



**NYC
Educational
Construction
Fund**

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND

A COMPONENT UNIT OF THE CITY OF NEW YORK

**Financial Statements
(Together with Independent Auditors' Report)**

June 30, 2025 and 2024

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
(A Component Unit of The City of New York)**

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
New York City Educational Construction Fund

Opinions

We have audited the financial statements of the governmental activities and governmental funds of the New York City Educational Construction Fund (the "Fund"), a component unit of The City of New York, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of the Fund as of June 30, 2025 and 2024, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Fund'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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Fund'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 Fund'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 on pages 3 through 11, the schedule of the Fund's proportionate share of the net pension liability on page 40, the schedule of employer contributions on page 41 and the schedule of changes in total OPEB liability and related ratios on page 42 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.

CBIZ CPAs P.C.

New York, NY
October 8, 2025

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS

The following management's discussion and analysis ("MD&A") of the financial position and performance of the New York City Educational Construction Fund ("ECF" or the "Fund") is for the fiscal years ended June 30, 2025 and 2024. This MD&A is intended to serve as an introduction to the Fund's basic financial statements, which have the following components: (1) government-wide financial statements; (2) governmental funds financial statements; and (3) notes to the financial statements.

The MD&A is designed to focus on current activities, resulting changes, and currently known facts with respect to the Fund's financial position. It should be read in conjunction with the accompanying basic financial statements.

The government-wide financial statements use the economic resource measurement focus and accrual basis of accounting. These statements present information about the reporting government as a whole. The following two statements make up the government-wide financial statements:

- The statements of net position present information on all of the Fund's assets, liabilities and deferred outflows and inflows of resources. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fund has improved or has deteriorated.
- The statements of activities present information showing how the Fund's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash inflows or outflows in future fiscal periods.

The governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. These statements are the governmental funds - balance sheets and the governmental funds - statements of revenues, expenditures and changes in fund balances. Revenue is recognized when it becomes both measurable and available to finance expenditures in the current fiscal year.

The governmental funds financial statements also include a reconciliation between the government-wide and governmental funds statements and the notes to the financial statements, which are an integral part of the financial statements and provide more detailed information to supplement the basic financial statements.

The Fund reports governmental activity using three funds: (1) a General Fund, (2) a Debt Service Fund and (3) a Capital Projects Fund.

OVERVIEW OF THE ORGANIZATION

The Fund was created as a New York State (the "State") public benefit corporation by Article 10 of the Education Law of the State. The Fund was established to develop combined occupancy structures, containing school and non-school portions and is authorized to issue bonds, notes or other obligations to finance those projects. For financial reporting purposes only, the Fund is considered a component unit of The City of New York (the "City").

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024**

FINANCIAL HIGHLIGHTS

The Fund's net operating income (revenues minus operating expenses) increased to \$30.9 million in fiscal year 2025, compared to \$28.0 million in fiscal year 2024 and \$22.4 million in fiscal year 2023. The Fund earned rental income and tax equivalency payments from its existing properties of \$40.8 million in fiscal year 2025, compared to \$39.4 million in fiscal year 2024 and \$35.9 million in fiscal year 2023.

The Fund's 80 Flatbush schools were completed for the September 2024 school opening. Accordingly, \$158 million of construction-in-progress became a depreciable asset, as the schools were placed in service during fiscal year 2025. Thus, the Fund's depreciation increased from \$6.3 million in fiscal year 2024 to \$7.4 million in fiscal year 2025 to include initial depreciation on the 80 Flatbush schools. The current portion of accrued liabilities decreased from \$8.6 million in as of June 30, 2024 to \$1.1 million as of June 30, 2025, in part because ECF paid out retainage as the school construction was completed.

The Fund and developer, Alloy LLC, continue to make significant progress on the completion of the entire combined occupancy structure in downtown Brooklyn. The development includes the new Khalil Gibran International Academy high school, the new PreK-5 school PS 456, and a DOE D75 program, as well as residential and commercial buildings.

The project includes the first "passive house" schools in New York City. Passive houses require less energy to meet the City's 2030 emissions goals. The adjoining mixed-use residential building, which includes affordable housing, is the first all-electric tower in the City.

For Phase 2 of the 80 Flatbush project, the Fund received a one-time \$4 million additional rent payment from the developer in December 2024. Phase 2 will add a second mixed-use tower, which will also include affordable housing and be the tallest passive house building in New York City.

In December 2024, ECF redeemed a portion of its Series 2010A Build America Bonds ("BABs") by paying down \$15,670,000 of the principal. The partial redemption results in \$7.45 million in interest savings that would have been paid through 2040. The net present value savings offset the bond redemption premium of \$1.2 million which is reflected as loss on redemption of bonds in the accompanying financial statements. The redemption also reduces ECF's exposure to further federal budget cuts. For the 2010A bonds, ECF has been receiving somewhat reduced BAB federal subsidy payments, due to federal cuts from sequestration.

In fiscal year 2025, the Fund accrued an additional \$1.1 million of arbitrage rebate liability from interest earned in excess of bond rates, which will need to be rebated to the Internal Revenue Service in future years. As of June 30, 2024, the arbitrage rebate liability was \$848,050. The interest rates earned recently have exceeded the favorably low bond rates when ECF issued the debt.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024**

FINANCIAL HIGHLIGHTS (Continued)

Below is a summary of the total assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30:

Statements of Net Position as of June 30, (\$ in Thousands):			
	2025	2024	2023
ASSETS:			
Capital assets	\$ 360,290	\$ 362,097	\$ 321,324
Leases receivable	338,472	344,196	349,652
Other assets	140,346	145,009	167,944
Total assets	<u>839,108</u>	<u>851,302</u>	<u>838,920</u>
Deferred outflows of resources	<u>1,057</u>	<u>1,116</u>	<u>1,218</u>
LIABILITIES:			
Current liabilities	14,171	21,533	23,036
Long-term liabilities	297,647	324,356	336,162
Total liabilities	<u>311,818</u>	<u>345,889</u>	<u>359,198</u>
Deferred inflows of resources	<u>344,767</u>	<u>353,859</u>	<u>356,237</u>
NET POSITION:			
Net investment in capital assets	65,081	51,995	46,740
Restricted for capital projects	6,448	11,454	61,911
Restricted for debt service	69,024	54,460	50,973
Unrestricted	43,027	34,762	(34,921)
Total net position	<u>\$ 183,579</u>	<u>\$ 152,671</u>	<u>\$ 124,703</u>

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024**

FINANCIAL HIGHLIGHTS (Continued)

Below is a summary of the revenues, expenses and changes in net position for the years ended June 30:

Statements of Activities for the Years Ended June 30, (\$ in Thousands):

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating Revenues:			
Rental income and tax equivalency payments	\$ 40,766	\$ 39,405	\$ 35,855
Interest - leases	1,052	718	523
Additional rent	4,000	-	-
Investment income	5,577	6,510	4,745
Total revenues	<u>51,395</u>	<u>46,633</u>	<u>41,123</u>
Operating Expenses:			
General and administrative expenses	9,835	8,673	8,467
Interest	9,423	9,992	10,218
Loss on redemption of bonds	1,229	-	-
Total operating expenses	<u>20,487</u>	<u>18,665</u>	<u>18,685</u>
Operating income	<u>30,908</u>	<u>27,968</u>	<u>22,438</u>
Change in net position	30,908	27,968	22,438
Net position, beginning of year	<u>152,671</u>	<u>124,703</u>	<u>102,265</u>
Net position, end of year	<u>\$ 183,579</u>	<u>\$ 152,671</u>	<u>\$ 124,703</u>

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024**

FINANCIAL HIGHLIGHTS (Continued)

Below is a summary of the General Fund total assets, liabilities, deferred inflows of resources and fund balances as of June 30:

Balance Sheets - General Fund as of June 30, (\$ in Thousands):

	2025	2024	2023
ASSETS:			
Cash and cash equivalents	\$ 9,188	\$ 6,496	\$ 10,889
Investments	45,777	56,593	31,985
Rent and tax equivalent receivable	98	3	-
Leases receivable	338,472	344,196	349,652
Other assets	383	350	382
Total assets	<u>393,918</u>	<u>407,637</u>	<u>392,908</u>
LIABILITIES:			
Accrued expenses and other liabilities	<u>52</u>	<u>26</u>	<u>5,645</u>
DEFERRED INFLOWS OF RESOURCES:			
Advance rental receipts	8,382	10,501	5,853
Deferred inflows - leases	335,226	341,981	348,736
	<u>343,609</u>	<u>352,482</u>	<u>354,589</u>
FUND BALANCES:			
Nonspendable	3,629	2,564	1,298
Unassigned	46,629	52,565	31,376
Total fund balances	<u>\$ 50,258</u>	<u>\$ 55,129</u>	<u>\$ 32,674</u>

The governmental funds balance sheets differ from the statements of net position, for example, by excluding school property and long-term liabilities. Likewise, governmental funds report the effect of bond premiums and refunding gains when the debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. See pages 16 and 19 for the reconciliation of the governmental funds' statements to the statements of net position and activities.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024**

FINANCIAL HIGHLIGHTS (Continued)

Below is a summary of the changes in the General Fund balances for the years ended June 30:

**Statements of Revenues, Expenditures and Changes in Fund Balances - General Fund
for the Years Ended June 30, (\$ in Thousands):**

	2025	2024	2023
Revenues:			
Rental income and tax equivalency payments	\$ 40,766	\$ 39,405	\$ 35,854
Interest - leases	1,053	718	523
Additional rent	4,000	-	-
Investment income	2,528	2,591	880
Total revenues	<u>48,347</u>	<u>42,714</u>	<u>37,257</u>
Expenditures:			
General and administrative	2,358	2,426	2,249
Total expenditures	<u>2,358</u>	<u>2,426</u>	<u>2,249</u>
Other Financing Sources (Uses):			
Interfund transfers	(50,860)	(17,833)	(32,785)
	<u>(50,860)</u>	<u>(17,833)</u>	<u>(32,785)</u>
Change in fund balances	(4,871)	22,455	2,223
Fund balances, beginning of year	55,129	32,674	30,451
Fund balances, end of year	<u>\$ 50,258</u>	<u>\$ 55,129</u>	<u>\$ 32,674</u>

Below is a summary of the Debt Service Fund total assets, liabilities and fund balances as of June 30:

Balance Sheets - Debt Service Fund as of June 30, (\$ in Thousands):

	2025	2024	2023
ASSETS:			
Restricted investments	\$ 74,074	\$ 58,770	\$ 54,890
Total assets	<u>74,074</u>	<u>58,770</u>	<u>54,890</u>
LIABILITIES:			
Accrued expenses and other liabilities	-	-	357
Total liabilities	<u>-</u>	<u>-</u>	<u>357</u>
FUND BALANCES:			
Restricted	74,074	58,770	54,533
Total fund balances	<u>\$ 74,074</u>	<u>\$ 58,770</u>	<u>\$ 54,533</u>

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024**

FINANCIAL HIGHLIGHTS (Continued)

Below is a summary of the changes in the Debt Service Fund balances for the years ended June 30:

**Statements of Revenues, Expenditures and Changes in Fund Balances - Debt Service Fund
for the Years Ended June 30, (\$ in Thousands):**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Revenues:			
Investment income	\$ 3,070	\$ 2,423	\$ 461
Total revenues	<u>3,070</u>	<u>2,423</u>	<u>461</u>
Expenditures:			
Bond principal payments	24,260	8,215	6,850
Interest expense	13,139	13,393	13,616
Loss on redemption of bonds	1,229	-	-
Total expenditures	<u>38,628</u>	<u>21,608</u>	<u>20,466</u>
Other Financing Sources (Uses):			
Interfund transfers	50,862	23,422	27,034
	<u>50,862</u>	<u>23,422</u>	<u>27,034</u>
Change in fund balances	15,304	4,237	7,029
Fund balances, beginning of year	<u>58,770</u>	<u>54,533</u>	<u>47,504</u>
Fund balances, end of year	<u>\$ 74,074</u>	<u>\$ 58,770</u>	<u>\$ 54,533</u>

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024**

FINANCIAL HIGHLIGHTS (Continued)

Below is a summary of the Capital Projects Fund total assets, liabilities and fund balances as of June 30:

Balance Sheets - Capital Projects Fund as of June 30, (\$ in Thousands):

	<u>2025</u>	<u>2024</u>	<u>2023</u>
ASSETS:			
Restricted investments	\$ 7,278	\$ 19,857	\$ 66,906
Total assets	<u>7,278</u>	<u>19,857</u>	<u>66,906</u>
LIABILITIES:			
Accrued expenses and other liabilities	830	8,403	4,995
Total liabilities	<u>830</u>	<u>8,403</u>	<u>4,995</u>
FUND BALANCES:			
Restricted	6,448	11,454	61,911
Total fund balances	<u>\$ 6,448</u>	<u>\$ 11,454</u>	<u>\$ 61,911</u>

Below is a summary of the changes in the Capital Projects Fund balances for the years ended June 30:

**Statements of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Fund
for the Years Ended June 30, (\$ in Thousands):**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Revenues:			
Investment income	\$ 617	\$ 2,218	\$ 2,797
Total revenues	<u>617</u>	<u>2,218</u>	<u>2,797</u>
Expenditures:			
Capital expenditures	5,621	47,079	62,376
Site evaluation and development costs	-	8	54
Total expenditures	<u>5,621</u>	<u>47,087</u>	<u>62,430</u>
Other Financing Sources (Uses):			
Interfund transfers	(2)	(5,588)	5,750
	<u>(2)</u>	<u>(5,588)</u>	<u>5,750</u>
Change in fund balances	(5,006)	(50,457)	(53,883)
Fund balances, beginning of year	<u>11,454</u>	<u>61,911</u>	<u>115,794</u>
Fund balances, end of year	<u>\$ 6,448</u>	<u>\$ 11,454</u>	<u>\$ 61,911</u>

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024**

FINANCIAL HIGHLIGHTS (Continued)

Other Selected Financial Information for the Years Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Ratio of revenues to:			
General and administrative expenses	5.23	5.38	4.86
General and administrative expenses, excluding depreciation and OPEB expense	22.31	19.24	18.05
Total assets	0.06	0.05	0.05
Debt related ratios:			
Debt coverage ratio	2.26	2.05	1.90

CURRENT NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND COMPLETED PROJECTS

PS 126 ¹	175 West 166 th Street	Bronx
Murry Bergtraum HS ¹	411 Pearl Street	Manhattan
Early Childhood Center	577 East 139 th Street	Bronx
PS 169	110 East 88 th Street	Manhattan
Early Childhood Center	234 Herkimer Street	Brooklyn
PS 99 Annex	82-37 Kew Gardens Road	Queens
Norman Thomas HS ¹	111 East 33 rd Street	Manhattan
PS 205	2475 and 2375 Southern Boulevard	Bronx
American Sign Language and English School (J47) Annex	225 East 23 rd Street	Manhattan
Terence D. Tolbert Campus	625 West 133 rd Street	Manhattan
PS 124	40 Division Street	Manhattan
Park West Campus HS	525 West 50 th Street	Manhattan
PS 89/IS 289	201 Warren Street	Manhattan
PS 267	213 East 63 rd Street	Manhattan
MS 114	331 East 91 st Street	Manhattan
PS 59/HS of Art and Design	250 East 57 th Street	Manhattan
Khalil Gibran Int. Academy + PS456	362 Schermerhorn/80 Flatbush	Brooklyn

PENDING PROJECTS/ IN PROCESS

COOP Tech	321 East 96 th Street	Manhattan
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ECONOMIC FACTORS AND FUTURE RESULTS

In fiscal year 2026, the Fund expects rental and tax equivalency revenues to continue to grow. Management expects fiscal year 2026 expenses to remain at or near 2025 levels.

Contact Information

This financial report is designed to provide a general overview of the Fund's finances. Questions concerning any data provided in this report or requests for additional information should be directed to Cynthia Wong, Chief Financial Officer, New York City Educational Construction Fund, 25-01 Jackson Avenue, 14th Floor, Long Island City, New York 11101.

¹ Non-school portion is no longer Fund property.

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents (Notes 2C and 3)	\$ 9,188,154	\$ 6,495,955
Investments (Notes 2D and 3)	45,777,336	56,592,792
Restricted investments (Notes 2D, 2E and 3)	81,351,732	78,626,443
Interest receivable on investments	1,524,156	1,075,063
Interest subsidy receivable (Note 6)	369,285	212,130
Rent and tax equivalent receivable	98,459	2,918
Leases receivable (Notes 2K and 4)	338,471,619	344,195,760
Prepaid expenses and other current assets	383,228	349,877
Site evaluation and development costs (Note 2F)	1,653,452	1,653,452
Capital assets (Notes 2G and 5):		
Nondepreciable	-	151,974,525
Depreciable, net	<u>360,290,106</u>	<u>210,122,821</u>
TOTAL ASSETS	<u>839,107,527</u>	<u>851,301,736</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension (Notes 2L, 2N and 8)	116,973	183,581
Deferred outflows - other postemployment benefits (Notes 2M, 2N and 9)	152,835	52,291
Deferred outflows - bond refunding (Notes 2N and 6)	<u>786,971</u>	<u>880,554</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,056,779</u>	<u>1,116,426</u>
LIABILITIES		
Accrued interest on revenue bonds (Note 6)	3,114,208	3,461,624
Accrued expenses and other liabilities (Notes 2J and 11)		
Due within one year	1,136,855	8,633,555
Due in more than one year	1,935,717	848,050
Other postemployment benefits liability (Notes 2M and 9)	1,493,076	1,414,601
Net pension liability (Notes 2L and 8)	232,648	229,675
Revenue bonds, net of unamortized bond discount/premium (Notes 2I, 6 and 11)		
Due within one year	9,920,000	8,590,000
Due in more than one year	<u>293,985,489</u>	<u>322,711,374</u>
TOTAL LIABILITIES	<u>311,817,993</u>	<u>345,888,879</u>
DEFERRED INFLOWS OF RESOURCES		
Advance rental and tax equivalency receipts (Notes 2K and 2N)	8,382,419	10,501,179
Deferred inflows - bond refunding (Notes 2N and 6)	1,022,162	1,191,167
Deferred inflows - pension (Notes 2L, 2N and 8)	22,760	122,059
Deferred inflows - other postemployment benefits (Notes 2M, 2N and 9)	113,311	63,191
Deferred inflows - leases (Notes 2K and 2N)	<u>335,226,253</u>	<u>341,981,119</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>344,766,905</u>	<u>353,858,715</u>
COMMITMENTS AND CONTINGENCIES (Note 10)		
NET POSITION (Notes 2P and 7)		
Net investment in capital assets	65,080,519	51,995,345
Restricted for:		
Capital projects	6,447,590	11,453,469
Debt service	69,024,166	54,460,235
Unrestricted	<u>43,027,133</u>	<u>34,761,519</u>
TOTAL NET POSITION	<u>\$ 183,579,408</u>	<u>\$ 152,670,568</u>

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES:		
Revenue from leases (Notes 2K and 4)		
Rents and tax equivalency payments, net of refunds	\$ 40,766,211	\$ 39,405,048
Interest - leases	1,052,469	718,314
Additional rent (Note 4)	4,000,000	-
Investment income (Notes 3 and 11)	<u>5,576,643</u>	<u>6,510,009</u>
TOTAL OPERATING REVENUES	<u>51,395,323</u>	<u>46,633,371</u>
OPERATING EXPENSES:		
General and administrative expenses, including depreciation expense of \$7,428,532 and \$6,306,125 for the years ended June 30, 2025 and 2024, respectively	9,834,594	8,673,394
Interest on bonds (Note 6)	9,423,361	9,992,093
Loss on redemption of bonds (Note 6)	<u>1,228,528</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>20,486,483</u>	<u>18,665,487</u>
OPERATING INCOME	<u>30,908,840</u>	<u>27,967,884</u>
CHANGE IN TOTAL NET POSITION	30,908,840	27,967,884
NET POSITION - BEGINNING OF YEAR	<u>152,670,568</u>	<u>124,702,684</u>
NET POSITION - END OF YEAR	<u>\$ 183,579,408</u>	<u>\$ 152,670,568</u>

The accompanying notes are an integral part of these financial statements.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
GOVERNMENTAL FUNDS - BALANCE SHEET
JUNE 30, 2025**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 9,188,154	\$ -	\$ -	\$ 9,188,154
Investments	45,777,336	-	-	45,777,336
Restricted investments	-	7,277,641	74,074,091	81,351,732
Rent and tax equivalent receivable	98,459	-	-	98,459
Leases receivable	338,471,619	-	-	338,471,619
Prepaid expenses and other current assets	<u>383,228</u>	<u>-</u>	<u>-</u>	<u>383,228</u>
TOTAL ASSETS	<u>\$ 393,918,796</u>	<u>\$ 7,277,641</u>	<u>\$ 74,074,091</u>	<u>\$ 475,270,528</u>
LIABILITIES:				
Accrued expenses and other liabilities	<u>\$ 52,606</u>	<u>\$ 830,051</u>	<u>\$ -</u>	<u>\$ 882,657</u>
TOTAL LIABILITIES	<u>52,606</u>	<u>830,051</u>	<u>-</u>	<u>882,657</u>
DEFERRED INFLOWS OF RESOURCES:				
Advance rental receipts	8,382,419	-	-	8,382,419
Deferred inflows - leases	<u>335,226,253</u>	<u>-</u>	<u>-</u>	<u>335,226,253</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>343,608,672</u>	<u>-</u>	<u>-</u>	<u>343,608,672</u>
FUND BALANCES (Note 2O):				
Nonspendable	3,628,594	-	-	3,628,594
Restricted	-	6,447,590	74,074,091	80,521,681
Unassigned	<u>46,628,924</u>	<u>-</u>	<u>-</u>	<u>46,628,924</u>
TOTAL FUND BALANCES	<u>50,257,518</u>	<u>6,447,590</u>	<u>74,074,091</u>	<u>130,779,199</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 393,918,796</u>	<u>\$ 7,277,641</u>	<u>\$ 74,074,091</u>	<u>\$ 475,270,528</u>

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
GOVERNMENTAL FUNDS - BALANCE SHEET
JUNE 30, 2024**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 6,495,955	\$ -	\$ -	\$ 6,495,955
Investments	56,592,792	-	-	56,592,792
Restricted investments	-	19,856,534	58,769,909	78,626,443
Rent and tax equivalent receivable	2,918	-	-	2,918
Leases receivable	344,195,760	-	-	344,195,760
Prepaid expenses and other current assets	<u>349,877</u>	<u>-</u>	<u>-</u>	<u>349,877</u>
TOTAL ASSETS	<u>\$ 407,637,302</u>	<u>\$ 19,856,534</u>	<u>\$ 58,769,909</u>	<u>\$ 486,263,745</u>
LIABILITIES:				
Accrued expenses and other liabilities	<u>\$ 25,912</u>	<u>\$ 8,403,065</u>	<u>\$ -</u>	<u>\$ 8,428,977</u>
TOTAL LIABILITIES	<u>25,912</u>	<u>8,403,065</u>	<u>-</u>	<u>8,428,977</u>
DEFERRED INFLOWS OF RESOURCES:				
Advance rental receipts	10,501,179	-	-	10,501,179
Deferred inflows - leases	<u>341,981,119</u>	<u>-</u>	<u>-</u>	<u>341,981,119</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>352,482,298</u>	<u>-</u>	<u>-</u>	<u>352,482,298</u>
FUND BALANCES (Note 2O):				
Nonspendable	2,564,518	-	-	2,564,518
Restricted	-	11,453,469	58,769,909	70,223,378
Unassigned	<u>52,564,574</u>	<u>-</u>	<u>-</u>	<u>52,564,574</u>
TOTAL FUND BALANCES	<u>55,129,092</u>	<u>11,453,469</u>	<u>58,769,909</u>	<u>125,352,470</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 407,637,302</u>	<u>\$ 19,856,534</u>	<u>\$ 58,769,909</u>	<u>\$ 486,263,745</u>

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Total fund balances - governmental funds	\$ 130,779,199	\$ 125,352,470
Amounts reported for governmental activities in the statements of net position are different because:		
School property and related costs used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	360,290,106	362,097,346
Bond premiums/discounts are reported as other financing sources in the governmental funds financial statements. However, in the statements of net position, bond premiums/discounts are reported as a component of bonds payable and amortized over the lives of the related debt.	(46,085,489)	(49,221,374)
Assets that are not measurable or will not become available to finance expenditures in the current period are not reported in the governmental funds financial statements. These assets include:		
Interest receivable on investments	1,524,156	1,075,063
Interest subsidy receivable	369,285	212,130
Site evaluation and development costs	1,653,452	1,653,452
Long-term liabilities are not due and payable in the current period from currently available financial resources and are therefore not reported in the governmental funds financial statements. These liabilities include:		
Revenue bonds	(257,820,000)	(282,080,000)
Accrued interest on bonds and accrued arbitrage liability	(5,049,925)	(4,309,674)
Accrued vacation and sick pay	(254,198)	(204,578)
Net pension liability	(232,648)	(229,675)
Other postemployment benefits liability	(1,493,076)	(1,414,601)
Governmental funds do not report the effect of gains or losses on refunding bonds and deferred outflows/inflows related to pensions, other postemployment benefits and leases as these amounts are deferred and amortized in the statements of activities.		
Pension	94,213	61,522
Other postemployment benefits	39,524	(10,900)
Loss/gain on refunding	<u>(235,191)</u>	<u>(310,613)</u>
Net position of governmental activities	<u>\$ 183,579,408</u>	<u>\$ 152,670,568</u>

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES:				
Rental income and tax equivalency payments, net of refunds	\$ 40,766,211	\$ -	\$ -	\$ 40,766,211
Interest - leases	1,052,469	-	-	1,052,469
Additional rent	4,000,000	-	-	4,000,000
Investment income	<u>2,528,418</u>	<u>616,926</u>	<u>3,069,873</u>	<u>6,215,217</u>
TOTAL REVENUES	<u>48,347,098</u>	<u>616,926</u>	<u>3,069,873</u>	<u>52,033,897</u>
EXPENDITURES:				
General and administrative	2,358,109	-	-	2,358,109
Capital expenditures	-	5,621,292	-	5,621,292
Bond principal payments	-	-	24,260,000	24,260,000
Interest expense	-	-	13,139,239	13,139,239
Loss on redemption of bonds	<u>-</u>	<u>-</u>	<u>1,228,528</u>	<u>1,228,528</u>
TOTAL EXPENDITURES	<u>2,358,109</u>	<u>5,621,292</u>	<u>38,627,767</u>	<u>46,607,168</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>45,988,989</u>	<u>(5,004,366)</u>	<u>(35,557,894)</u>	<u>5,426,729</u>
OTHER FINANCING SOURCES (USES):				
Interfund transfers	<u>(50,860,563)</u>	<u>(1,513)</u>	<u>50,862,076</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,860,563)</u>	<u>(1,513)</u>	<u>50,862,076</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(4,871,574)	(5,005,879)	15,304,182	5,426,729
FUND BALANCES - BEGINNING OF YEAR	<u>55,129,092</u>	<u>11,453,469</u>	<u>58,769,909</u>	<u>125,352,470</u>
FUND BALANCES - END OF YEAR	<u>\$ 50,257,518</u>	<u>\$ 6,447,590</u>	<u>\$ 74,074,091</u>	<u>\$ 130,779,199</u>

The accompanying notes are an integral part of these financial statements.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES:				
Rental income and tax equivalency payments, net of refunds	\$ 39,405,048	\$ -	\$ -	\$ 39,405,048
Interest - leases	718,314	-	-	718,314
Investment income	<u>2,590,757</u>	<u>2,217,859</u>	<u>2,422,509</u>	<u>7,231,125</u>
TOTAL REVENUES	<u>42,714,119</u>	<u>2,217,859</u>	<u>2,422,509</u>	<u>47,354,487</u>
EXPENDITURES:				
General and administrative	2,425,756	-	-	2,425,756
Capital expenditures	-	47,079,015	-	47,079,015
Site evaluation and development costs	-	7,616	-	7,616
Bond principal payments	-	-	8,215,000	8,215,000
Interest expense	<u>-</u>	<u>-</u>	<u>13,393,099</u>	<u>13,393,099</u>
TOTAL EXPENDITURES	<u>2,425,756</u>	<u>47,086,631</u>	<u>21,608,099</u>	<u>71,120,486</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>40,288,363</u>	<u>(44,868,772)</u>	<u>(19,185,590)</u>	<u>(23,765,999)</u>
OTHER FINANCING SOURCES (USES):				
Interfund transfers	<u>(17,833,329)</u>	<u>(5,588,792)</u>	<u>23,422,121</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(17,833,329)</u>	<u>(5,588,792)</u>	<u>23,422,121</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	22,455,034	(50,457,564)	4,236,531	(23,765,999)
FUND BALANCES - BEGINNING OF YEAR	<u>32,674,058</u>	<u>61,911,033</u>	<u>54,533,378</u>	<u>149,118,469</u>
FUND BALANCES - END OF YEAR	<u>\$ 55,129,092</u>	<u>\$ 11,453,469</u>	<u>\$ 58,769,909</u>	<u>\$ 125,352,470</u>

The accompanying notes are an integral part of these financial statements.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
RECONCILIATIONS OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Net changes in fund balances - governmental funds	\$ 5,426,729	\$ (23,765,999)
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital outlays	5,621,292	47,079,015
Site evaluation and development costs	-	7,616
Depreciation expense	(7,428,532)	(6,306,125)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statements of activities (except the effects of debt issuance costs). This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments of bonds	24,260,000	8,215,000
Bond premium/discount	3,135,885	3,226,786
Gain/loss on refunding	75,422	82,071
Investment and interest income	(638,574)	(721,116)
Some net expenses reported in the statements of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		
Interest	504,571	92,149
Pension	29,718	(37,379)
Other postemployment benefits	(28,051)	116,317
Compensated absences	(49,620)	(20,451)
Change in net position of governmental activities	<u>\$ 30,908,840</u>	<u>\$ 27,967,884</u>

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The New York City Educational Construction Fund (the “Fund”) was created in 1967 as a New York State (the “State”) public benefit corporation by Article 10 of the Education Law of the State. The Fund was established to develop combined occupancy structures, containing school and non-school portions and is authorized to issue bonds, notes or other obligations to finance those projects. Although legally separate from the City, the Fund is a component unit of The City of New York (the “City”) and is included in the City’s financial statements as a blended component unit in accordance with Governmental Accounting Standards Board (“GASB”) standards.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

The government-wide financial statements of the Fund, which include the statements of net position and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with GASB standards. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Fund’s governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal year. Revenues are generally considered available if expected to be received within 60 days after the fiscal year-end. Expenditures are recognized when the related liability is incurred, except for principal and interest on long-term debt and estimated arbitrage rebate liability, which are recognized when due.

The reconciliations of the governmental funds balance sheets to the statements of net position and the reconciliations of the governmental funds statements of revenues, expenditures and changes in the fund balances to the statements of activities are presented to assist the reader in understanding the differences between the government-wide and governmental funds financial statements.

B. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include depreciable lives of school buildings, other postemployment healthcare benefit (“OPEB”) obligations and contingencies. Actual results could differ from those estimates.

C. *Cash and Cash Equivalents*

Cash and cash equivalents consist of money market funds as well as highly liquid debt investments with a maturity of three months or less from date of purchase. Cash equivalents are normally held to maturity and are carried at cost plus accrued interest. The Fund’s policy is to invest idle cash balances (see Note 3 for details).

D. *Investments*

Investments are generally limited to: obligations of government sponsored agencies, U.S. Treasury obligations or repurchase agreements collateralized by U.S. Treasury obligations or other government or government sponsored agencies in accordance with the terms of the Fund’s Revenue Bond Resolution and the Fund’s Policy on Investments. Short-term investments are reported at cost plus accrued interest, which approximates fair value due to the short maturities of these instruments. Long-term investments are reported at fair value.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. *Restricted Assets*

Restricted assets represent cash and investments maintained in accordance with bond resolutions for the purpose of funding certain debt service payments and construction spending.

F. *Site Evaluation and Development Costs*

The Fund capitalizes site evaluation and development costs. When the Fund determines that a project is not feasible, all related costs are charged to operations. When the Fund commences construction, all related costs are added to the cost of construction.

G. *School Property and Related Costs*

Buildings are carried at depreciated cost. Depreciation expense is calculated using the straight-line method based upon the estimated useful lives of the buildings, which are between 45 and 75 years.

Maintenance and repairs of school property are charged to expense in the period incurred.

H. *Bond Issuance Costs*

Bond issuance costs are recognized as costs in the period incurred.

I. *Unamortized Bond Premium/Discount*

Bond premiums and discounts are being amortized over the life of the bonds using the effective-interest method.

J. *Compensated Absences*

Compensated absences for the Fund represent both vacation and sick pay earned by employees. Compensated absences are based on an employee's length of employment and are earned ratably during the span of employment. Upon termination, employees are paid for up to four years of accrued vacation depending upon their length of service and are paid for half of their accrued sick leave up to a maximum of 200 days. Accordingly, the maximum sick leave payment at termination is for 100 days.

Amounts of accumulated compensated absences that are not expected to be liquidated with expendable available financial resources are maintained separately and represent a reconciling item between the governmental fund financial statements and government-wide financial statements.

K. *Revenue from Leases*

Upon the adoption of GASB Statement No. 87, *Leases*, the Fund has recognized leases receivable measured at the present value of lease payments expected to be received during the lease terms, for those lease payments that are fixed or are variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate). The leases receivable are being amortized with interest revenue being recognized over the terms of the leases. A deferred inflow of resources was recognized in an amount equal to the initial measurement of the leases receivable. Rental revenue is recognized on a straight-line basis over the term of the leases and the deferred inflows of resources is reduced in the same manner.

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rental income and tax equivalency payments that are variable are recognized as revenues in the period to which those payments relate. Advance rental receipts consist of advance rental and tax equivalency payments for the non-school portion of the projects. Such amounts are reported as deferred inflows of resources in the statements of net position and in the governmental funds balance sheets.

L. *Net Pension Liability*

The net pension liability represents the Fund's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System ("ERS"). Measurement of the total net pension liability, on which the net pension liability is based, requires the use of assumptions made by ERS about numerous future events that affect the benefit payments that will be made to employees in retirement. Pension liability, expense, deferred outflows of resources and deferred inflows of resources are recognized by the Fund for its proportionate share of the collective amounts within the ERS plan, measured based on an allocation methodology (see Note 8).

M. *Other Postemployment Benefits*

The Fund provides health insurance coverage for retired employees and their spouses and eligible dependents. All of the Fund's employees become eligible for these benefits when they reach normal retirement age while working for the Fund. Health care benefits are provided through an insurance company. See Note 9 for additional information on OPEB.

N. *Deferred Outflows and Inflows of Resources*

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

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

As of June 30, 2025 and 2024, the Fund reported deferred outflows of resources of \$786,971 and \$880,554, respectively, and deferred inflows of resources of \$1,022,162 and \$1,191,167, respectively, for a deferred loss/gain on refunding bonds in the statements of net position. These amounts result from the difference in the carrying value of the refunded debt and its reacquisition prices. The amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt (see Note 6).

As of June 30, 2025 and 2024, the Fund has also reported deferred inflows of resources of \$8,382,419 and \$10,501,179, respectively, for advance rental and tax equivalency payments for the non-school portion of the projects. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

The Fund has also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and OPEB obligations. These amounts are detailed in the discussion of the pension and OPEB benefit plans in Notes 8 and 9.

As discussed in Note 2K, the Fund recognized deferred inflows of resources relating to its lease revenues. As of June 30, 2025 and 2024, such deferred inflows of resources amounted to \$335,226,253 and \$341,981,119, respectively.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. *Net Position/Fund Balances*

The Fund's net position is reported in the statements of net position in the following categories:

- Net investment in capital assets
- Restricted for:
 - Capital projects
 - Debt service
- Unrestricted

Net investment in capital assets includes capital assets, net of related debt (excluding unspent capital-related proceeds) and capital-related deferred inflows of resources, site evaluation and development costs and liabilities for related revenue bonds.

General Fund: The General Fund is the principal operating fund. It is used to account for all financial resources except those required to be accounted for in another governmental fund.

Capital Projects Fund: The Capital Projects Fund represents amounts restricted by bond resolution for spending on capital projects. As of June 30, 2025 and 2024, Capital Projects funds amounted to \$7,277,641 and \$19,856,534, respectively, and consisted of proceeds from the 2021 Series B Revenue Bonds that are restricted for the Khalil Gibran International Academy/80 Flatbush project.

Debt Service Fund: The Debt Service Funds consists mainly of accounts for each debt issuance. Amounts on deposit in the Debt Service Funds are used for the payment of debt service on the Fund's bonds.

The Debt Service Reserve Funds are required to maintain a balance equal to the maximum annual debt service on the bonds. As of June 30, 2025 and 2024, the balances in the Debt Service Reserve Funds totaled \$74,074,091 and \$58,769,909, respectively, to meet the required minimum.

The Debt Service Fund is funded by specific proceeds from the Revenue Bonds. There is one account for each bond established in the Debt Service Reserve Fund. All revenues are deposited in the operating account. Revenues are required to be disbursed in accordance with the priority set forth in the Series Bond Resolutions.

Fund balances are classified as either: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned in accordance with GASB standards.

The Fund reported the fund balances in its governmental funds balance sheets in the following categories: nonspendable, restricted and unassigned.

Nonspendable includes amounts that cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. This includes fund balances related to prepaid expenses.

Restricted includes amounts that can be spent only for a specific purpose stipulated by a bond resolution. Restricted balances are restricted for capital spending and debt service.

Unassigned includes the residual classification of the general fund and includes all spendable amounts not contained in other classifications.

The Board of Trustees (the "Board") of the Fund constitutes the Fund's highest level of decision-making authority. If and when resolutions are adopted by the Board that constrain fund balances for a specific purpose, such resources are accounted for and reported as committed for such purpose unless and until a subsequent resolution altering the commitment is adopted by the Board.

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If and when fund balances are constrained for use for a specific purpose based on the direction of any officer of the Fund who is duly authorized to direct the movement of such funds, such fund balances are accounted for and reported as assigned for such purpose, unless or until a subsequent authorized action by the same or another duly authorized officer, or by the Board, is taken which removes or changes the assignment.

Resources that are not constrained are reported as unrestricted in the statements of net position and unassigned in the governmental funds balance sheets.

When both restricted and unrestricted resources are available for use for a specific purpose, it is the Fund's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use for a specific purpose, it is the Fund's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

P. *Recent Accounting Pronouncements*

As a component unit of the City, the Fund implements new GASB standards in the same fiscal year as they are implemented by the City. The following are discussions of the standards requiring implementation in the current year and standards which may impact the Fund in the future years.

- GASB Statement No. 101, *Compensated Absences* ("GASB 101"), is effective for fiscal years beginning after December 15, 2023 and has been issued to align the recognition and measurement guidance of compensated absences. GASB 101 requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled otherwise. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The adoption of GASB 101 did not have a significant impact to the financial statements.
- GASB Statement No. 102, *Certain Risk Disclosures* ("GASB 102") is effective for fiscal years beginning after June 15, 2024. GASB 102 improves financial reporting by providing timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The adoption of GASB 102 did not have a significant impact to the financial statements.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, ("GASB 103") is effective for fiscal years beginning after June 15, 2025. GASB 103 seeks to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Fund has not completed its evaluation of GASB 103, but does not anticipate any material impact.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, ("GASB 104") is effective for fiscal years beginning after June 15, 2025. GASB 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosure. The statement also required additional disclosures for capital assets held for sale and for such assets to be evaluated each report period. The Fund has not completed its evaluation of GASB 104, but does not anticipate any material impact.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Fund invests monies held in any funds or accounts not required for immediate use or disbursement. Such funds are invested in obligations of the State or the United States government or obligations the principal of and interest on which are guaranteed by the City, the State or the United States government, or obligations of agencies or instrumentalities of the United States government, which may from time to time be legally purchased by savings banks of the State as investments of funds belonging to them or in their control.

The Fund maintains cash balances at several banks. Accounts at each bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At June 30, 2025 and 2024, uninsured bank balances of approximately \$3,500,000 and \$4,300,000, respectively, were fully collateralized with securities held by several banks in the Fund's name.

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Fund's total cash, cash equivalents and investments at June 30, 2025 and 2024 were \$136,317,222 (\$54,965,490 unrestricted and \$81,351,732 restricted) and \$141,715,190 (\$63,088,747 unrestricted and \$78,626,443 restricted), respectively. Investments consisted primarily of U.S. treasury bills and notes and U.S. government agency securities.

Cash, cash equivalents, investments, and restricted investments were as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Insured	\$ 63,371	\$ 210,005
Collateralized:		
Bank of NY Investment Surplus	45,777,336	56,592,792
Chase Investment Administrative	1,476,737	2,392,372
Bank of NY - Cash Surplus	5,486,377	1,980,464
Bank of NY Debt Service 2010A	8,555,887	5,831,425
Bank of NY Debt Service Reserve 2010A	4,267,074	4,138,265
Bank of NY Debt Service 2018A	11,682,232	10,582,586
Bank of NY Debt Service Reserve 2018A	5,511,712	5,695,462
Bank of NY Debt Service 2021A	14,536,208	9,119,574
Bank of NY Debt Service Reserve 2021A	6,549,000	6,236,883
Bank of NY Debt Service 2021B	15,690,229	10,127,510
Bank of NY Debt Service Reserve 2021B	7,281,749	7,038,204
Bank of NY 2021B Construction Investment	7,277,641	19,856,534
Chase Investment 96th Street	2,161,669	1,913,114
Total Deposits	<u>\$ 136,317,222</u>	<u>\$ 141,715,190</u>

Custodial Credit Risk – Deposits/Investments. Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government entity may be unable to recover deposits or recover collateral securities that are in possession of an outside agency. All deposits/investments are registered and are held by the Fund's agent in the Fund's name.

Credit Risk. New York State Education Law authorizes the Fund to invest in obligations of the U.S. Treasury and federal agencies along with municipal obligations, commercial or finance company paper, repurchase obligations, securities bearing interest or sold at a discount that are issued by domestic corporations, and units of taxable money market funds rated in the highest rating category by Standard & Poor's and Moody's, and investment agreements or guaranteed investment contracts with a financial institution, corporation, registered broker/dealer or domestic commercial bank whose senior long-term debt obligations are rated in one of the two highest long-term rating categories by at least two rating services.

Concentration of Credit Risk. The Fund places no limit on the amount invested in any one issuer. As of June 30, 2025 and 2024, all investments were in obligations of the U.S. Treasury and federal agencies.

Interest Rate Risk. The Fund manages its exposure to declines in fair values of its investment portfolio due to increases in interest rates by limiting the weighted average maturity of its non-restricted investments to less than one year. As of June 30, 2025 and 2024, all investment maturities were less than one year, except for a U.S. Treasury note held which matures in June 2026.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Information about the carrying values and fair values of restricted investments by type of investment was as follows as of June 30:

	June 30, 2025		June 30, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
U.S. Government securities	\$ 73,453,708	\$ 74,036,444	\$ 77,807,594	\$ 78,317,922
U.S. Government agency obligations	767,889	781,838	808,817	821,725
Cash and money market funds	7,130,135	7,130,135	10,032	10,032
Total restricted investments	<u>\$ 81,351,732</u>	<u>\$ 81,948,417</u>	<u>\$ 78,626,443</u>	<u>\$ 79,149,679</u>

The Fund categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Fund had the following recurring fair value measurements as of June 30, 2025 and 2024:

- U.S. Treasury securities of approximately \$7,200,000 and \$7,000,000, respectively, were valued using quoted market prices (Level 1 inputs).

NOTE 4 – LEASES RECEIVABLE

The Fund is reporting lease receivables of \$338,471,619 and \$344,195,760 at June 30, 2025 and 2024, respectively. The leases receivable were discounted to present value using the Fund's estimated borrowing rate of 3.14% at the time of the adoption of GASB 87 (July 1, 2020). All the Fund's leases relate to the various properties under management as described in Note 5. The lease terms vary and are specific to each of the individual tenants.

For Phase 2 of the 80 Flatbush project, the Fund received a one-time \$4 million additional rent payment from the developer in December 2024. The additional rent payment was due upon the developer obtaining financing.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 – LEASES RECEIVABLE (Continued)

Future rental payments due to the Fund under non-cancelable agreements are as follows for the years ending June 30:

Fiscal Years	Principal	Interest	Total
2026	\$ 5,624,902	\$ 1,146,486	\$ 6,771,388
2027	5,612,972	1,356,226	6,969,198
2028	5,526,101	1,550,681	7,076,782
2029	5,632,840	1,807,136	7,439,976
2030	5,594,641	2,026,913	7,621,554
2031-2035	32,514,917	16,478,032	48,992,949
2036-2040	44,397,989	33,048,071	77,446,060
2041-2045	34,853,231	36,108,142	70,961,373
2046-2050	32,141,802	44,063,309	76,205,111
2051-2055	25,323,796	44,876,920	70,200,716
2056-2060	21,940,314	49,032,527	70,972,841
2061-2065	24,741,665	68,671,890	93,413,555
2066-2070	21,309,692	72,597,383	93,907,075
2071-2075	18,368,523	76,110,676	94,479,199
2076-2080	23,953,338	122,028,576	145,981,914
2081-2085	13,757,197	84,174,674	97,931,871
2086-2090	12,386,337	87,497,350	99,883,687
2091-2095	786,355	6,734,652	7,521,007
2096-2100	781,033	7,937,876	8,718,909
2101-2105	775,746	9,331,859	10,107,605
2106-2110	770,495	10,946,989	11,717,484
2111-2115	765,281	12,818,495	13,583,776
2116-2120	760,101	12,987,218	13,747,319
2121	152,351	3,306,927	3,459,278
	<u>\$ 338,471,619</u>	<u>\$ 806,639,008</u>	<u>\$ 1,145,110,627</u>

NOTE 5 – CAPITAL ASSETS

The City conveyed land to the Fund at no cost for the development of eighteen schools. The land for fifteen schools is being used for combined schools and housing units and the land for two schools is being used for combined schools and commercial buildings. One building was sold in 2012. All of the schools are completed, in use, and classified as school buildings. Of the eighteen schools, seven were financed by the 1972 Series A Revenue Bonds, which have been defeased; eight were financed by the 1989 Series A Revenue Bonds, which were refunded with the 1994 Series Revenue Bonds (1994 Bonds); one was financed by the 2007A Series Revenue Bonds, which were refunded with the 2018A Series Bonds; and one was financed by the 2010A and 2011A Series Revenue Bonds. The 2005A Series Bonds, which have been defeased, were used to refinance the 1994 and 1996 Series Revenue Bonds. The 2011A Series Bonds were refunded by the 2021A Series Bonds. In June 2021, the Fund issued \$118.4 million in 2021B Series Bonds for the construction of the school portion of the 80 Flatbush project.

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 – CAPITAL ASSETS (Continued)

The school's portion of these locations has been leased by the Fund to the City for a period of 30 or 40 years. The leases expire on various dates through 2054. In the event that the Fund's revenues from the non-school portion of the properties are not sufficient to pay the debt service requirements of the bonds, then the school leases provide for payments from the City sufficient to support payment of an allocable portion of the debt service requirements of the bonds. The Fund has derived sufficient revenue from the non-school portion, combined with investment income, to meet the debt service requirements of the bonds. Accordingly, the City has not been required to make payments under the school leases.

The Fund has agreed to re-convey to the City, the land and improvements relating to assets classified as school property financed by the bonds without consideration at various dates pursuant to the lease agreements with the City.

In July 2021, the Fund began construction of the 80 Flatbush project which includes a new Khalil Gibran High School and a new K-5 school in downtown Brooklyn. The 80 Flatbush schools have been completed for the September 5, 2024 school opening. During the year ended June 30, 2025, the construction in progress costs amounted to approximately \$152 million as of June 30, 2024 were reclassified to school buildings and depreciation commenced.

A summary of the changes in capital assets is as follows for the years ended June 30:

	<u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2025</u>
Nondepreciable:				
Construction in progress	\$ 151,974,525	\$ -	\$ (151,974,525)	\$ -
Depreciable:				
School buildings, at cost	\$ 400,732,577	\$ 157,595,817	\$ -	\$ 558,328,394
Less: accumulated depreciation	190,609,756	7,428,532	-	198,038,288
School buildings, net	<u>\$ 210,122,821</u>	<u>\$ 150,167,285</u>	<u>\$ -</u>	<u>\$ 360,290,106</u>
	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>
Nondepreciable:				
Construction in progress	\$ 104,895,510	\$ 47,079,015	\$ -	\$ 151,974,525
Depreciable:				
School buildings, at cost	\$ 400,732,577	\$ -	\$ -	\$ 400,732,577
Less: accumulated depreciation	184,303,631	6,306,125	-	190,609,756
School buildings, net	<u>\$ 216,428,946</u>	<u>\$ (6,306,125)</u>	<u>\$ -</u>	<u>\$ 210,122,821</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$7,428,532 and \$6,306,125, respectively.

NOTE 6 – REVENUE BONDS

On January 18, 2007, the Fund issued the 2007A Bond ("2007A Bonds") series in the amount of \$51,340,000 to finance the construction of MS 114 located at 1765 1st Avenue, New York, New York. The 2007A Bonds were issued pursuant to the New York City Educational Construction Fund Act, which is Article 10 of the New York State Education Law, as amended (the "Act") and pursuant to the Fund's Revenue Bond Resolution adopted by the Fund on December 20, 2004 and to the Fund's Revenue Bond resolution (the "Resolution"), adopted by the Fund on December 8, 2006, for the purposes of (i) financing the costs of constructing the school portion of a combined occupancy structure; (ii) funding the Debt Service Reserve Fund; and (iii) paying the Costs of Issuance of the 2007A Bonds, all as described herein.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 6 – REVENUE BONDS (Continued)

On April 28, 2010, the Fund issued the 2010A Bond (“2010A Bonds”) series in the amount of \$53,810,000 to finance phase 1 of the construction of PS 59/HS of Art and Design located at 250 East 57th Street, New York, New York. The 2010A Bonds were issued pursuant to the Act and the Resolution, and to the Fund’s Revenue Bond resolution adopted by the Fund on February 26, 2010, for the purpose of (i) financing the costs of constructing the school portion of a combined occupancy structure; (ii) funding the Debt Service Reserve Fund; and (iii) paying the Costs of Issuance of the 2010A Bonds, all as described herein.

The 2010A Bonds were issued as “Build America Bonds” and the Fund elected to receive cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the bonds. The payments from the United States Treasury were reduced by budget sequestration cuts ranging from 5.7% to 8.7% from 2013 through 2021. For 2022 through 2025, the sequestration rate reduction was 5.7%.

On January 25, 2011, the Fund issued the 2011A Bond (“2011A Bonds”) series in the amount of \$137,525,000 to finance phase 2 of the construction of 250 East 57th Street. The 2011A Bonds were issued pursuant to the Act and the Resolution, and to the Fund’s Revenue Bond resolution adopted by the Fund on December 23, 2010 for the purpose of; (i) financing the costs of constructing the school portion of a combined occupancy structure; (ii) funding the Debt Service Reserve Fund; and (iii) paying the costs of issuance of the 2011A Bonds, all as described herein.

On October 25, 2018, the Fund issued the Revenue Bonds 2018, Series A (“2018A Bonds”) in the amount of \$40,350,000, the proceeds of which were used to refund the 2007A Bonds, originally issued in the aggregate principal amount of \$51,340,000. The 2018A Bonds bear interest from 4.00% to 5.00% with annual maturities from April 1, 2019 through April 2037. This refunding was undertaken to reduce total debt service payments over the next nineteen (19) years by \$10,421,217 and resulted in an economic gain (difference between the present value of the debt service on the 2007A Bonds and the 2018A Bonds) of \$6,961,584.

On March 23, 2021, the Fund issued the Revenue Bonds 2021, Series A (“2021A Bonds”) in the amount of \$97,855,000, the proceeds of which were used to refund the 2011A Bonds, originally issued in the aggregate principal amount of \$137,525,000. The 2021A Bonds bear interest from 4.00% to 5.00% with annual maturities from April 1, 2022 through April 2041. This refunding was undertaken to reduce total debt service payments over the next twenty (20) years by \$63,155,443 and resulted in an economic gain (difference between the present value of the debt service on the 2011A Bonds and the 2021A Bonds) of \$54,143,519.

During fiscal year 2021, as a result of the refunding of the 2011A Bonds, the Fund recognized a deferred outflow of resources of \$1,291,662 for the deferred loss on refunding. This amount results from the difference in the carrying value of the refunded debt and the reacquisition price. This amount is deferred and amortized into interest expense over the shorter of the life of the refunded or refunding debt. As of June 30, 2025 and 2024, the deferred loss on refunding, net of accumulated amortization, amounted to \$786,971 and \$880,554, respectively.

On June 11, 2021, the Fund issued the Revenue Bonds, 2021 Series B Bond (“2021B Bonds”) in the amount of \$118,410,000 to finance the construction of the Khalil Gibran International Academy/80 Flatbush project. The 2021B Bonds were issued pursuant to the Act and the Resolution for the purpose of; (i) financing the costs of constructing the school portion of a combined occupancy structure; (ii) funding the Debt Service Reserve Fund; and (iii) paying the costs of issuance of the 2021B Bonds, all as described herein. The 2021B Bonds bear interest at 5.00% with annual maturities from April 1, 2024 through April 2052.

In December 2024, the Fund redeemed a portion of its 2010A Bonds by paying down \$15,670,000 of the principal. The partial redemption resulted in \$7.45 million in interest savings that would have been paid through 2040. The net present value savings offset the bond redemption premium of \$1.2 million, which is reflected as loss on redemption of bonds in the accompanying financial statements.

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 – REVENUE BONDS (Continued)

The Fund's Bond indentures include provisions that in the event of a payment default, or of any other of the covenants, conditions, agreements or provisions contained in the bond resolutions, the trustee may, upon the written request of the bondholders of not less than 25% in principal amount of the outstanding bonds, shall, by a notice in writing to the Fund, declare the principal of and interest on all of the outstanding bonds to be due and payable. At the expiration of 30 days after such notice is given, such principal and interest shall become and be immediately due and payable.

The following is a summary of changes in bonds payable for the year ended June 30, 2025:

	June 30, 2024	Additions	Deletions	June 30, 2025
2010A Bonds	\$ 40,930,000	\$ -	\$ 17,545,000	\$ 23,385,000
2018A Bonds	35,415,000	-	2,075,000	33,340,000
2021A Bonds	88,395,000	-	3,510,000	84,885,000
2021B Bonds	<u>117,340,000</u>	<u>-</u>	<u>1,130,000</u>	<u>116,210,000</u>
	282,080,000	-	24,260,000	257,820,000
Less/add: unamortized bond (discount) premium	<u>49,221,374</u>	<u>-</u>	<u>3,135,885</u>	<u>46,085,489</u>
	331,301,374	-	27,395,885	303,905,489
Less: current portion	<u>(8,590,000)</u>	<u>-</u>	<u>1,330,000</u>	<u>(9,920,000)</u>
Long-term portion	<u>\$ 322,711,374</u>	<u>\$ -</u>	<u>\$ 28,725,885</u>	<u>\$ 293,985,489</u>

The following is a summary of changes in bonds payable for the year ended June 30, 2024:

	June 30, 2023	Additions	Deletions	June 30, 2024
2010A Bonds	\$ 42,735,000	\$ -	\$ 1,805,000	\$ 40,930,000
2018A Bonds	37,415,000	-	2,000,000	35,415,000
2021A Bonds	91,735,000	-	3,340,000	88,395,000
2021B Bonds	<u>118,410,000</u>	<u>-</u>	<u>1,070,000</u>	<u>117,340,000</u>
	290,295,000	-	8,215,000	282,080,000
Less/add: unamortized bond (discount) premium	<u>52,448,160</u>	<u>-</u>	<u>3,226,786</u>	<u>49,221,374</u>
	342,743,160	-	11,441,786	331,301,374
Less: current portion	<u>(8,215,000)</u>	<u>-</u>	<u>375,000</u>	<u>(8,590,000)</u>
Long-term portion	<u>\$ 334,528,160</u>	<u>\$ -</u>	<u>\$ 11,816,786</u>	<u>\$ 322,711,374</u>

As of June 30, 2025 and 2024, the Fund recorded accrued interest on revenue bonds of \$3,114,208 and \$3,461,624, respectively, representing interest for the periods from April 1 to June 30, 2025 and 2024 due to be paid in October 2025 and 2024, respectively.

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 – REVENUE BONDS (Continued)

Debt service requirements on bond indebtedness at June 30, 2025 were as follows:

2010A Bonds						
Fiscal Years	Principal	Interest	Total			
2026	\$ 1,945,000	\$ 1,375,533	\$ 3,320,533			
2027	2,020,000	1,266,613	3,286,613			
2028	2,105,000	1,154,503	3,259,503			
2029	2,190,000	1,035,570	3,225,570			
2030	2,280,000	906,360	3,186,360			
2031-2035	12,845,000	2,373,000	15,218,000			
	<u>\$ 23,385,000</u>	<u>\$ 8,111,579</u>	<u>\$ 31,496,579</u>			

2018A Bonds			2021A Bonds		
Fiscal Years	Principal	Interest	Principal	Interest	Total
2026	\$ 2,160,000	\$ 1,575,350	\$ 3,690,000	\$ 3,695,450	\$ 7,385,450
2027	2,245,000	1,488,950	3,865,000	3,510,950	7,375,950
2028	2,335,000	1,399,150	4,065,000	3,317,700	7,382,700
2029	2,425,000	1,305,750	4,265,000	3,114,450	7,379,450
2030	2,530,000	1,208,750	4,480,000	2,901,200	7,381,200
2031-2035	14,695,000	4,013,000	25,830,000	11,074,400	36,904,400
2036-2040	6,950,000	525,250	31,595,000	5,309,200	36,904,200
2041	-	-	7,095,000	283,800	7,378,800
	<u>\$ 33,340,000</u>	<u>\$ 11,516,200</u>	<u>\$ 84,885,000</u>	<u>\$ 33,207,150</u>	<u>\$ 118,092,150</u>

2021B Bonds			Total		
Fiscal Years	Principal	Interest	Principal	Interest	Total
2026	\$ 2,125,000	\$ 5,810,500	\$ 9,920,000	\$ 12,456,833	\$ 22,376,833
2027	2,230,000	5,704,250	10,360,000	11,970,763	22,330,763
2028	2,345,000	5,592,750	10,850,000	11,464,103	22,314,103
2029	2,460,000	5,475,500	11,340,000	10,931,270	22,271,270
2030	2,585,000	5,352,500	11,875,000	10,368,810	22,243,810
2031-2035	14,995,000	24,689,750	68,365,000	42,150,150	110,515,150
2036-2040	19,130,000	20,548,250	57,675,000	26,382,700	84,057,700
2041-2045	24,415,000	15,262,250	31,510,000	15,546,050	47,056,050
2046-2050	31,165,000	8,516,750	31,165,000	8,516,750	39,681,750
2051-2052	14,760,000	1,116,000	14,760,000	1,116,000	15,876,000
	<u>\$ 116,210,000</u>	<u>\$ 98,068,500</u>	<u>\$ 257,820,000</u>	<u>\$ 150,903,429</u>	<u>\$ 408,723,429</u>

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 7 – NET POSITION

The Fund's net position consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Net investment in capital assets		
Capital assets, net and site evaluation and development costs	\$ 361,943,558	\$ 363,750,798
Less: Revenue bonds payable, net	(303,905,489)	(331,301,374)
Less: Deferred items from bond refundings, net	(235,191)	(310,613)
Add: Unspent capital related bond proceeds	7,277,641	19,856,534
Net investment in capital assets	<u>\$ 65,080,519</u>	<u>\$ 51,995,345</u>
Restricted for capital projects		
Restricted assets	\$ 7,277,641	\$ 19,856,534
Less: Liabilities paid from capital projects funds:		
Accrued expenses	(830,051)	(8,403,065)
	<u>\$ 6,447,590</u>	<u>\$ 11,453,469</u>
Restricted for debt service		
Restricted assets	\$ 74,074,091	\$ 58,769,909
Less: Liabilities paid from debt service funds:		
Accrued interest on revenue bonds	(3,114,208)	(3,461,624)
Accrued expenses	(1,935,717)	(848,050)
	<u>\$ 69,024,166</u>	<u>\$ 54,460,235</u>
Unrestricted	<u>\$ 43,027,133</u>	<u>\$ 34,761,519</u>

NOTE 8 – PENSION PLAN

PLAN DESCRIPTION

The Fund participates in the ERS (see Note 2L). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund, which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the New York State Common Retirement Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The ERS provides retirement benefits as well as death and disability benefits. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12236.

BENEFITS

The benefits employees will receive are governed by the NYSRSSL. Employees are placed in tiers depending on when they last became members. The benefits in all tiers are 1.67% of the final average salary for each year of service if members retire with less than 20 years. If members retire with more than 20 years of service, the percentages vary according to the tier they are in. The minimum service requirements and minimum age requirement vary according to the tier the employee is in.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 – PENSION PLAN (Continued)

Annual cost of living adjustments are provided to pensioners after waiting periods defined in the plan. The adjustments are a percentage of the annual retirement benefit as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage is 50% of the Consumer Price Index, but not less than 1% or more than 3%.

Ordinary disability benefits are usually one third of salary and are provided to eligible members after ten years or, in some cases, five years of service. Accidental disability benefits are either 75% of salary with an offset for any workers' compensation benefits received or the ordinary disability benefit with the year of service eligibility requirement dropped, depending on the tier. Death benefits are payable upon the death, before retirement, of a member who meets the eligibility requirements as set forth by law. The benefit is generally three times the member's annual salary.

CONTRIBUTIONS

The ERS is 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 between 3% and 6% depending on salary levels for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31.

The actual contributions were equal to the actuarially required amounts. The required contributions to the ERS for the fiscal years ended June 30, 2025 and 2024 were \$82,492 and \$62,414, respectively. The total pension expense for the fiscal years ended June 30, 2025 and 2024 was \$52,180 and \$100,045, respectively.

As of June 30, 2025 and 2024, the Fund's proportionate share of ERS amounted to 0.0013569% and 0.0015599%, respectively.

ACTUARIAL ASSUMPTIONS

The total pension liability for the March 31, 2025 and 2024 valuation dates were determined by using actuarial valuations as of April 1, 2024 and 2023, with update procedures used to roll forward the total pension liability to March 31, 2025 and 2024. The actuarial valuations used the following actuarial assumptions:

	<u>April 1, 2024</u>	<u>April 1, 2023</u>
Inflation	2.9%	2.9%
Salary increases	4.3%	4.4%
Investment rate of return (net of investment expense, including inflation)	5.9%	5.9%
Cost of living adjustments	1.5%	1.5%

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, 2025 through March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries Scale MP-2021.

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – PENSION PLAN (Continued)

SENSITIVITY OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY DUE TO CHANGES IN THE DISCOUNT RATE

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the employer's proportionate share of net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.9%) or one percentage point higher (6.9%) than the current rate as of June 30, 2025:

	<u>1% Decrease (4.9%)</u>	<u>Current Discount Rate (5.9%)</u>	<u>1% Increase (6.9%)</u>
Employer's proportionate share of net pension liability (asset)	\$ 673,313	\$ 232,648	\$ (135,307)

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the employer's proportionate share of net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.9%) or one percentage point higher (6.9%) than the current rate as of June 30, 2024:

	<u>1% Decrease (4.9%)</u>	<u>Current Discount Rate (5.9%)</u>	<u>1% Increase (6.9%)</u>
Employer's proportionate share of net pension liability (asset)	\$ 722,122	\$ 229,675	\$ (181,620)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Balances of deferred outflows of resources were as follows at June 30:

	<u>2025</u>	<u>2024</u>
Differences between expected and actual experience	\$ 57,745	\$ 73,978
Changes of assumptions	9,757	86,835
Net difference between projected and actual investment earnings on pension plan investments	18,253	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,144	19,100
Employer contributions subsequent to the measurement date	3,074	3,668
	<u>\$ 116,973</u>	<u>\$ 183,581</u>

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – PENSION PLAN (Continued)

Balances of deferred inflows of resources were as follows at June 30:

	<u>2025</u>	<u>2024</u>
Differences between expected and actual experience	\$ 2,724	\$ 6,263
Changes of assumptions	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	112,195
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,036	3,601
	<u>\$ 22,760</u>	<u>\$ 122,059</u>

The amounts of deferred outflows and inflows of resources related to pensions (except for the payments made subsequent to the measurement date) will be recognized in pension expense as follows for each of the years ending June 30:

2026	\$ 43,893
2027	63,462
2028	(17,268)
2029	1,052

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class for the March 31, 2025 and 2024 actuarial valuations are summarized in the following table:

	<u>March 31, 2025</u>		<u>March 31, 2024</u>	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25 %	3.54 %	32 %	4.00 %
International Equity	14	6.57	15	6.65
Private Equity	15	7.25	10	7.25
Real Estate	12	4.95	9	4.60
Opportunistic/Absolute Return Strategy	3	5.25	3	5.25
Credit	4	5.40	4	5.40
Real Assets	4	5.55	3	5.79
Fixed Income	22	2.00	23	1.50
Cash	1	0.25	1	0.25
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.9%.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 – PENSION PLAN (Continued)

The discount rates used to calculate the total pension liability was 5.9% as of both June 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, ERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The components of the collective net pension liability of ERS were as follows as of the measurement dates ended March 31 (in thousands):

	<u>2025</u>	<u>2024</u>
Total pension liability	\$ 247,600,239	\$ 240,696,851
Fiduciary net position	<u>(230,454,512)</u>	<u>(225,972,801)</u>
Employers' net pension liability	<u>\$ 17,145,727</u>	<u>\$ 14,724,050</u>
ERS fiduciary net position as a percentage of total pension liability	<u>93.08%</u>	<u>93.88%</u>

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

PLAN DESCRIPTION

The Fund's defined benefit post-employment healthcare plan (the "Plan") which is provided under the New York State Health Insurance Program (the "NYSHIP"), provides medical and dental insurance benefits to eligible employees, retirees and their dependents. As of June 30, 2025, three active employees, one deferred vested retiree and six retirees were eligible to receive benefits under the Plan and as of June 30, 2024, four active employees and six retirees were eligible to receive benefits under the Plan. NYSHIP is administered by the Department of Civil Service of the State of New York. According to the Department of Civil Service, NYSHIP is a cost sharing multiple-employer healthcare plan that is not administered as a trust or trust equivalent and is therefore treated as an agent multiple-employer plan for purposes of analysis of postemployment benefit costs. The Fund has the authority to establish and amend benefit provisions of the Plan. NYSHIP issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to The Department of Civil Service, The State Campus, Albany, New York 12239.

FUNDING POLICY

The combined contribution requirements of Plan members and the Fund are established and may be amended by the Department of Civil Service. The Fund determines the portion of contributions required by retirees, subject to maximum limits established by the Department of Civil Service. The Fund currently provides coverage under the Plan at no cost to its retired members.

At this time, there is no New York State statute providing local governments with the requisite authority for establishing another postemployment benefits trust; therefore, the benefits are funded on a pay-as-you-go basis. No assets are accumulated for payment of OPEB benefits. The total OPEB expense represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess).

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

ANNUAL OTHER POSTEMPLOYMENT BENEFITS COST AND NET OBLIGATION

For the years ended June 30, 2025 and 2024, the Fund's OPEB expense was \$102,564 and (\$56,818), respectively, and the Fund made \$74,513 and \$59,499, respectively, in pay-as-you-go employer contributions.

ACTUARIAL METHODS AND ASSUMPTIONS

An actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided as of the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The OPEB liability as of June 30, 2025 was determined by using an actuarial valuation as of June 30, 2024, with update procedures used to roll forward the total OPEB liability to June 30, 2025. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry Age Normal cost method, level percent of pay calculated on an individual basis.
Discount rate	5.20% - Since the OPEB plan is not pre-funded, the discount rate was obtained by discounting future benefit payments funded on a pay-as-you-go basis at the Municipal Bond 20-year Index Rate.
Salary increases	3.00% per annum which includes an inflation rate of 2.50% and a general wage increase rate of 0.50%.
General inflation	2.50% assumed long-term inflation.
Mortality	MP-2015 applied on a generational basis.
Healthcare cost trend	Annual healthcare cost trend rate for medical coverage of 8.5 percent initially, reduced by decrements to a rate of 4.5 percent after 10 years.

The OPEB liability as of June 30, 2024 was determined by using an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total OPEB liability to June 30, 2024. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry Age Normal cost method, level percent of pay calculated on an individual basis.
Discount rate	4.21% - Since the OPEB plan is not pre-funded, the discount rate was obtained by discounting future benefit payments funded on a pay-as-you-go basis at the Municipal Bond 20-year Index Rate.
Salary increases	3.00% per annum which includes an inflation rate of 2.50% and a general wage increase rate of 0.50%.
General inflation	2.50% assumed long-term inflation.
Mortality	MP-2015 applied on a generational basis.
Healthcare cost trend	Annual healthcare cost trend rate for medical coverage of 5.0 percent initially, reduced by decrements to a rate of 4.5 percent after 10 years.

The actuarial valuations assumed that no assets will be set aside by the Fund to pre-fund its retiree medical liabilities.

NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN HEALTHCARE COST TREND RATE AND DISCOUNT RATE

The following shows how net OPEB liability at June 30, 2025 would change based on changes in the discount rate and healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Discount rate	\$ 1,699,014	\$ 1,493,076	\$ 1,323,928
Healthcare cost trend rate	1,302,525	1,493,076	1,726,117

The following shows how net OPEB liability at June 30, 2024 would change based on changes in the discount rate and healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Discount rate	\$ 1,634,547	\$ 1,414,601	\$ 1,236,618
Healthcare cost trend rate	1,211,929	1,414,601	1,666,792

CHANGES IN TOTAL OPEB LIABILITY AND ADDITIONAL INFORMATION

The following shows the changes in the total OPEB liability during the years ended June 30:

	<u>2025</u>	<u>2024</u>
Total OPEB liability - beginning of year	\$ 1,414,601	\$ 1,332,795
Changes in net OPEB liability:		
Service cost	47,379	55,087
Interest	59,997	56,103
Differences between expected and actual experience	214,710	(20,672)
Changes in assumptions	(169,098)	50,787
Benefit payments	(74,513)	(59,499)
Total OPEB liability - end of year	<u>\$ 1,493,076</u>	<u>\$ 1,414,601</u>

Changes in assumptions were primarily changes in the discount rate. The Fund is required to use a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). Discount rates of 5.20% and 4.21% were applied to June 30, 2025 and 2024, respectively.

Balances of deferred outflows/inflows of resources related to OPEB were as follows at June 30, 2025:

	<u>Outflows</u>	<u>Inflows</u>
Differences between expected and actual experience	\$ 134,294	\$ 7,546
Changes of assumptions	18,541	105,765
	<u>\$ 152,835</u>	<u>\$ 113,311</u>

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Balances of deferred outflows/inflows of resources related to OPEB were as follows at June 30, 2024:

	<u>Outflows</u>	<u>Inflows</u>
Differences between expected and actual experience	\$ -	\$ 63,191
Changes of assumptions	52,291	-
	<u>\$ 52,291</u>	<u>\$ 63,191</u>

The amounts of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows for each of the years ending June 30:

2026	\$ 26,643
2027	12,881

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. *Tax Equivalency Adjustments*

Individual tenants may receive tax equivalency adjustments as a result of filing for assessment reductions with the City. Additionally, residences may receive shelter rent adjustments. The result of these adjustments, if any, cannot be estimated until settlement is made and, accordingly, no provisions can be made.

B. *Rent*

The Fund occupies, rent free, office space located in a building owned by the City. The fair market value of the rent is not considered material and therefore rent expense has not been recorded for the years ended June 30, 2025 and 2024.

C. *Litigation*

The Fund experiences routine litigation and claims incidental to the construction of its projects, the conduct of its affairs and the ownership of its properties. Such litigation is being defended either by insurance companies on behalf of the Fund or other counsel retained by the Fund. As of June 30, 2025, the probable recoveries and the estimated costs and expenses of the defense of such litigation will, in the opinion of the Fund, be entirely within the Fund's applicable insurance policy limits (subject to applicable deductibles) and, accordingly, will not have a material adverse effect on the Fund's operations or financial condition.

NOTE 11 – ARBITRAGE REBATE PROGRAM

To maintain the exemption from federal income tax of interest on the Fund's tax-exempt debt, the Fund will fund amounts required to be rebated to the federal government pursuant to Section 148 of the Internal Revenue Code ("IRC"). The IRC requires the payment to the United States Treasury of the excess of the amount earned on all obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue, together with any earnings attributable to such excess. Construction funds, debt service funds or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, or within 60 days after retirement of the bonds. An arbitrage liability of \$1,935,717 and \$848,050 has been recognized in accrued expenses and other liabilities as of June 30, 2025 and 2024, respectively, with a corresponding reduction to investment income for the years then ended.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE FUND'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF AND FOR THE YEARS ENDED JUNE 30,**

New York State and Local Employees' Retirement System

	<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 Fund's proportion of the net pension liability (asset)	0.0013569%	0.0015599%	0.0014061%	0.0013745%	0.0014027%	0.0015142%	0.0015569%	0.0016074%	0.0016502%	0.20710%
The Fund's proportionate share of the net pension liability (asset)	\$ 232,648	\$ 229,675	\$ 301,534	\$ (112,361)	\$ 1,397	\$ 400,977	\$ 110,313	\$ 51,877	\$ 155,053	\$ 332,440
The Fund's covered payroll	\$ 367,489	\$ 441,619	\$ 381,363	\$ 365,595	\$ 330,402	\$ 291,441	\$ 287,333	\$ 277,315	\$ 273,033	\$ 261,656
The Fund's proportionate share of the net pension liability (asset) as a percentage of covered payroll	63.31%	52.01%	79.07%	-30.73%	0.42%	137.58%	38.39%	18.71%	56.79%	127.05%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS (1)
FOR THE YEARS ENDED JUNE 30,**

New York State and Local Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
The Fund's actuarially determined contribution (1)	\$ 82,492	\$ 62,414	\$ 52,533	\$ 65,892	\$ 56,917	\$ 54,934	\$ 52,582	\$ 53,039	\$ 64,406	\$ 88,712
The Fund's contribution in relation to the actuarially determined contribution (2)	\$ 82,492	\$ 62,414	\$ 52,533	\$ 65,892	\$ 56,917	\$ 54,934	\$ 52,582	\$ 53,039	\$ 64,406	\$ 88,712
The Fund's covered payroll (3)	\$ 367,489	\$ 441,619	\$ 381,363	\$ 365,595	\$ 330,402	\$ 291,441	\$ 287,333	\$ 277,315	\$ 273,033	\$ 261,656
The Fund's contribution as a percentage of covered payroll	22.45%	14.13%	13.78%	18.02%	17.23%	18.85%	18.30%	19.13%	23.59%	33.90%

NOTES TO THE SCHEDULE:

- (1) The actuarially determined contribution includes normal costs, adjustments made to record the reconciliation of projected salary to actual salary and other adjustments.
- (2) The contributions in relation to the actuarially determined contribution reflects the actual payments made during the fiscal year.
- (3) In accordance with GASB Statement No. 82, *Pension Issues*, which was adopted by the Fund in fiscal year 2016, covered payroll is defined as the payroll on which contributions to a pension plan are based. Prior to the issuance of GASB Statement No. 82, the GASB required presentation of covered employee payroll, which is defined as the payroll of employees that are provided with pensions through the pension plan.

**NEW YORK CITY EDUCATIONAL CONSTRUCTION FUND
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (1)
FOR THE YEARS ENDED JUNE 30,**

	<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>
Total OPEB liability - beginning of year (1)	<u>\$ 1,414,601</u>	<u>\$ 1,332,795</u>	<u>\$ 1,410,649</u>	<u>\$ 1,802,605</u>	<u>\$ 2,049,922</u>	<u>\$ 2,150,915</u>	<u>\$ 3,879,030</u>	<u>\$ 3,541,815</u>	<u>\$ 1,747,963</u>	<u>\$ 1,953,942</u>
Changes in total OPEB liability:										
Service cost	47,379	55,087	42,656	64,120	67,125	69,235	77,208	78,627	76,223	92,498
Interest	59,997	56,103	58,609	40,253	55,762	61,223	117,136	113,500	108,370	54,890
Differences between expected and actual experience	214,710	(20,672)	(215,458)	4,582	(36,015)	(54,387)	(1,824,770)	37,345	2,178,629	20,054
Changes in assumptions (2)	(169,098)	50,787	77,381	(460,195)	(292,426)	(44,437)	(46,326)	166,200	(509,720)	(311,118)
Benefit payments	(74,513)	(59,499)	(41,042)	(40,716)	(41,763)	(51,900)	(51,363)	(58,457)	(59,650)	(62,303)
Other changes	-	-	-	-	-	(80,727)	-	-	-	-
Net change in total OPEB liability	<u>78,475</u>	<u>81,806</u>	<u>(77,854)</u>	<u>(391,956)</u>	<u>(247,317)</u>	<u>(100,993)</u>	<u>(1,728,115)</u>	<u>337,215</u>	<u>1,793,852</u>	<u>(205,979)</u>
Total OPEB liability - end of year (1)	<u>\$ 1,493,076</u>	<u>\$ 1,414,601</u>	<u>\$ 1,332,795</u>	<u>\$ 1,410,649</u>	<u>\$ 1,802,605</u>	<u>\$ 2,049,922</u>	<u>\$ 2,150,915</u>	<u>\$ 3,879,030</u>	<u>\$ 3,541,815</u>	<u>\$ 1,747,963</u>
Covered payroll (3)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 483,451</u>
Total OPEB liability as a percentage of covered payroll (3)	-	-	-	-	-	-	-	-	-	362%

NOTES TO THE SCHEDULE:

- (1) No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.
- (2) Changes in assumptions were primarily changes in the discount rate. The Fund is required to use a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). Discount rates were as follows for the years ended June 30:

<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>
5.20%	4.21%	4.13%	4.09%	2.18%	2.66%	2.79%	2.98%	3.13%	2.71%

- (3) As per GASB Statement No. 85, which was adopted by the Fund in fiscal year 2017, the definition of covered payroll is the "payroll on which contributions to the OPEB plan are based." However, "if contributions to the OPEB plan are not based on a measure of pay, no measure of payroll should be presented." The Fund funds OPEB benefits on a pay-as-you-go basis and contributions are not based on payroll. Payments are only made to the OPEB plan as benefit payments are made to the retirees (or their spouses or dependents). Therefore, the Fund has omitted the disclosure of covered payroll in the above schedule for fiscal year 2017 and subsequent years.
- (4) The Fund funds OPEB benefits on a pay-as-you-go basis and contributions are not actuarially determined. Therefore, the required supplementary information related to actuarially determined contributions for the 10 most current fiscal years is not applicable.