

JERICO UNION FREE SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS**

June 30, 2025

JERICO UNION FREE SCHOOL DISTRICT
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Required Supplementary Information	
Management's Discussion and Analysis (MD&A)	4
Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Balance Sheet – Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the District-wide Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the District-wide Statement of Activities	23
Statement of Fiduciary Net Position – Fiduciary Fund	24
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	24
Notes to Financial Statements	25
Required Supplementary Information Other than MD&A:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund	54
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)	56
Schedule of District Pension Contributions	57
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	58
Other Information:	
Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund	59
Schedule of Project Expenditures and Financing Resources – Capital Projects Fund	60
Schedule of Net Investment in Capital Assets	61
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62



INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Jericho Union Free School District
Jericho, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of Jericho Union Free School District ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of Jericho Union Free School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 2 to the financial statements, "Change in Accounting Principle", the District has adopted the provisions of GASB Statement No. 101, *Compensated Absences*, as of June 30, 2025. Our opinion is not modified with respect to this new accounting principle.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of the district's proportionate share of the net pension asset/(liability), schedule of district pension contributions, and schedule of changes in the district's total OPEB liability and related ratios on pages 4 through 17 and 54 through 58, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The other information on pages 59 through 61 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is other information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2025 on our consideration of Jericho Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jericho Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jericho Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

Port Jefferson Station, New York
September 17, 2025

**JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Jericho Union Free School District's ("the District") discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025 in comparison with the year ended June 30, 2024, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, decreased by \$141,015. This was due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- For the fiscal year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The implementation of this statement resulted in the increase in compensated absences liability and decrease in total net position by \$269,210 as of July 1, 2024.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$142,282,617. Of this amount, \$6,004,149 was offset by program charges for services, operating grants and contributions, and capital grants. General revenues of \$136,137,453 equaled 95.78% of total revenues.
- The District's general fund fund balance, as reflected in the fund financial statements, was \$51,866,396 at June 30, 2025. This balance represents a \$2,795,714 decrease (5.11%) from the prior year due to an excess of expenditures and other financing uses over revenues, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
 - Restricted fund balances decreased by \$2,634,321, due to the use of reserves, offset by the allocation of interest earnings and funding transfers to the reserves.
 - Assigned fund balance decreased by \$322,341, as the District decreased open encumbrances.
 - Unassigned fund balance increased by \$160,948 to \$5,754,797.
- The District's 2025 property tax levy of \$115,460,399 was an increase of \$3,634,346, or 3.25%. The District's property tax cap for the 2024-2025 school year was 3.41%.
- On May 20, 2025, the proposed 2025-2026 budget in the amount of \$143,870,018 was approved by 81% of the District's voters. This is a 2.88% increase in budgeted expenditures over the prior year. The 2026 property tax levy of \$118,854,935 is an increase of 2.94% over the 2025 property tax levy. The District's property tax cap for the 2025-2026 school year is 2.94%.
- Over the past several years, voters in the Jericho School District have overwhelmingly supported the District's budget, and have also approved several propositions authorizing the District to spend over \$61 million, cumulatively, in capital improvement projects funded by already existing capital reserves with no borrowing/bonding necessary. In fact, as of June 30, 2025, the District continues to have no bonded debt on its financial statements.

2. DISTRICT HIGHLIGHTS

- During the 2024-2025 school year, Jericho High School had a 99% graduation rate with 98% of the graduates attending college and 92% earning an Advanced Regents Diploma.
- The District had 39 National Merit Commended Students with 24 National Merit Finalists and 4 National Merit winners.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

- With numerous National Merit awards, Advanced Placement Scholars, School of Distinction awards, Regeneron finalists and semi-finalists, Jericho High School has consistently ranked as one of the top public high schools in New York State and the United States of America. In fact, the Jericho School District has recently been recognized as the top open enrollment public school districts in New York State and number three in the nation by US News and World Report. The District continues to offer all programs without reducing services.
- Ninety percent of the Jericho High School student body takes at least one Advanced Placement course.
- The District had 2 Regeneron Scholars of the top 300 nationally and 1 Regeneron finalists of the top 40 nationally.
- Jericho High School has been named a New York School of Distinction for 20 consecutive years, the most by any school district in New York State (NYS).
- The District has been a NYS Scholar Athlete High School of Distinction for 20 consecutive years, the most by any school district in NYS.
- In addition to the countless individual and group awards the District's music students have won, the Jericho Union Free School District has been a Best Communities in America for Music Education for 26 consecutive years.

3. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (MD&A), the financial statements, required supplementary information (RSI), and other information. The financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



A. District-Wide Financial Statements

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District, as a whole, in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Statement of Net Position - The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other capital assets.

The Statement of Activities - The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary fund.

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, lease liabilities, compensated absences, pension costs, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds: general fund, special aid fund, school food service fund, capital projects fund, extraclassroom activities fund, and scholarships fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

The District adopts an annual budget for the general fund. A budgetary comparison statement has been provided for the general fund within the RSI to demonstrate compliance with the budget.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Fiduciary Fund

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

4. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position decreased by \$141,015 between fiscal year 2025 and 2024. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2025	Restated 2024	Increase (Decrease)	Percentage Change
Asset				
Current and Other Assets	\$ 87,635,525	\$ 91,722,516	\$ (4,086,991)	(4.46)%
Capital Assets, Net	88,909,513	84,820,852	4,088,661	4.82 %
Net Pension Assets -				
Proportionate Share	8,928,325	-	8,928,325	N/A
Total Assets	<u>185,473,363</u>	<u>176,543,368</u>	<u>8,929,995</u>	5.06 %
Deferred Outflows of Resources	<u>44,704,905</u>	<u>55,505,095</u>	<u>(10,800,190)</u>	(19.46)%
Liabilities				
Current and Other Liabilities	12,504,939	12,653,289	(148,350)	(1.17)%
Long-Term Liabilities	19,777,686	19,901,132	(123,446)	(0.62)%
Total OPEB Liability	102,704,080	118,594,876	(15,890,796)	(13.40)%
Net Pension Liabilities -				
Proportionate Share	6,920,343	9,718,429	(2,798,086)	(28.79)%
Total Liabilities	<u>141,907,048</u>	<u>160,867,726</u>	<u>(18,960,678)</u>	(11.79)%
Deferred Inflows of Resources	<u>55,218,746</u>	<u>37,987,248</u>	<u>17,231,498</u>	45.36 %
Net Position				
Net investment in capital assets	88,568,905	83,926,600	4,642,305	5.53 %
Restricted	62,143,380	57,464,918	4,678,462	8.14 %
Unrestricted (Deficit)	<u>(117,659,811)</u>	<u>(108,198,029)</u>	<u>(9,461,782)</u>	8.74 %
Total Net Position	<u>\$ 33,052,474</u>	<u>\$ 33,193,489</u>	<u>\$ (141,015)</u>	(0.42)%

The decrease in current and other assets is related to a decrease in cash balances, offset by increases in receivables, including a long-term lease receivable.

The increase in capital assets, net is due to capital assets additions in excess of depreciation/amortization expense. The "Capital Assets" Note provides additional information.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's (TRS) net pension assets at the measurement date. In the current year, the District's proportionate share switched from a liability to an asset. This change was driven by strong market performance. The "Pension Plans – New York State" Note provides additional information.

Deferred outflows of resources represents contributions to the pension and OPEB plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The decrease in long-term liabilities is primarily the result of principal repayment of a copier lease, offset by an increase in the compensated absences payable. In addition, the long-term liabilities reflect a \$269,210 increase in the compensated absences liability as of July 1, 2024, as a result of the implementation of GASB Statement No. 101, *Compensated Absences*.

Total OPEB liability decreased based on the actuarial valuation of the plan. The "Postemployment Healthcare Benefits" Note provides additional information.

Net pension liability – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's (ERS) net pension liability at the measurement date. The net change in the net pension liability – proportionate share is the result of an increase in the proportionate share for the ERS, which was due to the net result of several factors, including increases in benefits earned by active employees, cost-of-living adjustments, and an increase in the number of retirees, resulting in larger benefit payments, offset by the switch in the TRS net pension liability – proportionate share to an asset. The "Pension Plans – New York State" Note provides additional information.

Deferred inflows of resources represents the amount of long-term lease receivable that will be amortized and recognized as lease revenue over the remaining term of the lease agreement, and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation/amortization and related outstanding debt. The accompanying Other Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted net position amount relates to the District's reserves, which decreased from the prior year mainly due to use of the reserves, net of interest earnings and funding transfers into the reserves, offset by the increase in the District's proportionate share of the TRS' net pension asset which, as discussed earlier, switched from a net pension liability in the prior year to a net pension asset this year.

The unrestricted (deficit) amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability. The unrestricted (deficit) amount also reflects an increase of \$269,210 as of July 1, 2024, as a result of the change in the compensated absences liability due to the implementation of GASB Statement No. 101, *Compensated Absences*.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Changes in Net Position

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements, school tax relief (STAR) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 2,929,420	\$ 2,794,763	\$ 134,657	4.82 %
Operating Grants & Contributions	2,815,822	3,429,139	(613,317)	(17.89)%
Capital Grants	258,907	-	258,907	N/A
General Revenues				
Property Taxes and STAR	115,460,400	111,826,053	3,634,347	3.25 %
State Sources	11,191,768	11,385,088	(193,320)	(1.70)%
Other	9,485,285	9,257,610	227,675	2.46 %
Total Revenues	<u>142,141,602</u>	<u>138,692,653</u>	<u>3,448,949</u>	2.49 %
Expenses				
General Support	17,879,297	17,018,610	860,687	5.06 %
Instruction	114,726,206	118,401,121	(3,674,915)	(3.10)%
Pupil Transportation	7,268,904	6,926,728	342,176	4.94 %
Debt Service - Interest	344,779	414,734	(69,955)	(16.87)%
Food Service Program	2,063,431	1,952,154	111,277	5.70 %
Total Expenses	<u>142,282,617</u>	<u>144,713,347</u>	<u>(2,430,730)</u>	(1.68)%
Change in Net Position	<u>\$ (141,015)</u>	<u>\$ (6,020,694)</u>	<u>\$ 5,879,679</u>	(97.66)%
Net Position - Beginning of Year, as Previously Reported	33,462,699			
Cumulative effect of change in accounting principle	<u>(269,210)</u>			
Net Position - Beginning of Year, as Restated	<u>33,193,489</u>			
Net Position - End of Year	<u>\$ 33,052,474</u>			

The District's net position decreased by \$141,015 and \$6,020,694 for the years ended June 30, 2025 and June 30, 2024, respectively.

The District's revenues increased when compared to the prior year, primarily due to the following changes:

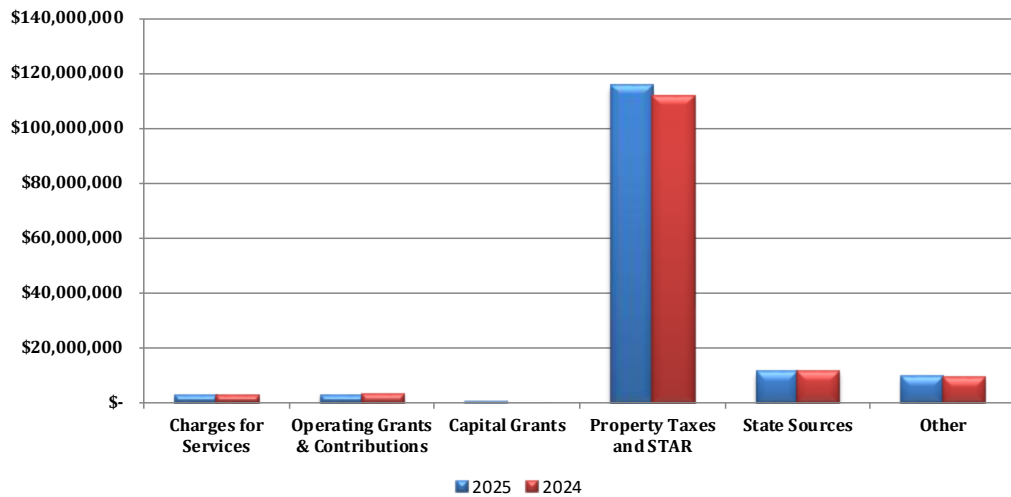
- Real property taxes and STAR were increased to fund additional appropriations in the voter-approved 2024-2025 budget.

The District's overall expenses decreased when compared to the prior year, primarily due to the effect of the changes in the actuarial valuations for pensions and OPEB, which resulted in a net decrease in the related employee benefits expenses in the current year, as compared to a net increase in the prior year.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

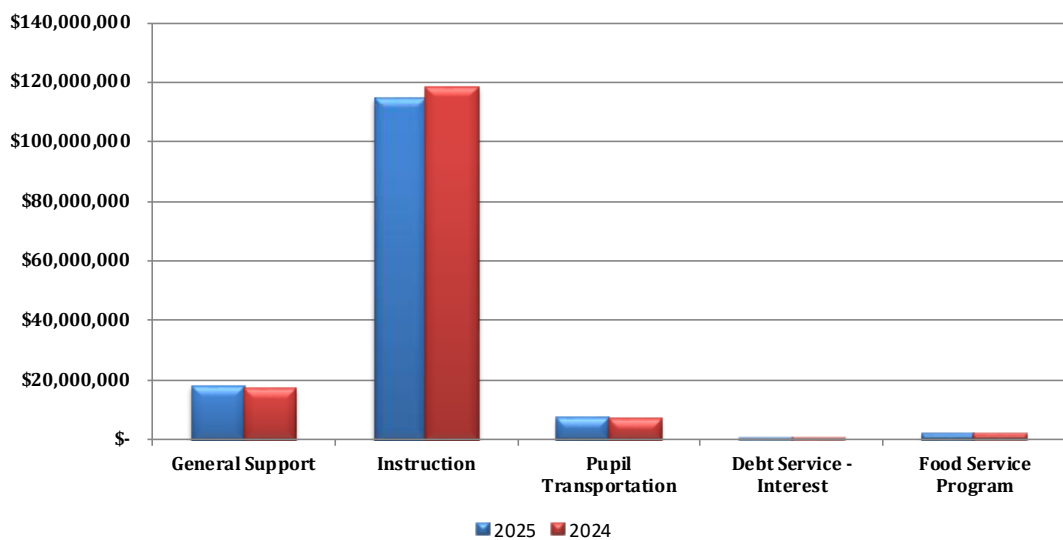
As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 81.2% and 80.6% of the total for years 2025 and 2024, respectively). Instruction expense is the largest category of expenses incurred (i.e., 80.6% and 81.8% of the total for the years 2025 and 2024, respectively).

A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes and STAR	State Sources	Other
2025	2.1%	2.0%	0.2%	81.2%	7.9%	6.6%
2024	2.0%	2.5%	0.0%	80.6%	8.2%	6.7%

A graphic display of the distribution of expenses for the two years follows:



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2025	12.6%	80.6%	5.1%	0.2%	1.5%
2024	11.8%	81.8%	4.8%	0.3%	1.3%

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

5. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2025, the District's governmental funds reported a combined fund balance of \$72,017,277, which is a decrease of \$5,745,823 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources, using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2025	2024	Increase (Decrease)	Percentage Change
General Fund				
Restricted				
Unemployment insurance	\$ 267,886	\$ 263,144	\$ 4,742	1.80 %
Retirement contribution				
Teachers' retirement system	3,580,568	3,705,031	(124,463)	(3.36)%
Employees' retirement system	14,322,188	14,417,466	(95,278)	(0.66)%
Employee benefit accrued liability	17,270,629	18,005,838	(735,209)	(4.08)%
Capital	4,721,763	6,405,876	(1,684,113)	(26.29)%
Assigned:				
Appropriated fund balance	5,421,000	5,421,000	-	0.00 %
Unappropriated fund balance	527,565	849,906	(322,341)	(37.93)%
Unassigned: Fund balance	5,754,797	5,593,849	160,948	2.88 %
	<u>51,866,396</u>	<u>54,662,110</u>	<u>(2,795,714)</u>	<u>(5.11)%</u>
School Food Service Fund				
Nonspendable: Inventory	2,924	3,269	(345)	(10.55)%
Assigned: Unappropriated fund balance	427,546	596,331	(168,785)	(28.30)%
	<u>430,470</u>	<u>599,600</u>	<u>(169,130)</u>	<u>(28.21)%</u>
Capital Projects Fund				
Restricted: Capital	12,972,420	14,596,147	(1,623,727)	(11.12)%
Assigned: Unappropriated fund balance	6,423,672	7,599,636	(1,175,964)	(15.47)%
	<u>19,396,092</u>	<u>22,195,783</u>	<u>(2,799,691)</u>	<u>(12.61)%</u>
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	244,718	234,191	10,527	4.50 %
Scholarships Fund				
Restricted: Scholarships	79,601	71,416	8,185	11.46 %
Total Fund Balance	<u>\$ 72,017,277</u>	<u>\$ 77,763,100</u>	<u>\$ (5,745,823)</u>	<u>(7.39)%</u>

A. General Fund

The net change in the general fund – fund balance is a decrease of \$2,795,714, compared to an increase of \$1,417,457 in 2024. This resulted from expenditures and other financing uses in excess of revenues.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The following is a summary of the major changes that resulted in revenues increasing over the prior year.

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Real Property Taxes & STAR	\$ 115,460,400	\$ 111,826,053	\$ 3,634,347	3.25 %
Other Local Sources	10,613,691	10,324,727	288,964	2.80 %
State Sources	11,207,094	11,324,337	(117,243)	(1.04)%
Medicaid Reimbursement	98,151	100,846	(2,695)	(2.67)%
Federal Sources	25,175	132,150	(106,975)	(80.95)%
Other Financing Sources	-	65,550	(65,550)	(100.00)%
	<u>\$ 137,404,511</u>	<u>\$ 133,773,663</u>	<u>\$ 3,630,848</u>	2.71 %

- Real property taxes and STAR were increased to fund additional appropriations in the voter-approved 2024-2025 budget.
- Other local sources increased primarily due to increases in PILOT received and charges for services, offset by lower interest earnings.

The following is a summary of the major changes that resulted in expenditures and other financing uses increasing over the prior year:

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Support	\$ 14,263,713	\$ 13,180,832	\$ 1,082,881	8.22 %
Instruction	77,948,929	74,499,165	3,449,764	4.63 %
Pupil Transportation	6,725,651	6,598,639	127,012	1.92 %
Employee Benefits	33,107,937	31,535,331	1,572,606	4.99 %
Debt Service	493,800	565,729	(71,929)	(12.71)%
Other Financing Uses	7,660,195	5,976,510	1,683,685	28.17 %
	<u>\$ 140,200,225</u>	<u>\$ 132,356,206</u>	<u>\$ 7,844,019</u>	5.93 %

- General support increased due to contractual salary and step increases, additional equipment purchases, and contractual commitments.
- Instruction increased primarily due to contractual salary and step increases, payments of compensated absences to retiring employees, and the increase in special education payments.
- Employee benefits increased mainly due to higher pension contribution rates, as well as hospital, medical, and dental insurance premium increases.
- Other financing uses increased as the total voter-approved transfer from the capital reserve to the capital projects fund to fund district-wide improvements was higher than the amount approved and transferred in the prior year.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The following is a summary of activities of the general fund's restricted reserves:

	Balance June 30, 2024	Use of Reserves	Interest	Funding	Balance June 30, 2025
Unemployment insurance	\$ 263,144	\$	\$ 4,742	\$	\$ 267,886
Retirement contribution					
TRS	3,705,031	(300,000)	175,537		3,580,568
ERS	14,417,466	(782,968)	687,690		14,322,188
EBALR	18,005,838	(1,493,513)	758,304		17,270,629
Capital	6,405,876	(6,111,869)	208,479	4,219,277	4,721,763
	<u>\$42,797,355</u>	<u>\$ (8,688,350)</u>	<u>\$ 1,834,752</u>	<u>\$ 4,219,277</u>	<u>\$40,163,034</u>

Additional detail regarding capital reserves can be found in the "Restricted Fund Balance - Capital Reserves" Note.

B. School Food Service Fund

The school food service fund - fund balance net decrease can be attributed primarily to the planned use of fund balance to purchase cafeteria equipment.

C. Capital Projects Fund

The capital projects fund – fund balance net decrease is the result of capital outlays exceeding general fund budgeted transfers and voter-authorized transfer from the capital reserve.

The following is a summary of the District's capital projects fund restricted fund balance activities:

	Balance June 30, 2024	Use of Reserves	Funding	Balance June 30, 2025
Capital Reserve II	\$ 339,124	\$	\$	\$ 339,124
Capital Reserve IV	9,828,435	(7,294,701)		2,533,734
Capital Reserve V	4,428,588	(440,895)	6,111,869	10,099,562
	<u>\$14,596,147</u>	<u>\$ (7,735,596)</u>	<u>\$ 6,111,869</u>	<u>\$ 12,972,420</u>

D. Extraclassroom Activities Fund

The extraclassroom activities fund – fund balance net increase is attributable to cash receipts from fundraising and collections for student clubs activities exceeding disbursements related to those activities.

E. Scholarships Fund

The scholarships fund – fund balance net increase is the result of scholarship donations and interest exceeding scholarships awarded.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

6. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2024-2025 Budget

The District's general fund adopted budget for the year ended June 30, 2025 was \$139,846,284. This amount was increased by encumbrances carried forward from the prior year, in the amount of \$849,906 and budget revisions totaling \$7,668,304 for a total final budget of \$148,364,494.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$115,460,399 in estimated property taxes and STAR.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues over expenditures and financing uses, net of transfers to reserves, appropriations to fund the subsequent year's budget, and encumbrances. The change in this balance, demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget, follows:

Opening, Unassigned Fund Balance	\$ 5,593,849
Revenues Over Budget	3,999,273
Expenditures, Other Financing Uses, and Encumbrances Under Budget	7,636,704
Allocation of Interest Earnings to Reserves	(1,834,752)
Authorized Transfers to Reserves	(4,219,277)
Appropriated to Fund the June 30, 2026 Budget	<u>(5,421,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 5,754,797</u></u>

Opening, Unassigned Fund Balance

The \$5,593,849 shown in the table is the portion of the District's June 30, 2024 fund balance that was retained as unassigned.

Revenues Over Budget

The 2024-2025 final budget for revenues was \$133,405,238. Actual revenues recognized for the year were \$137,404,511. The excess of actual revenues over estimated or budgeted revenues was \$3,999,273. This positive variance contributes directly to the District's ability to fund the capital reserve for needed capital projects. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, provides additional information.

JERICHO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2024-2025 final budget for expenditures and other financing uses was \$148,364,494. Actual expenditures and other financing uses as of June 30, 2025 were \$140,200,225, and outstanding encumbrances were \$527,565. Combined, the expenditures and other financing uses plus encumbrances for 2024-2025 were \$140,727,790. The final budget variance was \$7,636,704, which contributes directly to the District's ability to continue to fund the capital reserve and appropriate from fund balance to balance the budget. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation/Authorized Transfers to Reserves

Interest earnings allocated and monies transferred into authorized reserves do not affect the total fund balance unless, and until, these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. A table in §5.A. "General Fund" (summary of restricted fund balance activity) of this Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use \$5,421,000 of the available June 30, 2025 unassigned fund balance to partially fund the 2025-2026 approved operating budget. As such, the June 30, 2025 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at June 30, 2025 was \$5,754,797. This amount equals 4.00% of the 2025-2026 budget, which is the statutory limit.

7. CAPITAL ASSETS, DEBT ADMINISTRATION, AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At June 30, 2025, the District had invested in a broad range of capital assets, as indicated in the following table. The net increase in capital assets is due to capital outlays and other additions of \$11,408,445 in excess of depreciation/amortization expense of \$7,280,556 and a \$39,228 loss on disposal of capital assets for the year ended June 30, 2025. A summary of the District's capital assets, net of accumulated depreciation/amortization at June 30, 2025 and June 30, 2024 is as follows:

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Land	\$ 357,356	\$ 357,356	\$ -
Construction in progress	10,465,481	8,115,682	2,349,799
Buildings and improvements	74,868,706	73,355,280	1,513,426
Furniture and equipment	3,065,030	2,686,655	378,375
Leased equipment	<u>152,940</u>	<u>305,879</u>	<u>(152,939)</u>
Capital assets, net	<u>\$ 88,909,513</u>	<u>\$ 84,820,852</u>	<u>\$ 4,088,661</u>

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The District will continue to make significant capital expenditures funded by voter-approved capital reserves for capital improvements to District facilities.

B. Debt Administration

At June 30, 2025, the District did not have any outstanding long-term debt. The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. was Aa1.

In accordance with GASB Statement No. 87, the District reports leases for equipment as long-term lease liabilities. The decrease in lease liabilities represents the principal payments made throughout the year. A summary of the outstanding lease liabilities at June 30, 2025 and 2024 is as follows:

Commencement Date	Interest Rate	2025	2024	Increase (Decrease)
Lease Liabilities				
4/1/2023	2.327%	\$ 269,269	\$ 418,290	\$ (149,021)

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts and historical usage and payouts, and total OPEB liability and net pension liabilities – proportionate share, which are based on actuarial valuations. The compensated absences liability, at July 1, 2024, includes the effect of the implementation of GASB Statement No. 101 in the current year of \$(269,210). The net change in the net pension liabilities – proportionate share reflects the change in the TRS from a liability to an asset as previously discussed. A summary of the outstanding other long-term liabilities at June 30, 2025 and 2024, is as follows:

	2025	2024	Increase (Decrease)
Compensated absences payable	\$ 19,508,417	\$ 19,482,842	\$ 25,575
Total OPEB liability	102,704,080	118,594,876	(15,890,796)
Net pension liabilities - proportionate share	6,920,343	9,718,429	(2,798,086)
	<u>\$ 129,132,840</u>	<u>\$ 147,796,147</u>	<u>\$ (18,663,307)</u>

8. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget for the year ending June 30, 2026, as approved by the voters on May 20, 2025, is \$143,870,018. This is an increase of \$4,023,734 or 2.88% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at an increase of \$614,655 over the prior year's budgeted amounts. This increase was primarily in state aid and PILOT. The assigned, appropriated fund balance applied to the budget in the amount of \$5,421,000 is unchanged from the previous year. Additionally, the District has elected to appropriate a total of \$1,097,511 from the retirement contribution reserves towards the next year's budget. This is an increase of \$14,543. A property tax increase of \$3,394,536 (2.94%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Future Budgets

Factors to consider that could influence future budgets:

- Uncertainty with state and federal aid complicates long-range planning.
- Rise in employee cost centers of employee salaries and health benefits, as well as contributions to pension programs.
- Changing circumstances of unforeseen events and risks including natural disasters and global pandemics.
- Impact of external factors such as market trends, economic conditions, and regulatory changes.
- The combination of high inflation and high-interest rates can impact all lines of the budget.
- Social and demographic changes with population, age distribution, and personal income can have significant and lasting effects.
- Legal and intergovernmental factors constraining tax increases, forbidding particular revenue sources, and mandating some services.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation plus additional statutory adjustments to the tax levy limit. School districts may override the tax levy limit (tax cap) by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit, however, that budget must be approved by at least 60% of the votes cast. Based on the law, the District's tax cap for 2025-2026 is 2.94%. The District's 2025-2026 property tax increase of 2.94% equaled the tax cap and did not require an override vote.

9. CONTACTING THE DISTRICT

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Mr. Victor Manuel
Assistant Superintendent for Business Affairs
Jericho Union Free School District
99 Cedar Swamp Road
Jericho, New York 11753-1202

JERICO UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

ASSETS

Cash and cash equivalents	
Unrestricted	\$ 25,222,443
Restricted	53,215,055
Receivables	
Accounts receivable	667,060
Taxes receivable	13,642
Due from state and federal	3,319,298
Due from other governments	3,366,190
Leases	1,828,913
Inventory	2,924
Capital assets:	
Not being depreciated	10,822,837
Being depreciated/amortized, net of accumulated depreciation/amortization	78,086,676
Net pension assets - proportionate share	<u>8,928,325</u>
Total Assets	<u>185,473,363</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	25,639,920
Other postemployment benefits	<u>19,064,985</u>
Total Deferred Outflows of Resources	<u>44,704,905</u>

LIABILITIES

Payables	
Accounts payable	817,666
Accrued liabilities	2,520,271
Due to other governments	127,983
Due to teachers' retirement system	6,671,031
Due to employees' retirement system	924,786
Other liabilities	1,277,335
Unearned credits	
Collections in advance	165,867
Long-term liabilities	
Due and payable within one year	
Lease liabilities	152,526
Compensated absences payable	1,000,000
Total other postemployment benefits liability	4,153,108
Due and payable after one year	
Lease liabilities	116,743
Compensated absences payable	18,508,417
Total other postemployment benefits liability	98,550,972
Net pension liabilities - proportionate share	<u>6,920,343</u>
Total Liabilities	<u>141,907,048</u>

DEFERRED INFLOWS OF RESOURCES

Leases	1,828,913
Pensions	11,303,845
Other postemployment benefits	<u>42,085,988</u>
Total Deferred Inflows of Resources	<u>55,218,746</u>

NET POSITION

Net investment in capital assets	<u>88,568,905</u>
Restricted:	
Unemployment insurance	267,886
Retirement contribution	
Teachers' retirement system	3,580,568
Employees' retirement system	14,322,188
Employee benefit accrued liability	17,270,629
Capital	17,694,183
Scholarships	79,601
Pension	<u>8,928,325</u>
	<u>62,143,380</u>
Unrestricted (deficit)	<u>(117,659,811)</u>
Total Net Position	<u>\$ 33,052,474</u>

JERICHO UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
FUNCTIONS/PROGRAMS					
General support	\$ 17,879,297	\$	\$	\$	\$ (17,879,297)
Instruction	114,726,206	1,463,338	2,160,146	258,907	(110,843,815)
Pupil transportation	7,268,904				(7,268,904)
Debt service - interest	344,779				(344,779)
Food service program	2,063,431	1,466,082	655,676		58,327
	<u>\$ 142,282,617</u>	<u>\$ 2,929,420</u>	<u>\$ 2,815,822</u>	<u>\$ 258,907</u>	<u>(136,278,468)</u>
GENERAL REVENUES					
Real property taxes					114,362,460
Other tax items					6,025,709
Use of money and property					3,717,885
Sale of property and compensation for loss					28,401
Miscellaneous					713,079
State sources					11,191,768
Medicaid reimbursement					98,151
					<u>136,137,453</u>
Total General Revenues					<u>136,137,453</u>
Change in Net Position					<u>(141,015)</u>
Total Net Position - Beginning of Year, as Previously Reported					33,462,699
Change in Accounting Principle					<u>(269,210)</u>
Total Net Position - Beginning of Year, as Restated					<u>33,193,489</u>
Total Net Position - End of Year					<u>\$ 33,052,474</u>

JERICHO UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2025

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
ASSETS							
Cash and cash equivalents							
Unrestricted	\$ 17,734,725	\$	\$ 430,877	\$ 6,810,913	\$ 245,928	\$	\$ 25,222,443
Restricted	40,163,034			12,972,420		79,601	53,215,055
Receivables							
Accounts receivable	664,378		1,432		1,250		667,060
Taxes receivable	13,642						13,642
Due from other funds	1,127,244		114,614				1,241,858
Due from state and federal	2,415,712	865,905	37,681				3,319,298
Due from other governments	3,366,190						3,366,190
Lease	1,828,913						1,828,913
Inventory			2,924				2,924
Total Assets	<u>\$ 67,313,838</u>	<u>\$ 865,905</u>	<u>\$ 587,528</u>	<u>\$ 19,783,333</u>	<u>\$ 247,178</u>	<u>\$ 79,601</u>	<u>\$ 88,877,383</u>
LIABILITIES							
Accounts payable	\$ 715,906	\$ 27,961	\$	\$ 71,339	\$ 2,460	\$	\$ 817,666
Accrued liabilities	2,503,877	11,729	4,665				2,520,271
Due to other funds	114,614	811,342		315,902			1,241,858
Due to other governments	126,584	1,077	322				127,983
Due to teachers' retirement system	6,671,031						6,671,031
Due to employees' retirement system	924,786						924,786
Other liabilities	1,277,335						1,277,335
Unearned credits							
Collections in advance		13,796	152,071				165,867
Total Liabilities	<u>12,334,133</u>	<u>865,905</u>	<u>157,058</u>	<u>387,241</u>	<u>2,460</u>	<u>-</u>	<u>13,746,797</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	1,284,396						1,284,396
Leases	1,828,913						1,828,913
Total Deferred Inflows of Resources	<u>3,113,309</u>						<u>3,113,309</u>
FUND BALANCES							
Nonspendable: Inventory			2,924				2,924
Restricted:							
Unemployment insurance	267,886						267,886
Retirement contribution							
Teachers' retirement system	3,580,568						3,580,568
Employees' retirement system	14,322,188						14,322,188
Employee benefit accrued liability	17,270,629						17,270,629
Capital	4,721,763			12,972,420			17,694,183
Scholarships						79,601	79,601
Assigned:							
Appropriated fund balance	5,421,000						5,421,000
Unappropriated fund balance	527,565		427,546	6,423,672	244,718		7,623,501
Unassigned fund balance	5,754,797						5,754,797
Total Fund Balances	<u>51,866,396</u>	<u>-</u>	<u>430,470</u>	<u>19,396,092</u>	<u>244,718</u>	<u>79,601</u>	<u>72,017,277</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 67,313,838</u>	<u>\$ 865,905</u>	<u>\$ 587,528</u>	<u>\$ 19,783,333</u>	<u>\$ 247,178</u>	<u>\$ 79,601</u>	<u>\$ 88,877,383</u>

JERICO UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the District-wide Statement of Net Position
June 30, 2025

Total Governmental Fund Balances \$ 72,017,277

Amounts reported for governmental activities in the Statement of Net Position are different because:

The costs of building, acquiring, and the right-to-use capital and intangible assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost or present value of capital and intangible assets	\$ 150,775,498	
Less: Accumulated depreciation/amortization	<u>(61,865,985)</u>	88,909,513

Proportionate share of long-term liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	25,639,920	
Net pension asset - teachers' retirement system	8,928,325	
Net pension liability - employees' retirement system	(6,920,343)	
Deferred inflows of resources	<u>(11,303,845)</u>	16,344,057

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds. but are not deferred on the Statement of Net Position. 1,284,396

Total other postemployment benefits liability, as well as deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	19,064,985	
Total other postemployment benefits liability	(102,704,080)	
Deferred inflows of resources	<u>(42,085,988)</u>	(125,725,083)

Long-term liabilities and other liabilities not due and payable in the current period are not reported as liabilities in the governmental funds. Long-term and other liabilities at year end consist of:

Lease liabilities	(269,269)	
Compensated absences payable	<u>(19,508,417)</u>	(19,777,686)

Total Net Position \$ 33,052,474

JERICO UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2025

	General	Special Aid	School Food Service	Capital Projects	Extracurricular Activities	Scholarships	Total Governmental Funds
REVENUES							
Real property taxes	\$ 114,362,460	\$	\$	\$	\$	\$	\$ 114,362,460
Other tax items	6,025,709						6,025,709
Charges for services	1,469,743						1,469,743
Use of money and property	3,711,771				4,615	1,499	3,717,885
Sale of property and compensation for loss	28,401						28,401
Miscellaneous	476,007				237,072	36,686	749,765
State sources	11,207,094	754,542	22,731	258,907			12,243,274
Medicaid reimbursement	98,151						98,151
Federal sources	25,175	1,343,743	632,945				2,001,863
Sales			1,466,082				1,466,082
Total Revenues	137,404,511	2,098,285	2,121,758	258,907	241,687	38,185	142,163,333
EXPENDITURES							
General support	14,263,713						14,263,713
Instruction	77,948,929	2,277,718			231,160	30,000	80,487,807
Pupil transportation	6,725,651	93,893					6,819,544
Employee benefits	33,107,937		320,050				33,427,987
Debt Service							
Principal	149,021						149,021
Interest	344,779						344,779
Food service program			1,970,838				1,970,838
Capital outlay				10,445,467			10,445,467
Total Expenditures	132,540,030	2,371,611	2,290,888	10,445,467	231,160	30,000	147,909,156
Excess (Deficiency) of Revenues Over Expenditures	4,864,481	(273,326)	(169,130)	(10,186,560)	10,527	8,185	(5,745,823)
OTHER FINANCING SOURCES AND (USES)							
Operating transfers in		273,326		7,386,869			7,660,195
Operating transfers (out)	(7,660,195)						(7,660,195)
Total Other Financing Sources and Uses	(7,660,195)	273,326	-	7,386,869	-	-	-
Net Change in Fund Balances	(2,795,714)	-	(169,130)	(2,799,691)	10,527	8,185	(5,745,823)
Fund Balances - Beginning of Year	54,662,110		599,600	22,195,783	234,191	71,416	77,763,100
End of Year	<u>\$ 51,866,396</u>	<u>\$ -</u>	<u>\$ 430,470</u>	<u>\$ 19,396,092</u>	<u>\$ 244,718</u>	<u>\$ 79,601</u>	<u>\$ 72,017,277</u>

JERICO UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the District-wide Statement of Activities
For the Year Ended June 30, 2025

Net Change in Fund Balances \$ (5,745,823)

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned.

Change in deferred inflows for unavailable revenue \$ (21,731)

Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Increase in compensated absences payable (25,575) (47,306)

Capital Related Differences

Capital outlays to purchase, build, of the right-to-use capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation/amortization expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation/amortization expense in the period.

Capital outlays and other additions	11,408,445	
Depreciation/amortization expenses	(7,280,556)	
Loss on disposal of capital assets	<u>(39,228)</u>	
		4,088,661

Long-Term Debt Transactions Differences

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Lease liabilities 149,021

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Teachers' retirement system	885,159	
Employees' retirement system	667,607	
Other postemployment benefits	<u>(138,334)</u>	
		<u>1,414,432</u>

Change in Net Position (Deficit) of Governmental Activities \$ (141,015)

JERICO UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2025

	Custodial
ASSETS	
Cash and cash equivalents	\$ -
NET POSITION	
Restricted for individuals, organizations, and other governments	\$ -

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2025

	Custodial
ADDITIONS	
Real property taxes collected for the Library	\$ 5,474,554
Payments in lieu of taxes (PILOT) collected for the Library	118,833
Total Additions	5,593,387
DEDUCTIONS	
Disbursements of real property taxes and PILOT to the Library	5,593,387
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	\$ -

JERICHO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Jericho Union Free School District (“the District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

A. Reporting Entity

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

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

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

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the New York State Education Law (“the Education Law”). A BOCES board is considered a corporate body. Members of a BOCES board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES board as a corporation under §1950(6). In addition, BOCES boards are also considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law (GML). A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district’s share of administrative and capital costs is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities are generally financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, while capital grants and contributions reflect capital-specific grants and contributions, if any.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid Fund - is used to account for the proceeds of specific revenue sources such as federal and state grants that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either government that provides the funds, or outside parties.

School Food Service Fund - is used to account for the activities of the food service program.

Capital Projects Fund - is used to account for the financial resources used for the acquisition, construction, renovation, major repair, or leasing of capital facilities and other capital assets.

Extraclassroom Activities Fund - is used to account for the funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extraclassroom activities fund are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements of the extraclassroom activities fund can be found at the District's Business Office.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Scholarships Fund – is used to account for funds collected that benefit annual third-party awards and scholarships for students.

Fiduciary Funds – are used to account for activities in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used to finance District operations. The following is the District’s fiduciary fund:

Custodial Fund – is used to account for real property taxes and PILOT collected on behalf of other governments and disbursed to those governments.

D. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants, and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liabilities, compensated absences, pension costs, and OPEB, which are recognized as expenditures to the extent they have matured. Capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Real Property Taxes and Other Tax Items

Calendar

Real property taxes are levied annually by the Board no later than August 15th and become a lien on October 1st and April 1st. Taxes are collected without penalty by the towns of Oyster Bay and North Hempstead from October 25th to December 15th, and April 1st through June 15th, and remitted to the District.

The District also levies the real property taxes for the Jericho Public Library (Library), which are collected by the towns and included in the amount remitted to the District. The District remits the Library's share of the tax levy to the Library in installments. These pass-through amounts are considered fiduciary activities and are reported in the District's Custodial Fund.

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau County in June.

School Tax Relief (STAR) Aid

New York State implemented the STAR program with the enactment of Chapter 389 of the Laws of 1997 to reduce the school property tax burden on residential homeowners. A school district's annual property tax levy as adopted is reduced by the total amount of the STAR exemptions granted to homeowners. School districts are reimbursed for this loss in property tax revenues by the state with STAR aid, which is reported as other tax items revenue.

F. Payments in Lieu of Taxes (PILOT)

The District reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the District.

PILOT payments collected on behalf of the Library are remitted to the Library. These pass-through amounts are not included in the District's other tax items revenue; however, the amounts are recorded within the custodial fund.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q ("the LIPA Reform Act") enacted by the state in 2013. These LIPA payments are not the result of tax abatement agreements as defined by GASB, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments.

JERICHO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Restricted Resources

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

H. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the district-wide statements, eliminations have been made for all interfund receivables and payables among the funds.

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

A detailed disclosure by individual fund for interfund receivables, payables, transfers in, and transfers out activity is provided subsequently in these Notes to Financial Statements.

I. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, leases, compensated absences, pension costs, OPEB, potential contingent liabilities, and useful lives of capital assets.

J. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, bank deposits, and investments with an original maturity date of 90 days or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

K. Receivables

Receivables are recorded when the transaction takes place, and the respective revenues are recognized as earned in the district-wide financial statements, and when available in the fund financial statements. Lease receivable is measured and recorded at the present value of lease payments expected to be received by the District during the lease term using an implicit discount rate. As lease payments are received from the lessee, they are first allocated to the amortization of the discount on the lease receivable as interest revenue, and then to lease receivable.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

L. Inventory

Inventory of food in the school food service fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expenditure is reported in the year the goods or services are consumed.

Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

A portion of fund balance has been classified as nonspendable to indicate that inventory does not constitute available spendable resources.

M. Capital Assets and Intangible Assets

The district-wide financial statements report both capital and intangible assets, such as right-to-use leased assets. Capital assets are reported at actual cost, when the information is available, or at estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation. Intangible assets are reported based on the estimated lease and subscription liabilities calculated in accordance with GASB standards.

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, intangible assets are amortized on a straight-line basis over the term of their underlying agreements, as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	5-50 years
Furniture and equipment	5,000	5-20 years
Land improvements	5,000	20 years
Vehicles	5,000	8-15 years
Intangible assets - Leased equipment	35,000	Lease term

N. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The second item is related to OPEB and represents the change in the total other postemployment benefits liability not included in OPEB expense.

O. Short-Term Debt

The District may issue revenue anticipation notes (RAN) and tax anticipation notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

proceeds from the issuance of the notes. The RANs and TANs represent liabilities that will be extinguished by the use of expendable, available resources of the fund.

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

P. Collections in Advance

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District, such as prepaid lunch amounts in the school food service fund. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

Q. Employee Benefits – Compensated Absences

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

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

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination, or death.

Certain collectively bargained agreements require these payments to be paid in the form of non-elective contributions into the employee's §403(b) plan.

In the district-wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick leave, when employees have earned the right to leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability is measured at the employee's pay rate at the reporting date, including salary-related payments, such as social security and Medicare taxes.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

R. Other Benefits

Eligible District employees participate in the TRS or the ERS.

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting as set forth by GASB.

S. Lease Liabilities

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. The intangible right-to-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease liability is reduced by the principal portion of lease payments made, and the intangible lease asset is amortized on a straight-line basis over the term of the lease agreement.

T. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has four items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid allocations and amounts due from other governments for tuition charges. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to the long-term lease receivable for properties that the District leases to third parties; revenues will be recognized systematically over the term of the lease agreements. The third item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The fourth item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total OPEB not included in OPEB expense.

U. Equity Classifications

District-Wide Statements

In the district-wide statements there are three classes of net position:

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, improvements, and leasing of those assets.

Restricted – Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors,

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory, which is recorded in the school food service fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the ERS and TRS. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. Contributions to the TRS sub-fund are limited to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The TRS sub-fund is separately administered, but must comply with all the existing provisions of GML. These reserves are accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefits primarily based on unused and unpaid sick leave, personal leave, holiday leave, or vacation leave due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital Reserve

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. These reserves are accounted for in the general fund and capital projects fund.

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, including earnings and net of awards. These restricted funds are accounted for in the scholarships fund.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual, positive amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – Represents the residual classification for the District’s general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending of available resources. NYS Real Property Tax Law §1318, restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year’s budget.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board.

The Board shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by the budget or any Board approved budget revision, then from the assigned fund balance to the extent appropriated by the Board, and then from the unassigned fund balance.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement 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 through noncash means. This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely that not to be used for time off or otherwise paid in cash, or settled through noncash means. This change in accounting principle resulted in an increase of \$269,210 to the July 1, 2024 balances of long-term compensated absences liability, and a decrease to the total net position.

3. FUTURE ACCOUNTING STANDARDS

The GASB Statements are issued to set GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but statements that the District feels may have a future impact on these financial statements. The District will evaluate the impact of these pronouncements and implement them, as applicable, if material.

Effective for the Year Ending	Statement
June 30, 2026	GASB No. 103 – <i>Financial Reporting Model Improvement</i>
June 30, 2026	GASB No. 104 - <i>Disclosure of Certain Capital Assets</i>

GASB Statement No. 103 was issued 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. This Statement also addresses certain application issues.

GASB Statement No. 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale.

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

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, long-term assets and liabilities, and deferred inflows of resources.

B. Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities

Differences between the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

JERICHO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the acquisition of capital items in the fund statements and depreciation/amortization expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District’s proportionate share of the collective pension expense of the plan.

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

5. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

The District’s administration prepares a proposed budget for approval by the Board for the general fund, the only fund with a legally adopted budget.

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board

JERICHO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Voter-authorized appropriations from capital reserve	
per May 2025 proposition	\$ 6,111,869
Instructional equipment and supplies funded by gifts and donations	62,922
Compensated absences benefits funded by employee benefit	
accrued liability reserve	1,493,513
	\$ 7,668,304

Budgets are adopted annually on a basis consistent with GAAP and are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

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

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The District’s investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits, and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized,
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

The District’s aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the District’s behalf at year end.

Investment Pool

The District participates in the New York Liquid Asset Fund (NYLAF), a multi-municipal cooperative investment pool agreement pursuant to GML Articles 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. NYLAF is rated AAAM by S&P Global Ratings. The

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

investments are highly liquid and are considered to be cash equivalents. All NYLAF investment and collateral policies are in accordance with GML §10 and 11.

The District's investments in NYLAF consisted of repurchase agreements, U.S. Treasury Securities, and collateralized bank deposits, with various interest rates and due dates. These investments are included in cash in the general fund, amounting to \$47,380,811.

NYLAF reports investments at amortized cost, consistent with GASB standards. Amortized cost involves valuing a security at its original date of purchase, and, therefore, amortizing any premium or accreting any discount on a straight-line basis to maturity. The lead agent of NYLAF is the Red Hook Central School District. Additional information concerning NYLAF, including the annual report, can be found on its website at www.nylaf.org. NYLAF merged with another multi-municipal cooperative investment pool, the New York Cooperative Liquid Assets Securities System (NYCLASS), effective July 1, 2025, and will operate under the NYCLASS name.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2025, the District was billed \$5,915,446 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,376,407. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

8. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2025, consisted of:

General Fund	
New York State - general aid	\$ 149,990
New York State - excess cost aid	1,210,351
New York State - homeless aid	417,425
BOCES aid	637,946
	2,415,712
Special Aid Fund	
Federal and state grants	865,905
School Food Service Fund	
Federal and state food service program reimbursements	37,681
	\$ 3,319,298

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2025, consisted of:

General Fund	
Other school districts - Tuition and health receivable	\$ 208,005
Nassau BOCES - Use of facilities	11,562
Nassau County - County guarantee of property taxes	3,020,697
Nassau County - Homeless students transportation	58,918
Nassau County - Substance abuse program grants	50,591
Nassau County - PILOT	16,417
	\$ 3,366,190

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

District management expects these amounts to be fully collectible.

10. LEASE RECEIVABLE

The District leases a building to the Nassau BOCES pursuant to a five-year agreement, effective July 1, 2024 to June 30, 2029. The lessee makes monthly lease payments based on the agreed-upon annual rents, which increase 5% annually. For the year ended June 30, 2025, the District received total payments of \$430,579, and recognized lease revenue and lease interest in the amounts of \$372,626 and \$57,953, respectively, using a discount rate of 3.049%. Lease receivable and the related deferred inflow of resources were \$1,828,913, as of June 30, 2025.

11. CAPITAL ASSETS

A. Changes

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

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 357,356	\$	\$	\$ 357,356
Construction in progress	8,115,682	10,445,466	(8,095,667)	10,465,481
Total capital assets not being depreciated	<u>8,473,038</u>	<u>10,445,466</u>	<u>(8,095,667)</u>	<u>10,822,837</u>
Capital assets being depreciated/amortized				
Buildings and improvements	124,402,160	8,132,634		132,534,794
Furniture, equipment and vehicles	6,027,297	926,012	(147,199)	6,806,110
Leased equipment	611,757			611,757
Total capital assets being depreciated/amortized	<u>131,041,214</u>	<u>9,058,646</u>	<u>(147,199)</u>	<u>139,952,661</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	51,046,880	6,619,208		57,666,088
Furniture, equipment and vehicles	3,340,642	508,409	(107,971)	3,741,080
Leased equipment	305,878	152,939		458,817
Total accumulated depreciation/ amortization	<u>54,693,400</u>	<u>7,280,556</u>	<u>(107,971)</u>	<u>61,865,985</u>
Total capital assets being depreciated/amortized, net	<u>76,347,814</u>	<u>1,778,090</u>	<u>(39,228)</u>	<u>78,086,676</u>
Capital assets, net	<u>\$ 84,820,852</u>	<u>\$ 12,223,556</u>	<u>\$ (8,134,895)</u>	<u>\$ 88,909,513</u>

Depreciation and amortization expenses totaling \$7,280,556 and a loss on disposal of capital assets in the amount of \$39,228 were charged to governmental functions as follows:

General support	\$ 766,852
Instruction	6,375,194
Pupil transportation	144,054
Food service program	<u>33,684</u>
	<u>\$ 7,319,784</u>

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Lease Assets

The District has an existing lease arrangement with BOCES for photocopiers that is subject to GASB Statement No. 87. The lease expires on March 31, 2027, and has an implicit interest rate of 2.33%. These photocopiers under lease are included in leased equipment in the previous table. The District has not provided any residual value guarantees related to these leased capital assets.

C. Impairment Losses

The District evaluates prominent events or changes in circumstances affecting capital or intangible assets to determine whether impairment of a capital or intangible asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2025, the District has not recorded any such impairment losses.

12. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2025, were as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,127,244	\$ 114,614	\$	\$ 7,660,195
Special Aid Fund		811,342	273,326	
School Food Service Fund	114,614			
Capital Projects Fund		315,902	7,386,869	
	\$ 1,241,858	\$ 1,241,858	\$ 7,660,195	\$ 7,660,195

The District typically transfers from the general fund to the special aid fund and the capital projects fund. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities. The transfer to the capital projects fund was for capital improvements in accordance with the voter-approved budget and propositions.

13. SHORT-TERM DEBT

Short-term debt activity for the year is summarized below:

	Maturity	Stated Interest Rate	Balance June 30, 2024	Issued	Redeemed	Balance June 30, 2025
TAN	5/22/2025	3.95%	\$ -	\$ 13,000,000	\$ (13,000,000)	\$ -

The TAN was issued to provide cash flow for the District until real property taxes are received from the Towns.

Interest on short-term debt for the year was \$336,628. The District received an issuance premium in the amount of \$72,540, which was recorded as miscellaneous revenue and resulted in a net effective interest rate of 3.0988%.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

14. LONG-TERM LIABILITIES

A. Changes

Long-term liabilities balances and activities for the year, excluding pension liabilities, are summarized below:

	* Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Long-term liabilities:					
Lease liabilities	\$ 418,290	\$	\$ (149,021)	\$ 269,269	\$ 152,526
Other long-term liabilities:					
Compensated absences*	19,482,842	25,575		19,508,417	1,000,000
Total OPEB liability	<u>118,594,876</u>		<u>(15,890,796)</u>	<u>102,704,080</u>	<u>4,153,108</u>
	<u>\$ 138,496,008</u>	<u>\$ 25,575</u>	<u>\$ (16,039,817)</u>	<u>\$ 122,481,766</u>	<u>\$ 5,305,634</u>

* The beginning balance of compensated absences of \$19,213,632, as previously reported, was increased by \$269,210 to present the cumulative effect of the implementation of GASB Statement No. 101.

Additions and reductions to compensated absences are shown net. The maturity of compensated absences is not determinable.

The general fund has typically been used to liquidate other long-term liabilities.

For total OPEB liability, see "Postemployment Healthcare Benefits" Note for additional information.

B. Lease Liabilities

Lease liabilities as of June 30, 2025, is comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2025
Leased copiers	4/1/2023	3/31/2027	2.327%	<u>\$ 269,269</u>

The following is a summary of principal and interest requirements for lease liabilities:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 152,526	\$ 4,646	\$ 157,172
2027	<u>116,743</u>	<u>1,135</u>	<u>117,878</u>
	<u>\$ 269,269</u>	<u>\$ 5,781</u>	<u>\$ 275,050</u>

There were no variable payments or other payments made for leases included above. There were no additional lease commitments entered into by the District after June 30, 2025.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Interest Expense

Interest on long-term liabilities for the year was \$8,151.

15. PENSION PLANS – NEW YORK STATE

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, defined benefit, public employee retirement systems. The systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. 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 District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. 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 Employees' Retirement System, 110 State Street, Albany, NY 12244.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.76% of covered payroll for the TRS' fiscal year ended June 30, 2024. The District's average contribution rate was 14.00% of covered payroll for the ERS' fiscal year ended March 31, 2025.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2025, was \$5,856,340 for TRS at the contribution rate of 10.11%, and \$2,736,463 for ERS at an average contribution rate of 14.70%.

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

At June 30, 2025, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2024, for TRS and March 31, 2025 for ERS. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2024	March 31, 2025
District's proportionate share of the net pension asset/(liability)	\$ 8,928,325	\$ (6,920,343)
District's portion of the Plan's net pension asset/(liability)	0.299246%	0.0403619%
Change in proportion since the prior measurement date	(0.000510)	(0.0023605)

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

For the year ended June 30, 2025, the District recognized a pension expense of \$5,003,888 for TRS and \$1,859,433 for ERS. At June 30, 2025, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 9,614,167	\$ 1,717,676	\$	\$ 81,024
Changes of assumptions	5,340,948	290,225	898,397	
Net difference between projected and actual earnings on pension plan investments		542,951	9,920,130	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	557,029	795,798	140,800	263,494
District contributions subsequent to the measurement date	<u>5,856,340</u>	<u>924,786</u>		
Total	<u>\$ 21,368,484</u>	<u>\$ 4,271,436</u>	<u>\$ 10,959,327</u>	<u>\$ 344,518</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2026	\$ (4,500,161)	\$ 1,454,837
2027	11,019,991	1,915,362
2028	(1,684,150)	(461,138)
2029	(1,917,662)	93,071
2030	1,183,739	
Thereafter	<u>451,060</u>	
	<u>\$ 4,552,817</u>	<u>\$ 3,002,132</u>

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions

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

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

For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021 for June 30, 2024 and June 30, 2023, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For TRS, assumptions were computed by the TRS' Office of the Actuary and adopted by the TRS' Retirement Board in October 2021. The assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS' annual Actuarial Valuation Report. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

For ERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

JERICHO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2024		March 31, 2025
Asset class				
Domestic equity	33.0%	6.60%	25.0%	3.54%
International equity	15.0%	7.40%	14.0%	6.57%
Global equity	4.0%	6.90%		
Real estate equity	11.0%	6.30%	12.0%	4.95%
Private equity	9.0%	10.00%	15.0%	7.25%
Alternative investments			11.0%	5.25-5.55%
Domestic fixed income	16.0%	2.60%		
Global bonds	2.0%	2.50%		
High-yield bonds	1.0%	4.80%		
Fixed income			22.0%	2.00%
Private debt	2.0%	5.90%		
Real estate debt	6.0%	3.90%		
Cash equivalents	1.0%	0.50%		
Cash			1.0%	0.25%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.9% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for TRS and 5.90% for ERS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
District's proportionate share of the net pension asset/(liability)	<u>\$ (41,240,450)</u>	<u>\$ 8,928,325</u>	<u>\$ 51,121,611</u>
ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset/(liability)	<u>\$ (20,028,345)</u>	<u>\$ (6,920,343)</u>	<u>\$ 4,024,846</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective measurement dates were as follows:

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2024	March 31, 2025
Employers' total pension (liability)	\$ (142,837,827)	\$ (247,600,239)
Plan fiduciary net position	<u>145,821,435</u>	<u>230,454,512</u>
Employers' net pension asset (liability)	<u>\$ 2,983,608</u>	<u>\$ (17,145,727)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	102.09%	93.08%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025, are paid to the system in September, October, and November 2025 through a combination of state aid intercept and payment by the District. Accrued retirement contributions as of June 30, 2025, represent employer and employee contributions for the fiscal year ended June 30, 2025, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2025 amounted to \$5,856,340 of employer contributions and \$814,691 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2025, represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$924,786 of employer contributions. Employee contributions are remitted monthly.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

16. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a §403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2025, totaled \$938,635 and \$3,303,415, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2025 totaled \$1,100,893.

17. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust.

Benefits Provided – The District provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – On the July 1, 2024 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	468
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>604</u>
	<u><u>1,072</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$102,704,080 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions and Other Inputs – The total OPEB liability as of the measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

JERICHO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Salary increases	2.40%	average, including inflation
Discount rate	5.20%	
Healthcare cost trend rates	7.30%	decreasing to 3.80% over 50 years
Retirees' share of benefit-related costs	0% - 100%	of projected health insurance premiums for retirees and surviving spouses

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

Mortality rates were based on the MP-2021 Ultimate Scale.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility, for full and early retirement where applicable and input from the Plan sponsor. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

Balance at June 30, 2024	<u>\$ 118,594,876</u>
Changes for the year	
Service cost	3,657,207
Interest on total OPEB liability	4,730,260
Changes of benefit terms	-
Effect of demographic gains or losses	(1,798,428)
Changes in assumptions or other inputs	(18,664,621)
Benefit payments	<u>(3,815,214)</u>
	<u>(15,890,796)</u>
Balance at June 30, 2025	<u><u>\$ 102,704,080</u></u>

Changes of assumptions and other inputs reflect the use of updated medical trend, salary scale, mortality scale, retirement and turnover rates, and a change in the discount rate from 3.93% in 2024 to 5.20% in 2025.

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

OPEB	1% Decrease 4.20%	Discount Rate 5.20%	1% Increase 6.20%
Total OPEB liability	<u>\$ (116,957,348)</u>	<u>\$ (102,704,080)</u>	<u>\$ (90,935,021)</u>

JERICHO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.30% to 2.80%) or 1 percentage point higher (8.30% to 4.80%) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	6.30%	7.30%	8.30%
	decreasing to	decreasing to	increasing to
OPEB	2.80%	3.80%	4.80%
Total OPEB liability	<u><u>\$ (89,162,197)</u></u>	<u><u>\$ (102,704,080)</u></u>	<u><u>\$ (119,413,563)</u></u>

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$3,953,548. At June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 231,592	\$ 9,489,059
Changes of assumptions or other inputs	<u>18,833,393</u>	<u>32,596,929</u>
Total	<u><u>\$ 19,064,985</u></u>	<u><u>\$ 42,085,988</u></u>

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

Year Ended June 30,	Amount
2026	\$ (4,042,082)
2027	(4,771,692)
2028	(5,026,908)
2029	(2,591,206)
2030	(1,866,874)
Thereafter	<u>(4,722,241)</u>
	<u><u>\$ (23,021,003)</u></u>

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

18. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Public Entity Risk Pool

The District participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool, for its property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain defined limits, and the District has essentially transferred all related risk to the pool.

The District participates in the Nassau County Schools Cooperative Workers' Compensation Self Insured Plan ("the Plan"), a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to administer claims, finance liability, and manage risks related to workers' compensation claims. The District pays an annual assessment determined by the Plan's Board of Trustees. In the event that the Plan has insufficient funds to meet its obligations, the Plan's Board of Trustees may issue supplemental assessments to the Plan's members. Plan members who withdraw or are terminated from the Plan's membership will assume responsibilities for all open and unpaid claims associated with them. The Plan's total undiscounted liability for unbilled and open claims at June 30, 2025 was \$23,110,648. The discounted liability was \$18,954,292 using a discount rate of 3.0%. The District's allocated share of the undiscounted liability and the discounted liability, based on the District's contributions by fund year relative to the total contributions by all members of the Plan, was \$1,399,141 and \$1,147,493, respectively. The Plan has assets of \$29,717,662 at June 30, 2025 to pay these liabilities.

19. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2025 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2026:

Retirement Contributions	
Teachers' retirement system	\$ 300,000
Employees' retirement system	<u>797,511</u>
	<u>\$ 1,097,511</u>

20. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$5,421,000 has been appropriated by the District to partially fund the budget for the year ending June 30, 2026.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

21. RESTRICTED FUND BALANCE - CAPITAL RESERVES

The following is a summary of the District’s restricted capital reserves activity:

	Capital Reserve II	Capital Reserve III	Capital Reserve IV	Capital Reserve V	
Date Created	May 2015	May 2017	May 2019	May 2022	
Number of Years to Fund	10	10	10	10	
Maximum Funding	\$ 10,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	
					Total
General Fund					
Funding Provided	\$ 10,000,000	\$ 20,000,000	\$ 20,000,000	\$ 14,819,277	\$ 64,819,277
Interest Earnings	84,597	230,400	206,970	462,958	984,925
Use of Reserve	(10,084,597)	(20,230,400)	(20,206,970)	(10,560,472)	(61,082,439)
Total General Fund	-	-	-	4,721,763	4,721,763
Capital Projects Fund					
Funding Provided	\$ 10,084,597	\$ 20,230,400	\$ 20,206,970	\$ 10,560,472	\$ 61,082,439
Use of Reserve	(9,745,473)	(20,230,400)	(17,673,236)	(460,910)	(48,110,019)
Total Capital Projects Fund	339,124	-	2,533,734	10,099,562	12,972,420
Balance as of June 30, 2025	\$ 339,124	\$ -	\$ 2,533,734	\$ 14,821,325	\$ 17,694,183

22. TAX ABATEMENTS

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. As a result of those abatement programs, the District’s 2024-2025 property taxes were abated by \$4,701,438. The District received PILOT payments totaling \$2,493,867.

In addition, the District recognized \$2,393,366 in LIPA PILOT, which is included in “other tax items” revenue; however, these payments are not the result of a tax abatement.

23. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2025, the District encumbered the following amounts:

Assigned: Unappropriated fund balance	
General Fund	
General Support	\$ 265,046
Instruction	259,372
Pupil Transportation	3,147
	527,565
Restricted fund balance:	
Capital Projects Fund	
Capital Projects	5,874,767
	\$ 6,402,332

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Grants

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, would be immaterial.

C. Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs; the District's management believes that the outcome of any matters will not have a material effect on these financial statements. The District has also been named as a party to a lawsuit brought by an individual against an outside organization under the Child Victim's Act. The District denies all allegations and liability in the lawsuit. The matter is being handled by the District's insurer.

24. SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements, except for the following:

Issuance of TANs

On September 25, 2025, the District will issue \$14,000,000 of tax anticipation notes (TAN). The TAN will have a stated interest rate of 3.75% and will mature on May 21, 2026. The District will receive an issuance premium of \$107,800, which will result in a net interest rate of 2.5754%.

JERICHO UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 115,460,399	\$ 114,362,459	\$ 114,362,460	\$ 1
Other tax items	4,501,917	5,599,857	6,025,709	425,852
Charges for services	1,380,000	1,380,000	1,469,743	89,743
Use of money and property	1,800,000	1,800,000	3,711,771	1,911,771
Sale of property and compensation for loss			28,401	28,401
Miscellaneous	400,000	462,922	476,007	13,085
Total Local Sources	123,542,316	123,605,238	126,074,091	2,468,853
State Sources	9,800,000	9,800,000	11,207,094	1,407,094
Medicaid Reimbursement			98,151	98,151
Federal Sources			25,175	25,175
Total Revenues	133,342,316	133,405,238	137,404,511	\$ 3,999,273
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	5,421,000	5,421,000		
Prior Year's Encumbrances	849,906	849,906		
Appropriated Reserves				
Retirement contribution - TRS	300,000	300,000		
Retirement contribution - ERS	782,968	782,968		
Employee benefit accrued liability		1,493,513		
Capital		6,111,869		
Total Appropriated Fund Balance	7,353,874	14,959,256		
Total Revenues and Appropriated Fund Balance	\$ 140,696,190	\$ 148,364,494		

Note to Required Supplementary Information

Budget Basis of Accounting

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

JERICO UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 113,050	\$ 103,895	\$ 90,828	\$	\$ 13,067
Central administration	532,761	825,122	820,059		5,063
Finance	1,296,137	1,296,137	1,138,248	26,791	131,098
Staff	1,010,873	1,010,873	867,123	7,345	136,405
Central services	10,407,464	10,417,557	10,021,467	230,910	165,180
Special items	1,259,750	1,328,750	1,325,988		2,762
Total General Support	<u>14,620,035</u>	<u>14,982,334</u>	<u>14,263,713</u>	<u>265,046</u>	<u>453,575</u>
Instruction					
Administration & improvement	5,424,751	5,482,525	5,186,278	3,910	292,337
Teaching - regular school	43,636,831	44,350,991	41,454,438	254,616	2,641,937
Programs for students with disabilities	20,999,990	21,084,872	19,776,784		1,308,088
Occupational education	165,000	169,600	169,593		7
Instructional media	4,458,450	4,731,397	4,678,253		53,144
Pupil services	6,896,013	6,955,786	6,683,583	846	271,357
Total Instruction	<u>81,581,035</u>	<u>82,775,171</u>	<u>77,948,929</u>	<u>259,372</u>	<u>4,566,870</u>
Pupil Transportation	<u>7,204,474</u>	<u>7,204,474</u>	<u>6,725,651</u>	<u>3,147</u>	<u>475,676</u>
Employee Benefits	<u>35,105,646</u>	<u>35,105,646</u>	<u>33,107,937</u>		<u>1,997,709</u>
Debt Service:					
Principal	160,000	151,800	149,021		2,779
Interest	400,000	408,200	344,779		63,421
Total Debt Service	<u>560,000</u>	<u>560,000</u>	<u>493,800</u>	<u>-</u>	<u>66,200</u>
Total Expenditures	139,071,190	140,627,625	132,540,030	527,565	7,560,030
OTHER FINANCING USES					
Operating Transfers Out	<u>1,625,000</u>	<u>7,736,869</u>	<u>7,660,195</u>		<u>76,674</u>
Total Expenditures and Other Uses	<u>\$ 140,696,190</u>	<u>\$ 148,364,494</u>	<u>140,200,225</u>	<u>\$ 527,565</u>	<u>\$ 7,636,704</u>
Net Change in Fund Balance			(2,795,714)		
Fund Balances - Beginning of Year			<u>54,662,110</u>		
Fund Balances - End of Year			<u>\$ 51,866,396</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

JERICHO UNION FREE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
Last Ten Fiscal Years

Teachers' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.299246%	0.299756%	0.304629%	0.314634%	0.308347%	0.305524%	0.306770%	0.307166%	0.310583%	0.318384%
District's proportionate share of the net pension asset/(liability)	\$ 8,928,325	\$ (3,427,960)	\$ (5,845,493)	\$ 54,523,047	\$ (8,520,462)	\$ 7,937,523	\$ 5,547,221	\$ 2,334,766	\$ (3,326,473)	\$ 33,069,962
District's covered payroll	\$ 57,136,629	\$ 55,365,499	\$ 53,965,786	\$ 53,391,142	\$ 52,337,102	\$ 50,596,752	\$ 49,969,482	\$ 48,675,674	\$ 47,778,311	\$ 47,825,613
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.63 %	6.19 %	10.83 %	102.12 %	16.28 %	15.69 %	11.10 %	4.80 %	6.96 %	69.15 %
Plan fiduciary net position as a percentage of the total pension liability	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%
Discount rate	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%

Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.0403619%	0.0427224%	0.0409212%	0.0426322%	0.0394341%	0.0393737%	0.0412623%	0.0456009%	0.0461609%	0.0440387%
District's proportionate share of the net pension asset/(liability)	\$ (6,920,343)	\$ (6,290,469)	\$ (8,775,146)	\$ 3,485,006	\$ (39,266)	\$ (10,426,373)	\$ (2,923,562)	\$ (1,471,744)	\$ (4,337,379)	\$ (7,068,327)
District's covered payroll	\$ 17,787,783	\$ 17,161,174	\$ 16,181,411	\$ 15,428,941	\$ 14,581,711	\$ 14,176,148	\$ 13,640,291	\$ 13,694,990	\$ 14,483,504	\$ 14,043,651
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	38.91 %	36.66 %	54.23 %	22.59 %	0.27 %	73.55 %	21.43 %	10.75 %	29.95 %	50.33 %
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%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%

JERICO UNION FREE SCHOOL DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

Teachers' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 5,856,340	\$ 5,576,535	\$ 5,697,110	\$ 5,288,647	\$ 5,088,109	\$ 4,637,067	\$ 5,415,866	\$ 4,897,009	\$ 5,704,789	\$ 6,354,997
Contributions in relation to the contractually required contribution	<u>5,856,340</u>	<u>5,576,535</u>	<u>5,697,110</u>	<u>5,288,647</u>	<u>5,088,109</u>	<u>4,637,067</u>	<u>5,415,866</u>	<u>4,897,009</u>	<u>5,704,789</u>	<u>6,354,997</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 57,926,212	\$ 57,136,629	\$ 55,365,499	\$ 53,965,786	\$ 53,391,142	\$ 52,337,102	\$ 50,596,752	\$ 49,969,482	\$ 48,675,674	\$ 47,778,311
Contributions as a percentage of covered payroll	10%	10%	10%	10%	10%	9%	11%	10%	12%	13%

Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,736,463	\$ 2,140,003	\$ 1,503,636	\$ 2,174,511	\$ 2,009,521	\$ 2,009,871	\$ 2,017,311	\$ 2,095,993	\$ 1,993,467	\$ 2,101,938
Contributions in relation to the contractually required contribution	<u>2,736,463</u>	<u>2,140,003</u>	<u>1,503,636</u>	<u>2,174,511</u>	<u>2,009,521</u>	<u>2,009,871</u>	<u>2,017,311</u>	<u>2,095,993</u>	<u>1,993,467</u>	<u>2,101,938</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 18,617,521	\$ 17,490,601	\$ 15,793,728	\$ 14,961,375	\$ 14,168,917	\$ 14,531,266	\$ 14,379,325	\$ 13,665,066	\$ 13,890,970	\$ 13,861,931
Contributions as a percentage of covered payroll	15%	12%	10%	15%	14%	14%	14%	15%	14%	15%

JERICHO UNION FREE SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 3,657,207	\$ 5,197,284	\$ 4,122,195	\$ 6,086,605	\$ 4,943,898	\$ 3,822,001	\$ 4,762,629	\$ 4,539,915
Interest on total OPEB liability	4,730,260	4,410,550	3,472,353	2,550,443	2,559,996	3,212,848	3,075,841	2,910,598
Changes in benefit terms	-	-	965,811	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	897,727	31,899
Effect of demographic gains or losses	(1,798,428)	-	223,821	-	(20,697,329)	-	-	-
Changes of assumptions or other inputs	(18,664,621)	(5,025,247)	15,995,566	(24,100,969)	16,363,230	18,120,469	(16,207,684)	-
Benefit payments	(3,815,214)	(3,225,926)	(2,990,803)	(2,141,133)	(2,006,027)	(2,455,715)	(2,189,760)	(2,204,186)
Net change in total OPEB liability	(15,890,796)	1,356,661	21,788,943	(17,605,054)	1,163,768	22,699,603	(9,661,247)	5,278,226
Total OPEB liability, beginning	118,594,876	117,238,215	95,449,272	113,054,326	111,890,558	89,190,955	98,852,202	93,573,976
Total OPEB liability, ending	<u>\$ 102,704,080</u>	<u>\$ 118,594,876</u>	<u>\$ 117,238,215</u>	<u>\$ 95,449,272</u>	<u>\$ 113,054,326</u>	<u>\$ 111,890,558</u>	<u>\$ 89,190,955</u>	<u>\$ 98,852,202</u>
Covered employee payroll	\$ 64,804,519	\$ 60,152,030	\$ 60,152,030	\$ 58,662,192	\$ 58,662,192	\$ 55,558,600	\$ 55,558,600	\$ 57,197,915
Total OPEB liability as a percentage of covered employee payroll	158.48%	197.16%	194.90%	162.71%	192.72%	201.39%	160.53%	172.82%
Discount rate	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	4.10%
Healthcare trend rates	7.30% to 3.80% over 50 years	6.40% to 3.80% over 55 years	6.40% to 3.80% over 55 years	5.30% to 4.10% by 2076	5.30% to 4.10% by 2076	6.10% to 4.10% by 2076	6.10% to 4.10% by 2076	8.0% to 5.0% by 2021

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

Note to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria as set forth by GASB to pay related benefits.

JERICHO UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2025

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 139,846,284
Additions:	
Prior year's encumbrances	849,906
Original Budget	140,696,190
Budget revisions	
Voter-authorized appropriations from capital reserve per May 2025 proposition	6,111,869
Instructional equipment and supplies funded by gifts and donations	62,922
Compensated absences benefits funded by employee benefit accrued liability reserve	1,493,513
Total budget revisions	7,668,304
Final Budget	\$ 148,364,494

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-2026 voter-approved expenditure budget	\$ 143,870,018
Maximum allowed (4% of 2025-2026 budget)	\$ 5,754,801
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 5,948,565
Unassigned fund balance	5,754,797
	\$ 11,703,362
Less:	
Appropriated fund balance	5,421,000
Encumbrances	527,565
	5,948,565
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	\$ 5,754,797
Actual Percentage	4.00%

JERICO UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For the Year Ended June 30, 2025

PROJECT TITLE	Expenditures					Methods of Financing				Fund Balance June 30, 2025	
	Budget June 30, 2024	Budget June 30, 2025	Prior Years	Current Year	Total	Unexpended Balance	State Aid	Local Sources	Capital Reserves		Total
District-wide upgrades and replacements											
2020-2021	\$ 1,275,000	\$ 1,275,000	\$ 834,515	\$ 333,287	\$ 1,167,802	\$ 107,198	\$	\$ 1,275,000	\$	\$ 1,275,000	\$ 107,198
2021-2022	1,275,000	1,275,000	1,220,223		1,220,223	54,777		1,275,000		1,275,000	54,777
2022-2023	1,275,000	1,275,000	509,245	101,249	610,494	664,506		1,275,000		1,275,000	664,506
2023-2024	1,275,000	1,275,000	4,262	819,640	823,902	451,098		1,275,000		1,275,000	451,098
2024-2025		1,275,000		156,822	156,822	1,118,178		1,275,000		1,275,000	1,118,178
Smart Schools Bond Act (SSBA) projects	479,961	479,961	479,477		479,477	484	479,961			479,961	484
May 2016 Proposition No. 2	16,306,125	16,306,125	16,280,526		16,280,526	25,599		6,219,637	10,086,488	16,306,125	25,599
May 2017 Proposition No. 2	8,601,260	8,601,260	8,262,136		8,262,136	339,124			8,601,260	8,601,260	339,124
May 2018 Proposition No. 2	14,825,134	14,825,134	14,438,954	8,443	14,447,397	377,737		4,034,397	10,790,737	14,825,134	377,737
May 2019 Proposition No. 2	9,831,850	9,831,850	9,616,841	56,647	9,673,488	158,362		3,831,850	6,000,000	9,831,850	158,362
May 2021 Proposition No. 2	12,900,000	12,900,000	9,104,762	1,147,000	10,251,762	2,648,238		1,300,000	11,600,000	12,900,000	2,648,238
May 2022 Proposition No. 2	9,686,175	9,686,175	5,892,720	2,327,238	8,219,958	1,466,217		2,700,000	6,986,175	9,686,175	1,466,217
May 2023 Proposition No. 2	7,243,795	7,243,795	304,053	5,054,246	5,358,299	1,885,496		700,000	6,543,795	7,243,795	1,885,496
May 2024 Proposition No. 2	4,448,603	4,448,603	20,015	292,038	312,053	4,136,550			4,448,603	4,448,603	4,136,550
May 2025 Proposition No. 2		6,111,869		148,857	148,857	5,963,012			6,111,869	6,111,869	5,963,012
Totals	\$ 89,422,903	\$ 96,809,772	\$ 66,967,729	\$ 10,445,467	\$ 77,413,196	\$ 19,396,576	\$ 479,961	\$ 25,160,884	\$ 71,168,927	\$ 96,809,772	19,396,576
									Less: Unrealized State SSBA Aid		(484)
											<u>\$ 19,396,092</u>

JERICO UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2025

Capital assets, net		\$ 88,909,513
Deduct:		
Capital-related accounts payable		(71,339)
Short-term portion of lease liabilities	\$ (152,526)	
Long-term portion of lease liabilities	<u>(116,743)</u>	
		<u>(269,269)</u>
Net Investment in Capital Assets		<u>\$ 88,568,905</u>



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

To the Board of Education
Jericho Union Free School District
Jericho, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of Jericho Union Free School District (“the District”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated September 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Cullen & Danowski, LLP

Port Jefferson Station, New York

September 17, 2025

