,000	214,706.25	769,706.25	-	-	-
2030	580,000	186,956.25	766,956.25	-	-	-
2031	605,000	163,756.25	768,756.25	-	-	-
2032	625,000	145,606.25	770,606.25	-	-	-
2033	640,000	126,856.25	766,856.25	-	-	-
2034	655,000	114,056.25	769,056.25	-	-	-
2035	665,000	100,956.25	765,956.25	-	-	-
2036	680,000	87,656.25	767,656.25	-	-	-
2037	695,000	74,056.25	769,056.25	-	-	-
2038	710,000	60,156.25	770,156.25	-	-	-
2039	720,000	45,956.25	765,956.25	-	-	-
2040	735,000	31,556.25	766,556.25	-	-	-
2041	750,000	15,937.50	765,937.50	-	-	-
TOTALS	\$ 10,265,000	\$ 2,172,831.25	\$ 12,437,831.25	\$ 1,215,000	\$ 15,187.50	\$ 1,230,187.50

UNDERTAKING TO PROVIDE NOTICES OF CERTAIN EVENTS

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Commission pursuant to the Securities Exchange Act of 1934, the District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the EMMA system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Note
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect bondholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (d) the District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

For the purposes of the event identified in paragraph (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

The District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the District determines that any such other event is material with respect to the Notes; but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The District reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the District no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the District’s obligations under its material event notices undertaking and any failure by the District to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

The District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the District; provided that the District agrees that any such modification will be done in a manner consistent with the Rule.

An "Undertaking to Provide Notice of Certain Events" to this effect shall be provided to the purchaser(s) at closing.

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT
ORANGE COUNTY, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2025

The Audited Financial Statements, including opinion, were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report
June 30, 2025

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

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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, 2025, 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, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 61 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 15, 2025 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 15, 2025

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2025

As management of the Newburgh Enlarged City School District (the District), we offer the reader of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the year ended June 30, 2025. We encourage readers to consider the information presented here, in conjunction with information provided in the financial statements. This management's discussion and analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements.

FINANCIAL HIGHLIGHTS

- Government-Wide net position of the District is \$(470,800,690).
- Government-Wide net position increased \$29,285,758 from June 30, 2024.
- The District continued to offer all programs, without reducing services.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's annual report consists of four parts: 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. Because of this, the Statement of Net Position will include assets such as building and equipment and long-term balances due to the District as well as long-term liabilities such as bonds payable. In addition, payments for principal on long term bond obligations will be shown as a reduction of the liability and payments for buildings and equipment will be shown as additions to assets.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the Government-Wide statements. The fund financial statements concentrate on the District's most significant funds.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short-term, as well as what remains for future spending. As such, in this presentation, payments for buildings and equipment will be shown as expenditures rather than an increase in assets, proceeds from new long-term borrowings will be shown as a source of revenue rather than a long-term liability, and principal payments on the long-term borrowings will be shown as expenditures.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data immediately following the financial statements. The statements are followed by a section of required supplementary information and then other supplementary information.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Management’s Discussion and Analysis, Continued

These schedules further explain and support the financial statements with a comparison of the District’s budget for the year, a detailed capital project schedule, and other financial information. Table A-1 shows how the various sections of this annual report are arranged and related to one another.

Table A-1: Organization of the District’s Financial Report

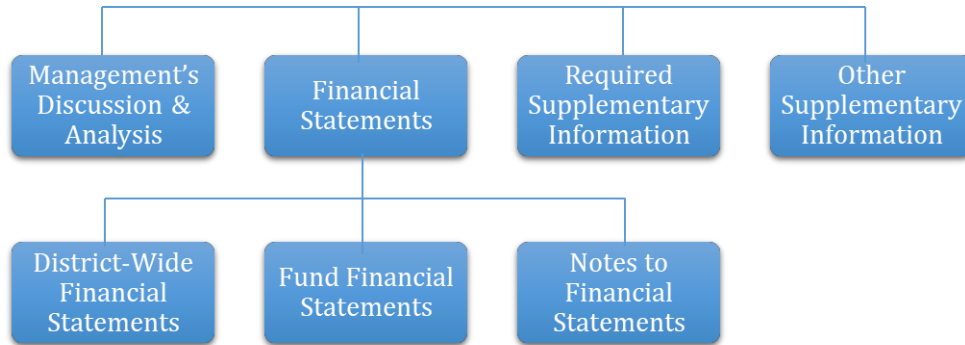


Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Table A-2: Major Features of the Government-Wide and Fund Financial Statements

Description	District-wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction
Required financial statements	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenue, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-Wide 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 and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities and changes in net position regardless of when cash is received or paid.

The two Government-Wide statements report the District's net position and how it has changed. Net position - the difference between the District's assets/deferred outflows of resources and liabilities/deferred inflows of resources - is one way to measure the District's financial health or position.

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

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

Government-Wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position.

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

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

FUND FINANCIAL STATEMENTS

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The analysis below focuses on the net position (Table A-3) and changes in net position (Table A-4) of the District's governmental activities.

Table A-3: Condensed Statements of Net Position - Governmental Activities

	<u>2025</u>	<u>2024</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Current assets	\$ 212,475,612	159,476,949	52,998,663	33.2%
Noncurrent assets	<u>247,798,506</u>	<u>176,198,369</u>	<u>71,600,137</u>	40.6%
Total assets	<u>460,274,118</u>	<u>335,675,318</u>	<u>124,598,800</u>	37.1%
Deferred outflows of resources	<u>151,802,027</u>	<u>186,096,030</u>	<u>(34,294,003)</u>	(18.4%)
Liabilities:				
Current liabilities	139,805,497	59,321,872	80,483,625	135.7%
Long-term liabilities	<u>723,518,924</u>	<u>742,057,374</u>	<u>(18,538,450)</u>	(2.5%)
Total liabilities	<u>863,324,421</u>	<u>801,379,246</u>	<u>61,945,175</u>	7.7%
Deferred inflows of resources	<u>219,552,414</u>	<u>220,478,550</u>	<u>(926,136)</u>	(0.4%)

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

	<u>2025</u>	<u>2024</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Net position:				
Net investment in capital assets	\$ 89,241,388	119,807,935	(30,566,547)	(25.5%)
Restricted	95,458,251	55,441,229	40,017,022	72.2%
Unrestricted	<u>(655,500,329)</u>	<u>(675,335,612)</u>	<u>19,835,283</u>	2.9%
Total net position	<u>\$ (470,800,690)</u>	<u>(500,086,448)</u>	<u>29,285,758</u>	5.9%

In Table A-3, total assets at June 30, 2025 were approximately \$125 million more than at June 30, 2024. Noncurrent assets increased approximately \$72 million, due largely to capital assets. Current assets increased approximately \$53 million, due primarily to increases in cash and taxes receivable.

Deferred outflows of resources at June 30, 2025 were approximately \$34 million less than at June 30, 2024, due primarily to a decrease in pensions and other postemployment benefits (OPEB) related deferred outflows

Total liabilities increased by approximately \$62 million, due primarily to a \$100 million BAN issue offset by a decrease in long-term liabilities of approximately \$18 million. Long-term liabilities decreased due to a decrease in OPEB liability and a decrease in pension liabilities.

Deferred inflows of resources decreased by \$1 million due to a decrease in OPEB deferred inflows offset by an increase in pensions deferred inflow.

CHANGES IN NET POSITION

Table A-4: Changes in Net Position from Operating Results Governmental Activities Only

	<u>2025</u>	<u>2024</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 779,542	558,436	221,106	39.6%
Operating grants	37,128,487	54,311,563	(17,183,076)	(31.6%)
Capital grants	-	2,158	(2,158)	(100.0%)
General revenue:				
Property and other taxes	126,134,574	124,011,255	2,123,319	1.7%
State sources	227,338,607	210,247,637	17,090,970	8.1%
Federal sources	476,998	623,821	(146,823)	(23.5%)
Use of money and property	6,630,082	7,120,508	(490,426)	(6.9%)
Sale of property and compensation for loss	30,814	158,154	(127,340)	(80.5%)
Miscellaneous	<u>2,518,815</u>	<u>5,208,157</u>	<u>(2,689,342)</u>	(51.6%)
Total revenue	<u>401,037,919</u>	<u>402,241,689</u>	<u>(1,203,770)</u>	(0.3%)

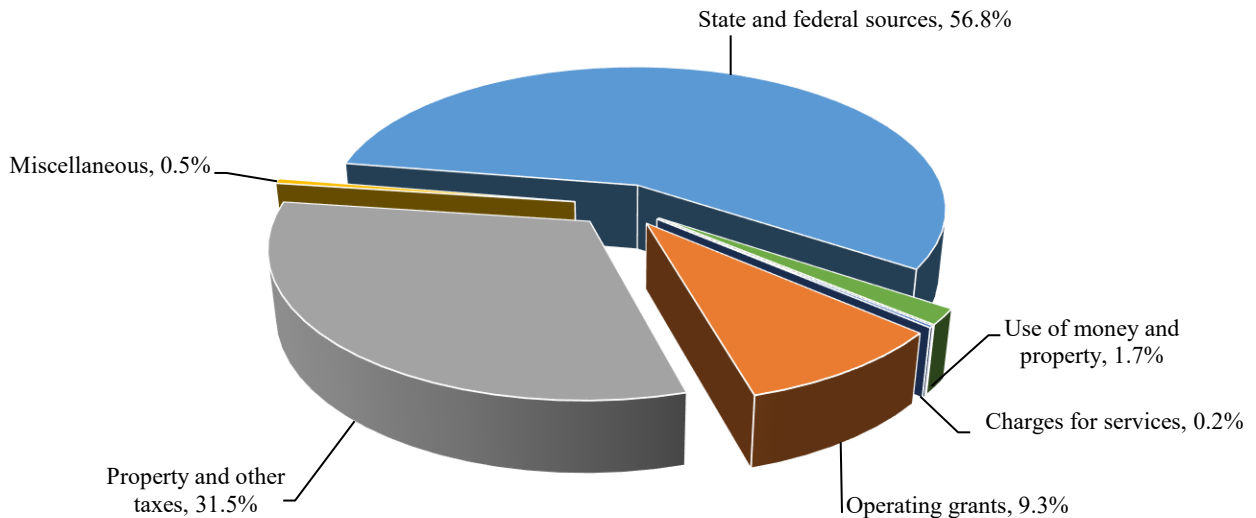
NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

	<u>2025</u>	<u>2024</u>	Increase (decrease)	Percentage change
Expenses:				
General support	\$ 37,920,375	52,586,455	(14,666,080)	(27.9%)
Instruction	295,373,736	308,466,602	(13,092,866)	(4.2%)
Pupil transportation	25,832,346	24,612,130	1,220,216	5.0%
Interest and other debt expense	1,684,849	1,385,837	299,012	21.6%
Cost of sales	<u>10,940,855</u>	<u>10,490,469</u>	<u>450,386</u>	4.3%
Total expenses	<u>371,752,161</u>	<u>397,541,493</u>	<u>(25,789,332)</u>	(6.5%)
Change in net position	<u>\$ 29,285,758</u>	<u>4,700,196</u>	<u>24,585,562</u>	523.1%

The District's fiscal year 2025 revenue totaled \$401,037,919 (See Table A-4). Property taxes (including other tax items) and state and federal sources accounted for most of the District's revenue by contributing 31.5% and 56.8% respectively, of every dollar raised in 2025 (See Table A-5). The remainder came from fees charged for services, operating grants, use of money and property, and other miscellaneous sources.

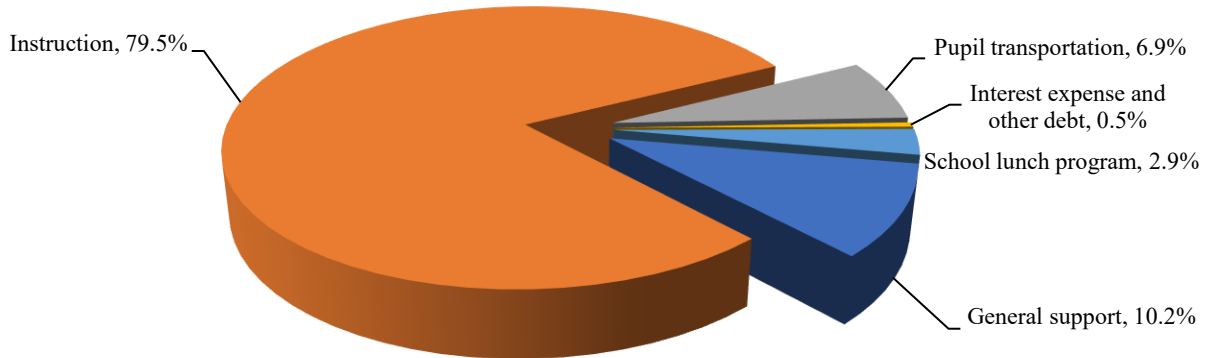
The total cost of all programs and services totaled \$371,752,161 for fiscal year 2025. These expenses are predominately related to instruction, which account for 79.5% of District expenses (See Table A-6). The District's general support activities accounted for 10.2% of total expenses. The \$25.8 million decrease in expenses over the prior year is substantially due to recognizing pension and other-employment benefits on a full accrual basis.

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



NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Table A-6: Expenses for Fiscal Year 2025



GOVERNMENTAL FUNDS

Table A-7 presents the cost of the District's major programs or activities as well as each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions and is presented in the Statement of Activities.

	<u>Total cost of services 2025</u>	<u>Total cost of services 2024</u>	<u>Percentage change</u>	<u>(Net) cost of services 2025</u>	<u>(Net) cost of services 2024</u>	<u>Percentage change</u>
Functions:						
General support	\$ 37,920,375	52,586,455	(27.9%)	37,920,375	52,586,455	(27.9%)
Instruction	295,373,736	308,466,602	(4.2%)	268,354,502	264,212,141	1.6%
Pupil transportation	25,832,346	24,612,130	5.0%	25,832,346	24,612,130	5.0%
Debt service - interest	1,684,849	1,385,837	21.6%	1,684,849	1,385,837	21.6%
Cost of sales	10,940,855	10,490,469	4.3%	52,060	(127,227)	(140.9%)
Total	<u>\$ 371,752,161</u>	<u>397,541,493</u>	<u>(6.5%)</u>	<u>333,844,132</u>	<u>342,669,336</u>	<u>(2.6%)</u>

- The total cost of all governmental activities for the fiscal year 2025 was \$371,752,161.
- The users of the District's programs financed \$779,542 of the costs.
- The federal and state operating grants financed \$37,128,487 of the costs.
- The remainder of the costs were financed by the District's taxpayers and state aid and federal aid.

Financial Analysis of the District's Funds - As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

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

- General fund - ended the year with \$98.1 million in fund balance. Revenue exceeded expenditures by approximately \$1.3 million.
- School lunch fund - ended the year with \$4.8 million in fund balance. Revenue exceeded expenditures by approximately \$0.6 million.
- Capital projects fund - ended the year with \$42.8 million deficit in fund balance. Capital expenditures totaled \$56.3 million.
- Special aid fund - ended the year with \$400,000 in fund balance. By the nature of the fund, total expenditures of \$27.2 million were equal to revenue.
- Debt service fund - ended the year with \$4.2 million in fund balance.
- Library fund - ended the year with \$6.1 million in fund balance. Revenue exceeded expenditures by approximately \$0.9 million.
- Miscellaneous special revenue fund was created as a governmental activity fund due to the implementation of Governmental Accounting Standards Board Statement No. 84 recognizing extraclassroom and scholarship activities.

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

Table A-8: Results vs. Budget

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
Revenue:					
Real property taxes	\$ 106,704,470	106,704,470	107,125,401	-	420,931
Other tax items	11,352,058	11,352,058	12,628,261	-	1,276,203
Charges for services	31,000	31,000	352,824	-	321,824
Use of money and property	2,515,000	2,515,000	4,658,820	-	2,143,820
Sale of property and compensation for loss	140,000	140,000	30,814	-	(109,186)
Miscellaneous	610,000	610,000	2,217,391	-	1,607,391
State sources	225,389,320	225,389,320	227,338,607	-	1,949,287
Medicaid reimbursements	450,000	450,000	476,998	-	26,998
Federal sources	20,000	20,000	-	-	(20,000)
Transfers in	400,000	400,000	344,292	-	(55,708)
Approved reserves	<u>11,371,500</u>	<u>14,232,890</u>	<u>-</u>	<u>-</u>	<u>(14,232,890)</u>
Total revenue	<u>358,983,348</u>	<u>361,844,738</u>	<u>355,173,408</u>	<u>-</u>	<u>(6,671,330)</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
Expenditures:					
General support	\$ 25,790,134	30,796,228	25,623,390	2,902,855	2,269,983
Instruction	181,505,087	181,606,889	175,441,691	1,985,623	4,179,575
Pupil transportation	24,629,056	25,144,345	24,579,890	-	564,455
Employee benefits	112,731,328	103,411,797	96,044,192	-	7,367,605
Interest and other debt service	12,327,743	20,031,771	25,031,771	-	(5,000,000)
Transfers out	<u>2,000,000</u>	<u>853,708</u>	<u>7,160,512</u>	<u>-</u>	<u>(6,306,804)</u>
Total expenditures	<u>358,983,348</u>	<u>361,844,738</u>	<u>353,881,446</u>	<u>4,888,478</u>	<u>3,074,814</u>
Change in fund balance	<u>\$ -</u>	<u>-</u>	1,291,962	<u>(4,888,478)</u>	<u>(3,596,516)</u>
Fund balance at beginning of year			<u>96,838,763</u>		
Fund balance at end of year			<u>\$ 98,130,725</u>		

The general fund and the library fund are the only funds for which a budget is legally adopted.

The following significant variances between budget and actual occurred during fiscal 2025:

Property taxes - As a small city school district, we are not guaranteed one hundred percent of the property tax levy every year. At the end of each year, the uncollected property taxes are re-levied and each municipality has up to two years to make the District whole.

All other budgetary variances are considered immaterial.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District had \$227,178,642 invested in a broad range of capital assets including land, buildings, vehicles, athletic facilities, computers, and other educational equipment.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Table A-9: Capital Assets, Net of Depreciation (in millions)

	<u>2025</u>	<u>2024</u>
Land	\$ 1,949,269	1,949,269
Construction in progress	114,321,759	62,202,615
Buildings and improvements	276,738,408	272,439,567
Machinery and equipment	15,132,178	14,992,146
Vehicles	2,142,662	1,862,754
Leased capital assets	423,265	475,056
Accumulated depreciation	(183,370,175)	(177,619,739)
Accumulated amortization	<u>(158,724)</u>	<u>(103,299)</u>
	<u>\$ 227,178,642</u>	<u>176,198,369</u>

Long-Term Debt

As of June 30, 2025, the District had \$729,440,972 in general obligation and other long-term liabilities outstanding. More detailed information about the District's long-term debt is included in the notes to the financial statements.

Table A-10: Outstanding Long-Term Debt

	<u>2025</u>	<u>2024</u>
Bonds payable, including unamortized bond premium	\$ 14,048,805	19,797,775
Energy performance contracts	19,100,022	21,074,793
Leases liability	271,381	372,695
Compensated absences	3,633,193	3,848,175
Total other postemployment benefits liability	673,154,532	680,831,007
Net pension liability - ERS	13,434,057	11,680,673
Net pension liability - TRS	-	8,001,822
Judgment and claims	<u>5,798,982</u>	<u>3,786,520</u>
Total long-term liabilities	<u>\$ 729,440,972</u>	<u>749,393,460</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the expiration of one-time federal funds associated with COVID, the District needs to strategically allocate resources to best support students beyond the period of available stimulus funds.

Additionally, the demand for technology hardware, software, and implementation and compliance of Education Law 2D, as well as providing the required services to ensure that sensitive data is secure and protected from cyber threats necessitates increased financial resources. The district had zero growth in its tax levy for many years. For fiscal year 2025, District voters supported a 2.48% tax levy increase. With much more modest annual increases projected in state aid, the District will need to identify efficiencies and cost savings to align expenses with revenue while strategically using fund balance and restricted reserves as revenue for student programs and supports. The costs of employee benefits and contractual obligations to both employees and vendors continue to rise each year and the district will continue to need additional funding to cover these expenses.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Newburgh Enlarged City School District
Attn: District Treasurer
124 Grand Street Newburgh, New York 12550

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Statement of Net Position
Governmental Activities
June 30, 2025

Assets

Current assets:	
Cash:	
Unrestricted	\$ 54,447,066
Restricted	130,409,334
Taxes receivable	3,058,158
Accounts receivable	633,080
Leases receivable	3,681,215
State and federal aid	19,849,168
Prepaid expenses	250,000
Inventory	147,591
Total current assets	212,475,612
Noncurrent assets:	
Capital assets, net	227,178,642
Net pension asset - TRS	20,619,864
Total noncurrent assets	247,798,506
Total assets	460,274,118
<u>Deferred outflows of resources</u>	
Pensions	55,473,659
OPEB	96,328,368
Total deferred outflows of resources	151,802,027

Liabilities

Current liabilities:	
Accounts payable and accrued expenses	16,621,249
Accrued interest	217,821
Due to other governments	(2,761)
Due to teachers' retirement system	15,261,104
Due to employees' retirement system	1,169,873
Bond anticipation note	100,000,000
Unearned revenue	616,163
Long term debt payable within one year	5,816,679
Lease payable due within one year	105,369
Total current liabilities	139,805,497
Long-term liabilities:	
Bonds and unamortized bond premium	10,235,272
Energy performance contract	17,096,876
Leases	166,012
Compensated absences	3,633,193
Judgments and claims	5,798,982
Net pension liability - ERS	13,434,057
Total OPEB liability	673,154,532
Total long-term liabilities	723,518,924
Total liabilities	863,324,421
<u>Deferred inflows of resources</u>	
Pensions	26,053,209
OPEB	189,489,837
Leases	4,009,368
Total deferred inflows of resources	219,552,414

Net position

Net investment in capital assets	89,241,388
Restricted	95,458,251
Unrestricted (deficit)	(655,500,329)
Total net position	\$ (470,800,690)

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, 2025

		Program Revenue		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Governmental Activities
Functions/programs:				
General support	\$ 37,920,375	-	-	(37,920,375)
Instruction	295,373,736	426,793	26,592,441	(268,354,502)
Pupil transportation	25,832,346	-	-	(25,832,346)
Debt service - interest	1,684,849	-	-	(1,684,849)
Cost of sales	10,940,855	352,749	10,536,046	(52,060)
Total functions and programs	\$ 371,752,161	779,542	37,128,487	(333,844,132)
General revenue:				
Real property taxes				113,479,016
Other tax items				12,655,558
Use of money and property				6,630,082
Sale of property and compensation for loss				30,814
State sources				227,338,607
Federal sources				476,998
Miscellaneous				2,518,815
Total general revenue				363,129,890
Change in net position				29,285,758
Net position at beginning of year				(500,086,448)
Net position at the end of year				\$ (470,800,690)

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2025

<u>Assets</u>	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Library</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Governmental Funds</u>
Cash:								
Unrestricted	\$ 47,714,464	14,268	1,041,553	-	-	5,595,461	81,320	54,447,066
Restricted	69,947,568	-	-	58,102,937	1,799,969	-	558,860	130,409,334
Receivables:								
Taxes	3,058,158	-	-	-	-	-	-	3,058,158
Accounts receivable	286,808	-	45,750	-	-	300,522	-	633,080
Leases receivable	3,681,215	-	-	-	-	-	-	3,681,215
State and federal aid	5,934,934	13,119,519	794,715	-	-	-	-	19,849,168
Due from other funds	33,008,318	693,840	3,015,515	25,583,502	2,364,631	353,929	86,039	65,105,774
Prepaid expenditures	250,000	-	-	-	-	-	-	250,000
Inventory	-	-	147,591	-	-	-	-	147,591
Total assets	<u>\$ 163,881,465</u>	<u>13,827,627</u>	<u>5,045,124</u>	<u>83,686,439</u>	<u>4,164,600</u>	<u>6,249,912</u>	<u>726,219</u>	<u>277,581,386</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>								
Liabilities:								
Accounts payable and accrued expenses	11,193,979	516,664	279,434	4,517,046	-	99,850	14,276	16,621,249
Due to other governments	-	-	83	-	-	65	(2,909)	(2,761)
Due to other funds	30,691,543	12,344,801	-	21,998,908	-	-	70,522	65,105,774
Due to teachers' retirement system	15,261,104	-	-	-	-	-	-	15,261,104
Due to employees' retirement system	1,169,873	-	-	-	-	-	-	1,169,873
Bond anticipation note	-	-	-	100,000,000	-	-	-	100,000,000
Unearned revenue	50,001	566,162	-	-	-	-	-	616,163
Total liabilities	<u>58,366,500</u>	<u>13,427,627</u>	<u>279,517</u>	<u>126,515,954</u>	<u>-</u>	<u>99,915</u>	<u>81,889</u>	<u>198,771,402</u>
Deferred inflows or resources:								
Taxes	3,374,872	-	-	-	-	-	-	3,374,872
Leases	4,009,368	-	-	-	-	-	-	4,009,368
Total deferred inflows of resources	<u>7,384,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,384,240</u>
Fund balances:								
Nonspendable - inventory and prepaid expenses	250,000	-	147,591	-	-	-	-	397,591
Restricted:								
Unemployment insurance	1,922,087	-	-	-	-	-	-	1,922,087
Workers' compensation	12,601,637	-	-	-	-	-	-	12,601,637
Retirement reserve	13,018,527	-	-	-	-	-	-	13,018,527
Tax certiorari	3,042,574	-	-	-	-	-	-	3,042,574
Capital projects	28,760,021	-	-	-	-	-	-	28,760,021
Employee benefits and accrued liabilities	3,776,401	-	-	-	-	-	-	3,776,401
Insurance	1,153,098	-	-	-	-	-	-	1,153,098
Repairs	1,667,503	-	-	-	-	-	-	1,667,503
Liability reserve	4,005,720	-	-	-	-	-	-	4,005,720
Debt service and other	-	-	-	-	4,164,600	-	726,219	4,890,819
Total restricted	<u>69,947,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,164,600</u>	<u>-</u>	<u>726,219</u>	<u>74,838,387</u>
Assigned:								
Unappropriated	8,029,504	400,000	4,002,812	-	-	6,149,997	-	18,582,313
Designated for subsequent year's expenditures	4,888,478	-	-	-	-	-	-	4,888,478
Total assigned	<u>12,917,982</u>	<u>400,000</u>	<u>4,002,812</u>	<u>-</u>	<u>-</u>	<u>6,149,997</u>	<u>-</u>	<u>23,470,791</u>
Unassigned	15,015,175	-	615,204	(42,829,515)	-	-	(81,889)	(27,281,025)
Total fund balances	<u>98,130,725</u>	<u>400,000</u>	<u>4,765,607</u>	<u>(42,829,515)</u>	<u>4,164,600</u>	<u>6,149,997</u>	<u>644,330</u>	<u>71,425,744</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 163,881,465</u>	<u>13,827,627</u>	<u>5,045,124</u>	<u>83,686,439</u>	<u>4,164,600</u>	<u>6,249,912</u>	<u>726,219</u>	<u>277,581,386</u>

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, 2025

Total governmental fund balances	\$ 71,425,744
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.	227,178,642
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.	3,374,872
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	55,473,659
Deferred inflows - pensions	(26,053,209)
Deferred outflows - OPEB	96,328,368
Deferred inflows - OPEB	(189,489,837)
Net pension assets (liabilities) are not receivable (payable) in the current period and; therefore, are not reported in the funds:	
Net pension liability - ERS	(13,434,057)
Net pension asset - TRS	20,619,864
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	(14,048,805)
Lease payable	(271,381)
Energy performance contract debt	(19,100,022)
Compensated absences	(3,633,193)
Judgments and claims	(5,798,982)
Total OPEB liability	(673,154,532)
Accrued interest	(217,821)
Total net position	\$ (470,800,690)

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, 2025

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Library</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Governmental Funds</u>
Revenue:								
Real property taxes	\$ 107,125,401	-	-	-	-	6,002,375	-	113,127,776
Other tax items	12,628,261	-	-	-	-	27,297	-	12,655,558
Charges for services	352,824	-	-	-	-	73,969	-	426,793
Use of money and property	4,658,820	-	115,397	-	1,847,336	-	8,529	6,630,082
Sale of property and compensation for loss	30,814	-	-	-	-	-	-	30,814
State sources	227,338,607	10,550,414	410,069	-	-	68,530	-	238,367,620
Medicaid reimbursement	476,998	-	-	-	-	-	-	476,998
Federal sources	-	15,973,497	10,125,977	-	-	-	-	26,099,474
Sales-school lunch	-	-	352,749	-	-	-	-	352,749
Miscellaneous	2,217,391	1,000	31,377	4,856	-	31,099	233,092	2,518,815
Total revenue	<u>354,829,116</u>	<u>26,524,911</u>	<u>11,035,569</u>	<u>4,856</u>	<u>1,847,336</u>	<u>6,203,270</u>	<u>241,621</u>	<u>400,686,679</u>
Expenditures:								
General support	25,623,390	-	-	-	-	3,740,825	203,664	29,567,879
Instruction	175,441,691	24,602,739	-	-	-	-	-	200,044,430
Pupil transportation	24,579,890	1,250,478	-	-	-	-	-	25,830,368
Employee benefits	96,044,192	1,309,414	1,741,473	-	-	1,443,419	-	100,538,498
Cost of food sales	-	-	8,678,893	-	-	-	-	8,678,893
Debt service:								
Principal	22,234,771	-	-	-	-	-	-	22,234,771
Interest	2,797,000	-	-	-	-	-	-	2,797,000
Capital Outlay	-	-	-	56,333,926	-	-	-	56,333,926
Total expenditures	<u>346,720,934</u>	<u>27,162,631</u>	<u>10,420,366</u>	<u>56,333,926</u>	<u>-</u>	<u>5,184,244</u>	<u>203,664</u>	<u>446,025,765</u>
Excess (deficiency) of revenue over expenditures	<u>8,108,182</u>	<u>(637,720)</u>	<u>615,203</u>	<u>(56,329,070)</u>	<u>1,847,336</u>	<u>1,019,026</u>	<u>37,957</u>	<u>(45,339,086)</u>
Other financing sources (uses):								
BAN redeemed from appropriations	-	-	-	15,000,000	-	-	-	15,000,000
Transfers in	344,292	861,045	-	6,299,468	-	-	-	7,504,805
Transfers (out)	(7,160,512)	(223,325)	-	-	-	(116,354)	(4,614)	(7,504,805)
Total other financing sources (uses)	<u>(6,816,220)</u>	<u>637,720</u>	<u>-</u>	<u>21,299,468</u>	<u>-</u>	<u>(116,354)</u>	<u>(4,614)</u>	<u>15,000,000</u>
Changes in fund balances	1,291,962	-	615,203	(35,029,602)	1,847,336	902,672	33,343	(30,339,086)
Fund balance at beginning of year	96,838,763	400,000	4,150,404	(7,799,913)	2,317,264	5,247,325	610,987	101,764,830
Fund balance at end of year	<u>\$ 98,130,725</u>	<u>400,000</u>	<u>4,765,607</u>	<u>(42,829,515)</u>	<u>4,164,600</u>	<u>6,149,997</u>	<u>644,330</u>	<u>71,425,744</u>

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, 2025

Net change in fund balances	\$ (30,339,086)
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.	56,837,925
Depreciation and amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(5,857,652)
Deferred tax revenues and State Aid are recorded on the modified accrual basis, but are not reported in the government-wide financial statement.	351,240
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	22,234,771
BANs redeemed from appropriations	(15,000,000)
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.	101,314
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.	488,970
Amortization of the deferred gain on bond refunding is not recorded as a revenue in the governmental funds, but is recorded in the statement of activities.	(22,543)
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	879,276
TRS pension expense	2,163,831
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	645,724
Change in compensated absences	214,982
Change in judgments and claims	(2,012,462)
Change in other postemployment benefits	<u>(1,400,532)</u>
Change in net position of governmental activities	<u>\$ 29,285,758</u>

See accompanying notes to financial statements.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

(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, 2025.

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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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 activities 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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 inventorable 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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."

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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 \$147,591 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:

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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 held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

Restricted fund balances at June 30, 2025 consists of:

Unemployment insurance	\$ 1,922,087
Workers' compensation	12,601,637
Retirement contributions	13,018,527
Tax certiorari	3,042,574
Capital projects	28,760,021
Employee benefit accrued liability	3,776,401
Insurance	1,153,098
Repair	1,667,503
Liability reserve	4,005,720
Debt service	4,164,600
Other	<u>726,219</u>
Total restricted fund	\$ <u>74,838,387</u>

(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, 2025.

(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.

General support	\$ 2,902,855
Instruction	<u>1,985,623</u>
Total Assigned Fund	\$ <u>4,888,478</u>

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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Fund Statements, Continued

- (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.

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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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

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.

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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability, Continued

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.

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 \$42,829,515. 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, 2025, the District held \$66,653,290 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(4) Cash and Equivalents, Continued

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and equivalents	\$ 129,956,388	118,203,110
Cash equivalents, including trust funds	<u>66,653,290</u>	<u>66,653,290</u>
	<u>\$ 196,604,678</u>	<u>184,856,400</u>
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	<u>195,564,678</u>	
Total	<u>\$ 196,604,678</u>	

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	\$ 1,922,087
Workers' compensation reserve	12,601,637
Retirement	13,018,527
Tax certiorari	3,042,574
Capital projects	28,760,021
Employee benefits accrued liability	3,776,401
Insurance	1,153,098
Repairs	1,667,503
Liability reserve	<u>4,005,720</u>
Total general fund	<u>69,947,568</u>
Capital projects fund	<u>58,102,937</u>
Debt service fund	<u>1,799,969</u>
Miscellaneous special revenue fund:	
Extraclassroom activities	225,513
Scholarships	<u>333,347</u>
Total miscellaneous fund	<u>558,860</u>
Total restricted cash	\$ <u>130,409,334</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(5) Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 1,949,269	-	-	1,949,269
Construction in progress	<u>62,202,615</u>	<u>56,333,926</u>	<u>(4,214,782)</u>	<u>114,321,759</u>
Total capital assets that are not being depreciated	<u>64,151,884</u>	<u>56,333,926</u>	<u>(4,214,782)</u>	<u>116,271,028</u>
Capital assets that are being depreciated:				
Building and improvements	272,439,567	4,298,841	-	276,738,408
Machinery and equipment	14,992,146	140,032	-	15,132,178
Vehicles	<u>1,862,754</u>	<u>279,908</u>	<u>-</u>	<u>2,142,662</u>
Total capital assets that are being depreciated	<u>289,294,467</u>	<u>4,718,781</u>	<u>-</u>	<u>294,013,248</u>
Less accumulated depreciation	<u>(177,619,739)</u>	<u>(5,750,436)</u>	<u>-</u>	<u>(183,370,175)</u>
Total capital assets, net	<u>175,826,612</u>	<u>55,302,271</u>	<u>(4,214,782)</u>	<u>226,914,101</u>
Leased assets, being amortized - equipment	<u>475,056</u>	<u>-</u>	<u>(51,791)</u>	<u>423,265</u>
Less accumulated amortization - Equipment	<u>(103,299)</u>	<u>(107,216)</u>	<u>51,791</u>	<u>(158,724)</u>
Total leased assets, being amortized, net	<u>371,757</u>	<u>(107,216)</u>	<u>-</u>	<u>264,541</u>
Governmental activities - capital assets, net	<u>\$ 176,198,369</u>	<u>55,195,055</u>	<u>(4,214,782)</u>	<u>227,178,642</u>

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

	<u>Depreciation</u>	<u>Amortization</u>
General support	\$ 252,065	-
Instruction	5,369,114	107,216
Pupil transportation	1,978	-
Cost of sales	<u>127,279</u>	<u>-</u>
Total	\$ <u>5,750,436</u>	<u>107,216</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(6) Short-Term Debt

Transactions in short-term debt for the year ended June 30, 2025 are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>July 1, 2024 Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>June 30, 2025 Balance</u>
BAN	6/24/2026	4.00%	\$ -	100,000,000	-	100,000,000
BAN	6/25/2025	4.00%	10,000,000	-	10,000,000	-
BAN	8/19/2024	4.50%	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>
			<u>\$ 15,000,000</u>	<u>100,000,000</u>	<u>15,000,000</u>	<u>100,000,000</u>

During the year ended June 30, 2025, this District issued a BAN in the amount of \$100,000,000. This BAN is expected to be converted into long-term debt when permanent financing is executed.

(7) Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Issued/ Increased</u>	<u>Redeemed/ Defeased</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Long-term Portion</u>
Government activities:						
Bonds payable:						
Unamortized bond premium	\$ 18,625,000	-	5,260,000	13,365,000	3,720,000	9,645,000
Bond premium	<u>1,172,775</u>	<u>-</u>	<u>488,970</u>	<u>683,805</u>	<u>93,533</u>	<u>590,272</u>
Total bonds payable	19,797,775	-	5,748,970	14,048,805	3,813,533	10,235,272
Other liabilities:						
Energy performance contracts	21,074,793	-	1,974,771	19,100,022	2,003,146	17,096,876
Leases liability	372,695	-	101,314	271,381	105,369	166,012
Judgments and claims payable	3,786,520	2,012,462	-	5,798,982	-	5,798,982
Net pension liability - proportionate share - ERS	11,680,673	1,753,384	-	13,434,057	-	13,434,057
Net pension liability - proportionate share - TRS	8,001,822	-	8,001,822	-	-	-
Compensated absences	3,848,175	-	214,982	3,633,193	-	3,633,193
Total OPEB liability	<u>680,831,007</u>	<u>-</u>	<u>7,676,475</u>	<u>673,154,532</u>	<u>-</u>	<u>673,154,532</u>
Total	<u>\$ 749,393,460</u>	<u>3,765,846</u>	<u>23,718,334</u>	<u>729,440,972</u>	<u>5,922,048</u>	<u>723,518,924</u>

Issue dates, maturities, and interest rates on outstanding debt are as follows at June 30, 2025:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Serial Bonds	2012	2026	varies	\$ 1,885,000
Serial Bonds	2014	2026	varies	1,215,000
Serial Bonds	2021	2041	varies	<u>10,265,000</u>
				<u>\$ 13,365,000</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(7) Long-Term Liabilities, Continued

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

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,720,000	406,644	4,126,644
2027	500,000	266,206	766,206
2028	530,000	241,206	771,206
2029	555,000	214,706	769,706
2030	580,000	186,956	766,956
2031-2035	3,190,000	651,231	3,841,231
2036-2040	3,540,000	299,381	3,839,381
2041	<u>750,000</u>	<u>15,938</u>	<u>765,938</u>
	\$ <u>13,365,000</u>	<u>2,282,268</u>	<u>15,647,268</u>

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 <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,003,146	266,327	2,269,473
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
2031-2034	<u>8,792,290</u>	<u>285,602</u>	<u>9,077,892</u>
	\$ <u>19,100,022</u>	<u>1,325,237</u>	<u>20,425,259</u>

Interest on long-term debt for the year ended June 30, 2025 was composed of:

Interest paid	\$ 2,797,000
Less interest accrued in the prior year	(863,545)
Plus interest accrued in the current year	217,821
Bond premium amortization	(488,970)
Deferred gain amortization	<u>22,543</u>
Total expense	\$ <u>1,684,849</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(8) Lease Agreements

Lease liabilities

The District leases various equipment and machines, primarily from Konica Minolta. The leases do not contain renewal options. The leases have various inception dates and remaining terms of three years. The remaining lease liability is \$271,381.

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

<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Amount due with one year</u>
\$ <u>372,695</u>	<u> -</u>	<u>101,314</u>	<u>271,381</u>	<u>105,369</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 105,369	8,781	114,150
2027	109,586	4,564	114,150
2028	<u>56,426</u>	<u>649</u>	<u>57,075</u>
	\$ <u>271,381</u>	<u>13,994</u>	<u>285,375</u>

Lease receivables

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

<u>Description</u>	<u>Interest Rate</u>	<u>Future Receipts</u>
NFA Sprint tower Nextel - equipment	2.16%	\$ 1,954,171
NFA phone tower ATT - Land	2.16%	<u>1,727,044</u>
		\$ <u>3,681,215</u>

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

Lease revenue:		
Land		\$ 44,115
Equipment		<u>147,260</u>
	Total lease revenue	191,375
Interest revenue		<u>80,970</u>
	Total	\$ <u>272,345</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(8) Lease Agreements, Continued

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 127,587	78,258	205,845
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
2031-2035	989,470	266,923	1,256,393
2036-2040	564,327	167,349	731,676
2041-2045	210,937	138,175	349,112
2046-2050	273,271	112,176	385,447
2051-2055	346,694	78,871	425,565
2056-2060	432,884	36,974	469,858
2061-2062	<u>114,567</u>	<u>1,554</u>	<u>116,121</u>
	<u>\$ 3,681,215</u>	<u>1,162,353</u>	<u>4,843,568</u>

(9) Interfund Balances and Activity

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 33,008,318	30,691,543	344,292	7,160,512
Special aid fund	693,840	12,344,801	861,045	223,325
School lunch fund	3,015,515	-	-	-
Capital projects fund	25,583,502	21,998,908	6,299,468	-
Debt service fund	2,364,631	-	-	-
Library fund	353,929	-	-	116,354
Miscellaneous special revenue fund	<u>86,039</u>	<u>70,522</u>	<u>-</u>	<u>4,614</u>
Total	<u>\$ 65,105,774</u>	<u>65,105,774</u>	<u>7,504,805</u>	<u>7,504,805</u>

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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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 may be obtained 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/resources/financial-statements-and-supplementary-information.

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 5% 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Pension Plans, Continued

(a) Plan Descriptions and Benefits Provided, Continued

For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

At June 30, 2025, 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, 2025 for ERS and June 30, 2024 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.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	4/1/2024	6/30/2023
Net pension asset (liability)	\$(13,434,057)	20,619,864
District's proportion of the Plan's net pension liability	0.0783522%	0.691105%
Change in proportionate share	(0.0009784)	(0.008609)

For the year ended June 30, 2025, the District's recognized pension expense of \$3,365,732 for ERS and pension expense of \$11,123,792 for TRS. At June 30, 2025 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Pension Plans, Continued

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

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 3,334,423	22,203,807	157,287	-
Changes of assumptions	563,398	12,334,857	-	2,074,838
Net difference between projected and actual earnings on pension plan investments	1,053,999	-	-	22,910,426
Changes in proportion and differences between the District's contributions and proportionate share of contributions	999,403	601,806	144,604	766,054
Contributions subsequent to the measurement date	<u>1,169,873</u>	<u>13,212,093</u>	<u>-</u>	<u>-</u>
Total	\$ <u>7,121,096</u>	<u>48,352,563</u>	<u>301,891</u>	<u>25,751,318</u>

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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2026	\$ 2,670,609	(10,749,473)
2027	3,743,721	25,201,648
2028	(959,636)	(4,121,957)
2029	194,638	(4,693,019)
2030	-	2,678,146
Thereafter	<u>-</u>	<u>1,073,807</u>
	\$ <u>5,649,332</u>	<u>9,389,152</u>

(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:

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Investment rate of return (net of investment expense, including inflation)	5.90%	6.95%
Salary scale	4.30%	1.95% - 5.18%
Cost of living adjustments	1.50%	1.30%
Inflation rate	2.90%	2.40%

For ERS, demographic assumptions used in the April 1, 2024 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2020. 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, 2015 to June 30, 2020. 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:

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

<u>Asset class</u>	<u>ERS</u>		<u>TRS</u>	
	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	25%	3.54%	33%	6.60%
International equity	14%	6.57%	15%	7.40%
Real estate equity	-	-	11%	6.30%
Global equity	-	-	4%	6.90%
Domestic fixed income	-	-	16%	2.60%
Global bonds	-	-	2%	2.50%
High-yield bonds	-	-	1%	4.80%
Real estate debt	-	-	6%	3.90%
Real estate	12%	4.95%	-	-
Private equity	15%	7.25%	9%	10.00%
Private debt	-	-	2%	5.90%
Real assets	4%	5.55%	-	-
Fixed income	22%	2.00%	-	-
Opportunistic/ARS portfolio	3%	5.25%	-	-
Credit	4%	5.40%	-	-
Cash and equivalents	<u>1%</u>	0.25%	<u>1%</u>	0.50%
	<u>100%</u>		<u>100%</u>	

* For ERS, the real rates of return are net of a long-term inflation assumption of 2.9%. 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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 <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ <u>(38,879,852)</u>	<u>(13,434,057)</u>	<u>7,813,119</u>
TRS	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ <u>(95,244,343)</u>	<u>20,619,864</u>	<u>118,064,771</u>

(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)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Employers' total pension liability	\$ (247,600)	(142,838)
Plan net position	<u>230,454</u>	<u>145,821</u>
Employers' net pension asset (liability)	\$ <u>(17,146)</u>	<u>2,983</u>
Ratio of plan net position to the employers' total pension liability	93.08%	102.10%

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$1,169,873. This amount has been recorded as an expenditure in the governmental fund statements and a deferred cost in the Government-Wide financial statements.

TRS employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS 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, 2025 amounted to \$15,261,104 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, 2025 were \$13,212,093.

(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, 2025 was \$20,506,655.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Other Postemployment Benefits (OPEB), Continued

(b) Employees Covered by Benefit Terms

At July 1, 2024, the number of employees covered by the District's OPEB plan was:

Inactive employees or beneficiaries currently receiving benefits	1,987
Active employees	<u>1,509</u>
Total participants	<u>3,496</u>

(c) Total OPEB Liability

The District's total OPEB liability of \$673,154,532 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2024.

(d) Actuarial Assumptions and Other Inputs

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

Salary increases	4.00%
Discount rate	3.93%
Healthcare cost trend rates	6.50% for 2023, decreasing to 0.25% per year to an ultimate rate of 4.50% in 2030

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, 2024	\$ <u>680,831,007</u>
Changes for the year:	
Service cost	23,122,759
Interest	25,323,421
Changes of assumptions	(38,296,113)
Difference between expected and actual experience	2,680,113
Benefit payments	<u>(20,506,655)</u>
Total changes	<u>(7,676,475)</u>
Total OPEB liability as of June 30, 2025	\$ <u>673,154,532</u>

(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 (2.93%) or 1-percentage point higher (4.93%) than the current discount rate:

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Other Postemployment Benefits (OPEB), Continued

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

		Current Discount Rate		1% Increase
	1% Decrease			1% Increase
	<u>(2.93%)</u>	<u>(3.93%)</u>		<u>(4.93%)</u>
Total OPEB liability	\$ <u>789,879,545</u>	<u>673,154,532</u>	<u>579,773,521</u>	

(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	\$ <u>564,553,079</u>	<u>673,154,532</u>	<u>813,426,947</u>	

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$24,244,998. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 68,346,273	175,021,266
Changes of assumptions	5,137,629	14,468,571
Contributions subsequent to measurement date	<u>22,844,466</u>	<u>-</u>
Total	\$ <u>96,328,368</u>	<u>189,489,837</u>

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, 2026. Other amounts reported as deferred outflows of resources related to other postemployment benefits will be recognized as follows:

<u>Year ending</u>	
2026	\$ (22,723,985)
2027	(26,235,772)
2028	(43,868,111)
2029	(18,271,481)
2030	(4,151,270)
Thereafter	<u>(755,316)</u>
	\$ <u>(116,005,935)</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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, 2025, 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, 2017. At year end, the District estimated its liability at \$5,798,982 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, 2025, 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, 2025 for workers' compensation is as follows:

Unpaid claims at beginning of year	\$ 3,786,520
Claims incurred	<u>2,012,462</u>
Unpaid claims at end of year	\$ <u>5,798,982</u>

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).

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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, 2025:

<u>Purpose:</u>	<u>Assessed taxable value</u>	<u>Tax value</u>	<u>PILOT received</u>	<u>2024-2025 Amount of tax abated</u>	<u>Prior year payments received</u>	<u>Total tax Abatement</u>
Town of Newburgh:						
Promote affordable housing	\$ 1,336,300	94,000	14,350	79,650	-	79,650
Promote job retention and growth	3,374,400	237,368	25,071	212,297	-	212,297
Town of New Windsor -						
Promote job retention and growth	3,047,946	415,105	378,333	36,772	-	36,772
Orange County Industrial Development Agency -						
promote economic growth	23,456,376	1,776,128	1,490,950	285,178	-	285,178
City of Newburgh Industrial Development Agency:						
Promote affordable housing	85,243,500	1,235,227	310,653	924,574	349,647	574,927
Promote job retention and growth	<u>854,000</u>	<u>12,375</u>	<u>-</u>	<u>12,375</u>	<u>6,075</u>	<u>6,300</u>
Total	<u>\$ 117,312,522</u>	<u>3,770,203</u>	<u>2,219,357</u>	<u>1,550,846</u>	<u>355,722</u>	<u>1,195,124</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Notes to Financial Statements, Continued

(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. The following is a summary of the District's significant collective bargaining agreements:

<u>Collective Bargaining Unit</u>	<u>Expiration Date</u>
Newburgh Teachers Association, Inc.	June 30, 2025

Other 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.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(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. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

Statement No. 104 - Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.

(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 and Actual - General Fund
 Year ended June 30, 2025

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
Revenue:				
Local sources:				
Real property taxes	\$ 106,704,470	106,704,470	107,125,401	420,931
Other tax items	11,352,058	11,352,058	12,628,261	1,276,203
Charges for services	31,000	31,000	352,824	321,824
Use of money and property	2,515,000	2,515,000	4,658,820	2,143,820
Sale of property and compensation for loss	140,000	140,000	30,814	(109,186)
Miscellaneous	610,000	610,000	2,217,391	1,607,391
State sources	225,389,320	225,389,320	227,338,607	1,949,287
Medicaid reimbursement	450,000	450,000	476,998	26,998
Federal sources	20,000	20,000	-	(20,000)
Other financing sources:				
Transfers from other funds	400,000	400,000	344,292	(55,708)
Approved reserves	<u>11,371,500</u>	<u>14,232,890</u>	<u>-</u>	<u>(14,232,890)</u>
Total revenue and other sources	<u>\$ 358,983,348</u>	<u>361,844,738</u>	<u>355,173,408</u>	<u>(6,671,330)</u>

(Continued)

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Revenue, Expenditures, and Changes in Fund Balance -
 Budget and Actual - General Fund, Continued

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General support:					
Board of education	\$ 239,780	554,620	421,897	-	132,723
Central administration	937,116	1,096,687	1,078,005	-	18,682
Finance	1,847,020	2,046,172	1,780,637	55,080	210,455
Staff	1,527,857	1,539,716	1,432,745	-	106,971
Central services	19,541,359	22,412,400	18,809,165	2,847,775	755,460
Special items	1,697,002	3,146,633	2,100,941	-	1,045,692
Total general support	<u>25,790,134</u>	<u>30,796,228</u>	<u>25,623,390</u>	<u>2,902,855</u>	<u>2,269,983</u>
Instruction:					
Instruction, adm. and imp.	12,523,505	12,870,641	12,527,284	1,000	342,357
Teaching - regular school	80,250,327	78,832,206	77,589,912	205,902	1,036,392
Programs for children with handicapping conditions	58,670,013	59,149,722	56,886,861	1,076,968	1,185,893
Occupational education	4,814,860	4,792,738	4,443,780	14,500	334,458
Special needs	5,000	7,222	2,750	-	4,472
Instructional media	5,255,866	4,779,407	4,500,158	24,499	254,750
Pupil services	19,985,516	21,174,953	19,490,946	662,754	1,021,253
Total instruction	<u>181,505,087</u>	<u>181,606,889</u>	<u>175,441,691</u>	<u>1,985,623</u>	<u>4,179,575</u>
Pupil transportation	24,629,056	25,144,345	24,579,890	-	564,455
Employee benefits	112,731,328	103,411,797	96,044,192	-	7,367,605
Debt service principal	8,434,771	17,234,771	22,234,771	-	(5,000,000)
Debt service interest	3,892,972	2,797,000	2,797,000	-	-
Total expenditures	<u>356,983,348</u>	<u>360,991,030</u>	<u>346,720,934</u>	<u>4,888,478</u>	<u>9,381,618</u>
Other financing uses - transfers to other funds	<u>2,000,000</u>	<u>853,708</u>	<u>7,160,512</u>	<u>-</u>	<u>(6,306,804)</u>
Total expenditures and other uses	<u>\$ 358,983,348</u>	<u>361,844,738</u>	<u>353,881,446</u>	<u>4,888,478</u>	<u>3,074,814</u>
Net change in fund balances			1,291,962		
Fund balance at beginning of year			<u>96,838,763</u>		
Fund balance at end of year			<u>\$ 98,130,725</u>		

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, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability								
Service cost	\$ 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	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	-	-	-	137,769	-	(1,151,558)	-	-
Changes of assumptions	(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	2,680,113	(17,188,470)	673,099	(4,510,730)	(1,890,010)	21,504,331	(20,514)	63,090,036
Benefit payments	<u>(20,506,655)</u>	<u>(17,921,056)</u>	<u>(17,345,215)</u>	<u>(17,237,835)</u>	<u>(16,445,248)</u>	<u>(16,354,979)</u>	<u>(15,836,050)</u>	<u>(15,159,717)</u>
Net change in total OPEB liability	(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	<u>680,831,007</u>	<u>633,186,093</u>	<u>763,280,887</u>	<u>853,599,802</u>	<u>680,877,061</u>	<u>621,422,574</u>	<u>615,545,159</u>	<u>621,865,875</u>
Total OPEB liability - ending	<u>\$ 673,154,532</u>	<u>680,831,007</u>	<u>633,186,093</u>	<u>763,280,887</u>	<u>853,599,802</u>	<u>680,877,061</u>	<u>621,422,574</u>	<u>615,545,159</u>
Covered payroll	\$ 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	433.14%	447.24%	382.23%	523.19%	585.09%	452.46%	427.68%	443.20%

Notes to schedule:

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

<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
3.93%	3.65%	2.16%	2.16%	2.21%	3.51%	3.87%	3.58%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District should present information for those years for which information is available.

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

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, 2025

<u>ERS System - Asset (Liability)</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
The District's proportion of the pension asset (liability)	0.078352%	0.079331%	0.078069%	0.071510%	0.074167%	0.074912%	0.070655%	0.071010%	0.070729%	0.074037%
The District's proportionate share of the net pension asset (liability)	\$ (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)	(11,883,210)
The District's covered payroll	\$ 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	20,746,383
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	44.76%	39.09%	60.08%	23.07%	0.29%	85.19%	23.97%	10.97%	31.27%	57.28%
Plan fiduciary net position as a percentage of the total pension asset (liability)	93.08%	93.88%	90.78%	103.65%	99.95%	86.00%	96.27%	98.00%	95.00%	90.70%
<u>TRS System - Liability (Asset)</u>										
The District's proportion of the net pension asset (liability)	0.691105%	0.699714%	0.693243%	0.686987%	0.707336%	0.695081%	0.687190%	0.679209%	0.671571%	0.683497%
The District's proportionate share of the net pension asset (liability)	\$ 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)	70,993,580
The District's covered payroll	\$ 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	102,670,559
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	-15.78%	6.06%	10.30%	96.94%	16.76%	15.04%	11.10%	4.80%	6.94%	69.15%
Plan fiduciary net position as a percentage of the total pension asset (liability)	102.10%	99.20%	98.60%	113.20%	97.80%	101.50%	101.50%	101.00%	99.00%	110.50%

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Pension Contributions
Year ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>ERS System</u>										
Contractually required contribution	\$ 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	3,881,960
Contribution in relation to the contractually required contribution	<u>4,143,015</u>	<u>3,430,268</u>	<u>3,428,252</u>	<u>2,809,020</u>	<u>3,887,319</u>	<u>3,290,587</u>	<u>3,043,822</u>	<u>3,214,618</u>	<u>3,204,154</u>	<u>3,881,960</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	<u>\$ 30,011,033</u>	<u>29,877,842</u>	<u>27,865,354</u>	<u>25,333,678</u>	<u>25,172,529</u>	<u>23,285,661</u>	<u>20,882,636</u>	<u>20,882,636</u>	<u>21,254,678</u>	<u>20,746,383</u>
Contribution as a percentage of covered payroll	13.80%	11.48%	12.30%	11.09%	15.44%	14.13%	14.58%	15.39%	15.08%	18.71%
<u>TRS System</u>										
Contractually required contribution	\$ 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	17,998,149
Contribution in relation to the contractually required contribution	<u>12,878,943</u>	<u>13,297,875</u>	<u>13,290,689</u>	<u>12,035,338</u>	<u>11,112,336</u>	<u>10,636,512</u>	<u>10,969,680</u>	<u>12,614,496</u>	<u>13,741,368</u>	<u>17,998,149</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	<u>\$ 130,683,415</u>	<u>131,956,410</u>	<u>129,161,215</u>	<u>122,809,571</u>	<u>116,603,736</u>	<u>120,050,929</u>	<u>111,935,510</u>	<u>107,632,218</u>	<u>103,630,226</u>	<u>102,670,559</u>
Contribution as a percentage of covered payroll	9.86%	10.08%	10.29%	9.80%	9.53%	8.86%	9.80%	11.72%	13.26%	17.53%

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, 2025

Change from adopted budget to final budget:

Original budget	\$ 358,983,348
Add prior year's encumbrances	<u>2,861,390</u>
Adopted budget	361,844,738
Additional budget amendments	<u>-</u>
Final budget	<u><u>\$ 361,844,738</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2025-2026 voter approved expenditure budget	\$ 379,252,199
Maximum allowed 4% of 2025-2026 budget	<u>15,170,088</u>
General fund balance subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Appropriated fund balance	\$ 12,917,982
Unassigned fund balance	<u>15,015,175</u>
Total unrestricted fund balance	27,933,157
Less:	
Appropriated fund balance	8,029,504
Encumbrances	<u>4,888,478</u>
Total adjustments	<u>12,917,982</u>
General fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 15,015,175</u></u>
Actual percentage	3.96%

* 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, 2025

Project title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance (Deficit) 6/30/2025
			Prior Years	Current Year	Total		Proceeds of Obligations	State and Federal Aid	Local Sources	Total	
Smart Schools Bond Act	\$ 12,831,056	12,831,056	11,451,147	239,311	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	34,235,513	56,094,615	90,330,128	166,669,872	30,006,534	-	21,104,452	51,110,986	(39,219,142)
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	-
	<u>\$ 424,276,477</u>	<u>426,171,860</u>	<u>202,000,793</u>	<u>56,333,926</u>	<u>258,334,719</u>	<u>167,837,141</u>	<u>173,625,460</u>	<u>16,398,279</u>	<u>25,481,465</u>	<u>215,505,204</u>	<u>(42,829,515)</u>

NEWBURGH ENLARGED CITY SCHOOL DISTRICT
 Other Supplementary Information
 Net Investment in Capital Assets
 June 30, 2025

Capital assets, net		\$ 227,178,642
Deduct:		
Bond anticipation note	\$ 100,000,000	
Short-term portion of bonds	5,723,146	
Long-term portion of bonds payable	27,425,681	
Short-term portion of lease payable	105,369	
Long-term portion of lease payable	166,012	
Accounts payable - capital projects fund	4,517,046	137,937,254
Net investment in capital assets		\$ 89,241,388

**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, 2025, and the related notes to the financial statements which collectively comprise the District’s basic financial statements, and have issued our report thereon dated October 15, 2025.

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 2025-001 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 15, 2025

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2025

Part II - FINANCIAL STATEMENT FINDINGS SECTION

(2025-001) Accounting Records and Significant Audit Adjusting Journal Entries

Criteria - Management is responsible for maintaining accurate accounting records.

Condition - Significant changes occurred in the District staffing during the year resulting in issues in reconciling asset and liability 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 all funds were required in order to accurately report accounting records.

Repeat Finding - This is a repeat finding or item 2024-001 as reported for the year ended June 30, 2024.

Recommendation - We recommend that significant asset and liability 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 69.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Status of Prior Year Audit Findings

June 30, 2025

Reference: 2024-001

Criteria - Management is responsible for maintaining accurate accounting records. Significant changes occurred in the District staffing during the year resulting in issues in reconciling asset and liability accounts in multiple funds and therefore, the accounting records did not accurately reflect appropriate balances.

Status - This finding was repeated as finding 2025-001 in the current year.

Reference: 2024-002

Criteria - Pursuant to Education Law Section 2116-a(3)(a) and Commissioner's Regulations Section 170.12(e)(2), School Districts other than Buffalo, Rochester, Syracuse, Yonkers and New York City and BOCES must submit audited financial statements by October 15, or the next business day if the due date falls on a Saturday or Sunday. Management is responsible for ensuring the timely filing of financial statements.

Status - This finding was cleared in the current year.

Reference: 2024-003

Criteria - This District's general fund balance subject to §1318 of the New York State Real Property Tax Law was in excess of the 4% limit, at 5.03% as of June 30, 2024. The District is not in compliance with §1318 of the New York State Real Property Tax Law as its unassigned fund balance at June 30, 2024 of \$18,073,210 was at 5.03% of the 2024-2025 voter approved expenditure budget.

Status - This finding was cleared in the current year.

NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Corrective Action Plan

Year ended June 30, 2025

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, 2025

CAP Prepared by: Greta Simmons, Treasurer

Email: gsimmons@necsd.net

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

(1) Audit Finding 2025-001

- (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 and liability 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, 2026.
- (d) Person Responsible for Implementation: District Treasurer.