

**South Orangetown Central  
School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2025

# South Orangetown Central School District, New York

## Table of Contents

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|                                                                                            | <u>Page No.</u> |
|--------------------------------------------------------------------------------------------|-----------------|
| Independent Auditors' Report                                                               | 1               |
| Management's Discussion and Analysis                                                       | 4               |
| Basic Financial Statements                                                                 |                 |
| District-Wide Financial Statements                                                         |                 |
| Statement of Net Position                                                                  | 12              |
| Statement of Activities                                                                    | 13              |
| Fund Financial Statements                                                                  |                 |
| Balance Sheet - Governmental Funds                                                         | 14              |
| Reconciliation of Governmental Funds Balance Sheet to the District-Wide                    |                 |
| Statement of Net Position                                                                  | 16              |
| Statement of Revenues, Expenditures and Changes in Fund Balances -                         |                 |
| Governmental Funds                                                                         | 17              |
| Reconciliation of the Statement of Revenues, Expenditures and Changes                      |                 |
| in Fund Balances of Governmental Funds to the Statement of Activities                      | 19              |
| Statement of Revenues, Expenditures and Changes in Fund Balance -                          |                 |
| Budget and Actual - General Fund                                                           | 20              |
| Statement of Changes in Fiduciary Net Position - Fiduciary Fund                            | 21              |
| Notes to Financial Statements                                                              | 22              |
| Required Supplementary Information                                                         |                 |
| Other Postemployment Benefits                                                              |                 |
| Schedule of Changes in the School District's Total OPEB Liability and Related Ratios       | 53              |
| New York State Teachers' Retirement System                                                 |                 |
| Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) | 55              |
| Schedule of Contributions                                                                  | 55              |
| New York State and Local Employees' Retirement System                                      |                 |
| Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) | 57              |
| Schedule of Contributions                                                                  | 57              |
| Combining and Individual Fund Financial Statements and Schedules                           |                 |
| Major Governmental Funds                                                                   |                 |
| General Fund                                                                               |                 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance -                           |                 |
| Budget and Actual                                                                          | 59              |
| Schedule of Revenues and Other Financing Sources Compared to Budget                        | 60              |
| Schedule of Expenditures and Other Financing Uses Compared to Budget                       | 62              |
| Capital Projects Fund                                                                      |                 |
| Project-Length Schedule                                                                    | 65              |
| Non-Major Governmental Funds                                                               |                 |
| Combining Balance Sheet                                                                    | 67              |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances                 | 68              |
| Supplementary Information                                                                  |                 |
| Analysis of Change from Adopted Budget to Final Budget                                     | 69              |
| Section 1318 of Real Property Tax Law Limit Calculation                                    | 69              |
| Schedule of Net Investment in Capital Assets                                               | 70              |
| 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>                                       | 71              |

## **Independent Auditors' Report**

**The Board of Education of the  
South Orangetown Central School District, New York**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the South Orangetown Central School District, New York ("School District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2025, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Change in Accounting Policy***

We draw attention to Note 2E in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 101, "*Compensated Absences*". Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

October 1, 2025

# **South Orangetown Central School District, New York**

## **Management's Discussion and Analysis ("MD&A")**

**June 30, 2025**

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### **Introduction**

As management of South Orangetown Central School District, New York ("School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the School District's financial statements to enhance understanding of the School District's financial performance, which immediately follows this section.

### **Financial Highlights**

Key financial highlights for fiscal year 2025 are as follows:

- New York State Law limits the amount of committed, assigned and unassigned fund balance, exclusive of encumbrances and amounts designated for the subsequent year's budget, which can be retained by the General Fund to 4% of the ensuing year's budget. At the end of the current fiscal year, this amount for the General Fund was \$4,611,146 or 4%, and is therefore within the statutory limit.
- On the governmental funds financial statements, the total fund balances decreased in the amount of \$7,819,158. This is mostly due to capital outlay expenditures. However, the School District's maintenance of sufficient fund balance in excess of \$42 million is integral to fiscal solvency and positive credit rating.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements which are comprised of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains other supplementary information, which is intended to give the reader additional detail in support of the basic financial statements.

### **District-Wide Financial Statements**

- The district-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner like a private-sector business.
- The statement of net position presents information on all the School District's assets and liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the School District is improving or deteriorating.
- The statement of activities presents information showing the changes in the School District's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will result only in cash flows in future fiscal periods (for example, earned, but unused vacation leave, other post-employment benefit ("OPEB") obligations, and pension obligations).

- The governmental activities of the School District include instruction, pupil transportation, cost of food sales, other, interest and general administrative support. The district-wide financial statements distinguish functions of the district that are governmental activities (those principally supported by charges for services, operating grants and contributions).

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

### **Fund Financial Statements**

- A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein. These accounts are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- As the focus of governmental funds is narrower than that of the 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, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- The School District maintains six individual governmental funds: Special Aid Fund, General Fund, Capital Project Fund, School Lunch Fund, Special Purpose Fund, and Debt Service Fund. The General, Special Aid, Capital Projects, and Debt Service funds are considered major funds, and information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for these funds. The remaining funds are non-major, and their information is aggregated and presented in a single column as non-major governmental funds.
- The School District adopts an annual budget for its General Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund and Special Aid Fund within the basic financial statements to demonstrate compliance with the respective budgets.
- The Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statements because the resources of these funds are not available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

## Notes to Financial Statements

The notes to the financial statements provide additional information that is essential for fair presentation and that is not otherwise displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements and should be read in conjunction with the financial statements. The notes focus on the primary government – specifically, its governmental activities and major funds. The notes to the financial statements can be found following the basic financial statements section of this report.

### Other information

In addition to the basic financial statements and notes to the financial statements, this report also presents required supplemental information (“RSI”) concerning the School District’s progress in funding its obligations to provide OPEB to its employees and information regarding the School District’s proportionate share of pension obligations and contributions. RSI immediately follows the notes to the financial statements.

This report also includes supplementary information (“SI”), which immediately follows RSI and gives the reader further detail on the information presented in the basic financial statements. Included in the SI are the individual fund financial statements and schedules and the project length schedule for the Capital Projects Fund.

### District- Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District’s financial position. In the case of South Orangetown Central School District, New York, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$128,765,329.

|                                  | June 30,         |                  |
|----------------------------------|------------------|------------------|
|                                  | 2025             | 2024             |
| Current Assets                   | \$ 73,196,237    | \$ 67,350,570    |
| Capital Assets, net              | 80,332,956       | 68,789,380       |
| Total Assets                     | 153,529,193      | 136,139,950      |
| Deferred Outflows of Resources   | 47,738,919       | 69,336,341       |
| Current Liabilities              | 20,135,114       | 13,046,199       |
| Long-term Liabilities            | 236,852,744      | 250,289,634      |
| Total Liabilities                | 256,987,858      | 263,335,833      |
| Deferred Inflows of Resources    | 73,045,583       | 62,268,129       |
| Net Position                     |                  |                  |
| Net Investment in Capital Assets | 74,759,764       | 62,464,268       |
| Restricted                       | 36,219,213       | 44,103,302       |
| Unrestricted                     | (239,744,306)    | (226,695,241)    |
| Total Net Position               | \$ (128,765,329) | \$ (120,127,671) |

The greatest component of the School District's net position reflects its net investment in capital assets of \$74,759,764. While the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Assets subject to restriction amount to \$36,219,213. The remaining amount entails deferred net transactions within the unrestricted category.

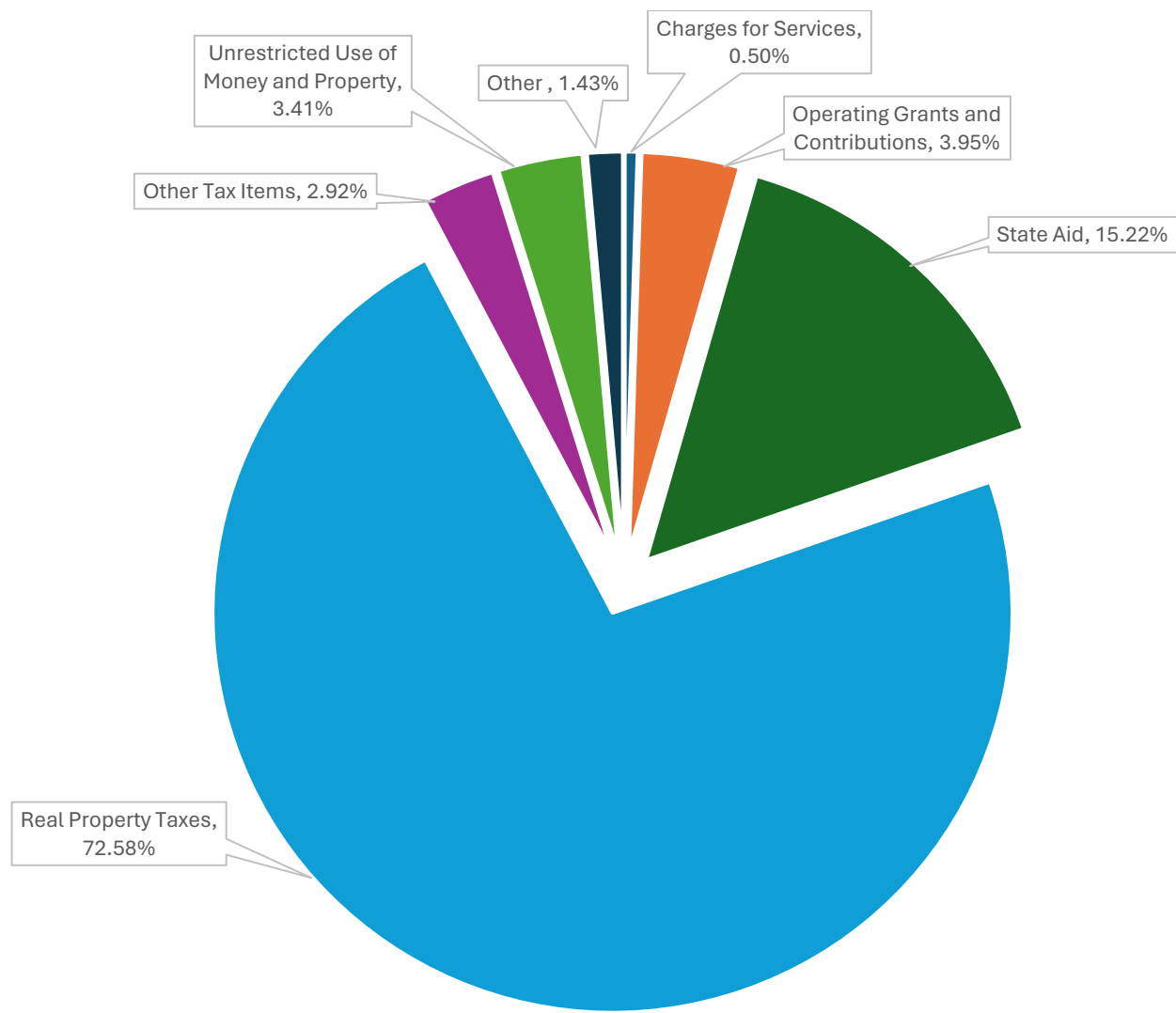
### Changes in Net Position

As mentioned in the highlights, the School District's maintenance of sufficient fund balance in excess of \$42 million is integral to fiscal solvency and positive credit rating. While the district wide expenditures exceeded the district-wide revenues, the district maintains a positive fund balance.

|                                                     | June 30,                |                         |
|-----------------------------------------------------|-------------------------|-------------------------|
|                                                     | 2025                    | 2024                    |
| <b>REVENUES</b>                                     |                         |                         |
| Program Revenues                                    |                         |                         |
| Charges for Services                                | \$ 593,766              | \$ 747,440              |
| Operating Grants and Contributions                  | 4,668,041               | 5,004,228               |
| Capital Grants and Contributions                    | 142,564                 | 20,774                  |
| Total Program Revenues                              | 5,404,371               | 5,772,442               |
| General Revenues                                    |                         |                         |
| Real Property Taxes                                 | 85,715,086              | 84,170,322              |
| Other Tax Items                                     | 3,443,822               | 3,630,740               |
| Unrestricted Use of Money and Property              | 4,024,319               | 4,918,408               |
| Sale of Property and Compensation from Loss         | 55,081                  | 673,265                 |
| Unrestricted State Aid                              | 17,973,810              | 17,821,679              |
| Miscellaneous                                       | 1,485,644               | 886,724                 |
| Total General Revenues                              | 112,697,762             | 112,101,138             |
| Total Revenues                                      | 118,102,133             | 117,873,580             |
| <b>PROGRAM EXPENSES</b>                             |                         |                         |
| General support                                     | 15,315,411              | 15,981,089              |
| Instruction                                         | 94,680,239              | 96,481,781              |
| Pupil transportation                                | 6,684,435               | 5,797,824               |
| Community service                                   | 122,620                 | 119,070                 |
| Cost of food sales                                  | 1,291,477               | 1,191,662               |
| Other                                               | 544,104                 | 585,238                 |
| Interest                                            | 8,086                   | 14,316                  |
| Total Expenses                                      | 118,646,372             | 120,170,980             |
| Change in Net Position                              | (544,239)               | (2,297,400)             |
| <b>NET POSITION</b>                                 |                         |                         |
| Beginning of Year, as Reported                      | (120,127,671)           | (117,830,271)           |
| Cumulative Effect of Change in Accounting Principle | (8,093,419)             | -                       |
| End of the Year                                     | <u>\$ (128,765,329)</u> | <u>\$ (120,127,671)</u> |

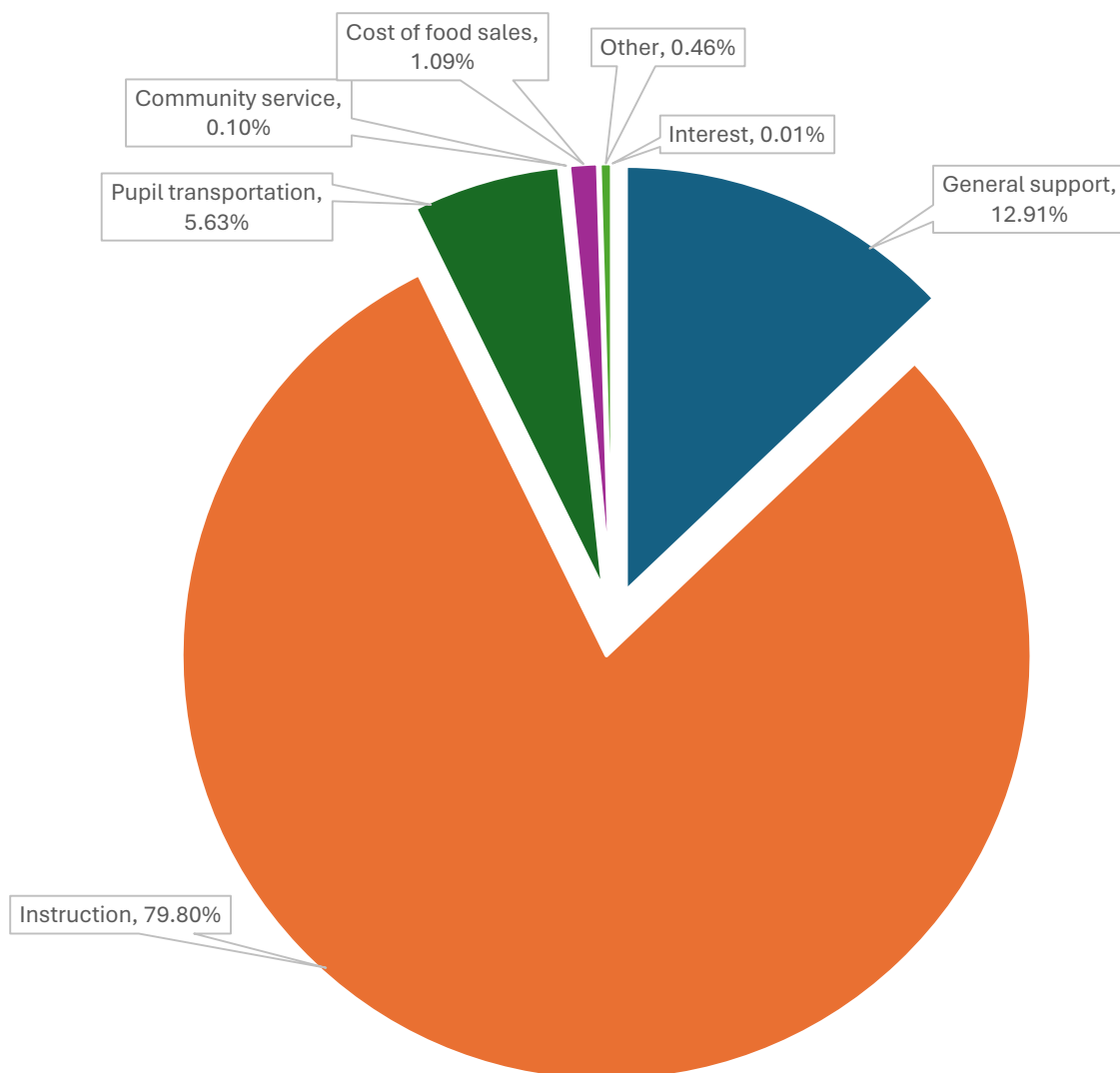
**Revenues:**

The School District’s total fiscal year 2025 revenues on the Statement of Activities totaled \$118,102,133, consisting of an increase 0.19% or \$228,553 from the prior year. Revenue is mostly generated from property taxes and state aid. Additional information on *Other* revenue categories can be found on page 5 of the Audited Financial Statements.



## Expenditures:

Total expenditures resulted in \$118,646,372 which is a decrease of \$1,524,608 or 1.27% from the prior year. Instructional services are the greatest expense to the District at about 80% in the total amount of \$94,680,239.



## Financial Analysis of the School District's Fund

The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### *Governmental Funds*

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for discretionary use as it represents the portion of the fund balance which has not yet been limited to us for particular purpose by either an external party, the School District itself or an individual who has been delegated authority to assign resources for use for particular purpose by the Board of Education.

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of \$42,551,897, a decrease of \$7,819,158 from the prior year. The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$36,503,160, of which \$30,924,110 is restricted. A complete listing of the components of fund balance on June 30, 2025 can be found in Note 3, item I, of the accompanying Audited Financial Statements.

### General Fund Budgetary Highlights

The difference between the original budget, inclusive of encumbrances rolled forward from the prior year, and the final expenditure budget was an increase of \$340,316. Within this increase were tax certiorari settlements in the amount of \$113,393 funded through the tax certiorari reserve, a legal settlement in the amount of \$194,794 funded through the liability reserve and total grants expenditures in the amount of \$32,129 founded through donations.

### Capital Assets

At June 30, 2025, the School District had \$80,332,956 net of accumulated depreciation, invested in a broad range of capital assets, including buildings and improvements, machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected. Additional information regarding the School District's capital assets is presented in Note 3, item C, in the notes to the financial statements.

| Class                                                                 | June 30,             |                      |
|-----------------------------------------------------------------------|----------------------|----------------------|
|                                                                       | 2025                 | 2024                 |
| Land                                                                  | \$ 616,672           | \$ 616,672           |
| Land Improvements                                                     | 1,964,311            | 2,330,891            |
| Building Improvements                                                 | 52,681,333           | 49,602,097           |
| Furniture and equipment                                               | 986,442              | 912,776              |
| Vehicles                                                              | 278,478              | 247,760              |
| Right-to-use Leased Equipment                                         | 104,883              | 251,413              |
| Construction- in-Progress                                             | 23,700,837           | 14,827,771           |
| Total Capital Assets, net of<br>accumulated depreciation/amortization | <u>\$ 80,332,956</u> | <u>\$ 68,789,380</u> |

### Long-Term Liabilities

At June 30, 2025, the School District had \$236,852,744 in serial bonds and other long-term debt outstanding, as follows:

|                                         | June 30,              |                       |
|-----------------------------------------|-----------------------|-----------------------|
|                                         | 2025                  | 2024                  |
| Bonds Payable                           | \$ 3,349,394          | \$ 5,401,343          |
| Leases Payable                          | 61,495                | 204,073               |
| Compensated Absences                    | 9,887,254             | 1,665,622             |
| Net Pension Liability                   | 2,795,757             | 5,104,897             |
| Workers' Compensation Claims Payable    | 576,228               | 419,132               |
| Other Postemployment Benefits Liability | 220,182,616           | 237,494,567           |
| Total Long Term Liabilities             | <u>\$ 236,852,744</u> | <u>\$ 250,289,634</u> |

The outstanding debt as noted in the above schedule is due to mature in fiscal year 2027. Aside from the benefits provided to the active employees, the District provides health benefits to qualifying retirees. This benefit is called Other Postemployment Benefits ("OPEB"). The OPEB liability is determined by an actuarial valuation. The projected liability comprises approximately 93% of the district-wide long-term liabilities and has decreased by 7% from the prior year.

Additional information regarding the School District's long-term liabilities is presented in Note 3, item F, in the notes to the financial statements.

The School District has reported a cumulative effect of change in accounting principle to the July 1, 2024 net position of governmental activities of \$(8,093,419) as a result of the implementation of GASB Statement No. 101, "*Compensated Absences*" (See Note 2, item E).

### **Requests for Information**

This financial report is designed to provide a general overview of the finances of South Orangetown Central School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

South Orangetown Central School District  
Natalie Espinal, CPA  
Assistant Superintendent for Business and Operations  
160 Van Wyck Road  
Blauvelt, New York 10913  
(845) 680-1008

# South Orangetown Central School District, New York

Statement of Net Position  
June 30, 2025

|                                       | Governmental<br>Activities |
|---------------------------------------|----------------------------|
| <b>ASSETS</b>                         |                            |
| Cash and equivalents                  | \$ 4,317,046               |
| Investments                           | 54,082,896                 |
| Receivables                           |                            |
| Accounts                              | 1,232,042                  |
| State and Federal aid                 | 2,755,586                  |
| Due from other governments            | 71,368                     |
| Leases                                | 3,985,546                  |
| Inventories                           | 6,022                      |
| Net pension asset - TRS               | 6,745,731                  |
| Capital assets                        |                            |
| Not being depreciated                 | 24,317,509                 |
| Being depreciated/amortized, net      | 56,015,447                 |
| Total Assets                          | 153,529,193                |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                            |
| Deferred charge on refunding bonds    | 43,352                     |
| Pension related                       | 17,769,930                 |
| OPEB related                          | 29,925,637                 |
| Total Deferred Outflows of Resources  | 47,738,919                 |
| <b>LIABILITIES</b>                    |                            |
| Accounts payable                      | 6,619,439                  |
| Accrued liabilities                   | 535,635                    |
| Bond anticipation note payable        | 7,500,000                  |
| Due to other governments              | 54                         |
| Due to retirement systems             | 5,312,848                  |
| Unearned revenues                     | 60,718                     |
| Accrued interest payable              | 106,420                    |
| Non-current liabilities               |                            |
| Due within one year                   | 11,032,002                 |
| Due in more than one year             | 225,820,742                |
| Total Liabilities                     | 256,987,858                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                            |
| Pension related                       | 8,378,283                  |
| OPEB related                          | 60,963,022                 |
| Lease related                         | 3,704,278                  |
| Total Deferred Inflows of Resources   | 73,045,583                 |
| <b>NET POSITION</b>                   |                            |
| Net investment in capital assets      | 74,759,764                 |
| Restricted                            |                            |
| Capital projects                      | 4,954,618                  |
| Future capital projects               | 15,827,522                 |
| Debt service                          | 1,560,636                  |
| Tax certiorari                        | 5,951,688                  |
| ERS Retirement contributions          | 3,000,976                  |
| TRS Retirement contributions          | 3,285,789                  |
| Liability                             | 840,406                    |
| Insurance                             | 461,000                    |
| Unemployment benefits                 | 55,161                     |
| Special purposes                      |                            |
| Extraclassroom activities             | 142,010                    |
| Other                                 | 139,407                    |
| Unrestricted                          | (239,744,306)              |
| Total Net Position                    | \$ (128,765,329)           |

The notes to the financial statements are an integral part of this statement.

# South Orangetown Central School District, New York

Statement of Activities  
Year Ended June 30, 2025

| Functions/Programs                                  | Expenses              | Program Revenues        |                                          |                                        | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|-----------------------------------------------------|-----------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------------|
|                                                     |                       | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |                                                            |
| Governmental activities                             |                       |                         |                                          |                                        |                                                            |
| General support                                     | \$ 15,315,411         | \$ -                    | \$ 1,008,597                             | \$ -                                   | \$ (14,306,814)                                            |
| Instruction                                         | 94,680,239            | 127,568                 | 2,327,324                                | 107,533                                | (92,117,814)                                               |
| Pupil transportation                                | 6,684,435             | -                       | -                                        | -                                      | (6,684,435)                                                |
| Community service                                   | 122,620               | -                       | -                                        | -                                      | (122,620)                                                  |
| Cost of food sales                                  | 1,291,477             | 466,198                 | 776,430                                  | -                                      | (48,849)                                                   |
| Other                                               | 544,104               | -                       | 555,690                                  | -                                      | 11,586                                                     |
| Interest                                            | 8,086                 | -                       | -                                        | 35,031                                 | 26,945                                                     |
| Total Governmental<br>Activities                    | <u>\$ 118,646,372</u> | <u>\$ 593,766</u>       | <u>\$ 4,668,041</u>                      | <u>\$ 142,564</u>                      | <u>(113,242,001)</u>                                       |
| General revenues                                    |                       |                         |                                          |                                        |                                                            |
| Real property taxes                                 |                       |                         |                                          |                                        | 85,715,086                                                 |
| Other tax items                                     |                       |                         |                                          |                                        |                                                            |
| School tax relief reimbursement                     |                       |                         |                                          |                                        | 3,364,550                                                  |
| Payments in lieu of taxes                           |                       |                         |                                          |                                        | 79,272                                                     |
| Unrestricted use of money and property              |                       |                         |                                          |                                        | 4,024,319                                                  |
| Sale of property and compensation for loss          |                       |                         |                                          |                                        | 55,081                                                     |
| Unrestricted State aid                              |                       |                         |                                          |                                        | 17,973,810                                                 |
| Miscellaneous                                       |                       |                         |                                          |                                        | 1,485,644                                                  |
| Total General Revenues                              |                       |                         |                                          |                                        | <u>112,697,762</u>                                         |
| Change in Net Position                              |                       |                         |                                          |                                        | <u>(544,239)</u>                                           |
| <b>NET POSITION</b>                                 |                       |                         |                                          |                                        |                                                            |
| Beginning, as Reported                              |                       |                         |                                          |                                        | (120,127,671)                                              |
| Cumulative Effect of Change in Accounting Principle |                       |                         |                                          |                                        | <u>(8,093,419)</u>                                         |
| Beginning, as Restated                              |                       |                         |                                          |                                        | <u>(128,221,090)</u>                                       |
| Ending                                              |                       |                         |                                          |                                        | <u>\$ (128,765,329)</u>                                    |

The notes to the financial statements are an integral part of this statement.

**South Orangetown Central School District, New York**

Balance Sheet  
Governmental Funds  
June 30, 2025

|                                                                         | General              | Special<br>Aid    | Capital<br>Projects  |
|-------------------------------------------------------------------------|----------------------|-------------------|----------------------|
| <b>ASSETS</b>                                                           |                      |                   |                      |
| Cash and equivalents                                                    | \$ 2,017,053         | \$ 2,412          | \$ 10,038            |
| Investments                                                             | 44,995,378           | -                 | 9,087,518            |
| Receivables                                                             |                      |                   |                      |
| Accounts                                                                | 1,232,042            | -                 | -                    |
| State and Federal aid                                                   | 1,706,266            | 833,682           | 165,637              |
| Due from other governments                                              | 70,130               | -                 | -                    |
| Due from other funds                                                    | 803,999              | -                 | 4,197,310            |
| Leases                                                                  | 3,985,546            | -                 | -                    |
| Inventories                                                             | -                    | -                 | -                    |
| Total Assets                                                            | <u>\$ 54,810,414</u> | <u>\$ 836,094</u> | <u>\$ 13,460,503</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> |                      |                   |                      |
| Liabilities                                                             |                      |                   |                      |
| Accounts payable                                                        | \$ 4,557,183         | \$ 67,479         | \$ 1,891,110         |
| Accrued liabilities                                                     | 535,635              | -                 | -                    |
| Bond anticipation notes payable                                         | -                    | -                 | 7,500,000            |
| Due to other funds                                                      | 4,197,310            | 765,219           | 18,979               |
| Due to other governments                                                | -                    | -                 | -                    |
| Due to retirement systems                                               | 5,312,848            | -                 | -                    |
| Unearned revenues                                                       | -                    | 3,396             | -                    |
| Total Liabilities                                                       | <u>14,602,976</u>    | <u>836,094</u>    | <u>9,410,089</u>     |
| Deferred inflows of resources                                           |                      |                   |                      |
| Lease related                                                           | 3,704,278            | -                 | -                    |
| Unavailable revenues - State aid                                        | -                    | -                 | 165,637              |
| Total deferred inflows of resources                                     | <u>3,704,278</u>     | <u>-</u>          | <u>165,637</u>       |
| Total Liabilities and Deferred<br>Inflows of Resources                  | <u>18,307,254</u>    | <u>836,094</u>    | <u>9,575,726</u>     |
| Fund balances                                                           |                      |                   |                      |
| Nonspendable                                                            | -                    | -                 | -                    |
| Restricted                                                              | 30,924,110           | -                 | 3,884,777            |
| Assigned                                                                | 967,904              | -                 | -                    |
| Unassigned                                                              | 4,611,146            | -                 | -                    |
| Total Fund Balances                                                     | <u>36,503,160</u>    | <u>-</u>          | <u>3,884,777</u>     |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances   | <u>\$ 54,810,414</u> | <u>\$ 836,094</u> | <u>\$ 13,460,503</u> |

The notes to the financial statements are an integral part of this statement.

| Debt<br>Service     | Non-Major<br>Governmental | Total<br>Governmental<br>Funds |
|---------------------|---------------------------|--------------------------------|
| \$ 1,567,207        | \$ 720,336                | \$ 4,317,046                   |
| -                   | -                         | 54,082,896                     |
| -                   | -                         | 1,232,042                      |
| -                   | 50,001                    | 2,755,586                      |
| -                   | 1,238                     | 71,368                         |
| 18,979              | -                         | 5,020,288                      |
| -                   | -                         | 3,985,546                      |
| -                   | 6,022                     | 6,022                          |
| <u>\$ 1,586,186</u> | <u>\$ 777,597</u>         | <u>\$ 71,470,794</u>           |

|               |                |                   |
|---------------|----------------|-------------------|
| \$ -          | \$ 103,667     | \$ 6,619,439      |
| -             | -              | 535,635           |
| -             | -              | 7,500,000         |
| 25,550        | 13,230         | 5,020,288         |
| -             | 54             | 54                |
| -             | -              | 5,312,848         |
| -             | 57,322         | 60,718            |
| <u>25,550</u> | <u>174,273</u> | <u>25,048,982</u> |

|   |   |           |
|---|---|-----------|
| - | - | 3,704,278 |
| - | - | 165,637   |

|   |   |           |
|---|---|-----------|
| - | - | 3,869,915 |
|---|---|-----------|

|               |                |                   |
|---------------|----------------|-------------------|
| <u>25,550</u> | <u>174,273</u> | <u>28,918,897</u> |
|---------------|----------------|-------------------|

|                  |                |                   |
|------------------|----------------|-------------------|
| -                | 6,022          | 6,022             |
| 1,560,636        | 281,417        | 36,650,940        |
| -                | 315,885        | 1,283,789         |
| -                | -              | 4,611,146         |
| <u>1,560,636</u> | <u>603,324</u> | <u>42,551,897</u> |

|                     |                   |                      |
|---------------------|-------------------|----------------------|
| <u>\$ 1,586,186</u> | <u>\$ 777,597</u> | <u>\$ 71,470,794</u> |
|---------------------|-------------------|----------------------|

**South Orangetown Central School District, New York**Reconciliation of Governmental Funds Balance Sheet to  
the District-Wide Statement of Net Position  
June 30, 2025

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

|                                                                                                                                                                                                                                                                                                                                                                |                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Total Fund Balances - Governmental Funds                                                                                                                                                                                                                                                                                                                       | \$ 42,551,897                  |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                                                                                                                                                                                                                      |                                |
| Capital assets - non-depreciable                                                                                                                                                                                                                                                                                                                               | 24,317,509                     |
| Capital assets - depreciable/amortizable                                                                                                                                                                                                                                                                                                                       | 122,992,525                    |
| Accumulated depreciation/amortization                                                                                                                                                                                                                                                                                                                          | <u>(66,977,078)</u>            |
|                                                                                                                                                                                                                                                                                                                                                                | 80,332,956                     |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position. |                                |
| Deferred outflows - pension related                                                                                                                                                                                                                                                                                                                            | 17,769,930                     |
| Deferred outflows - OPEB related                                                                                                                                                                                                                                                                                                                               | 29,925,637                     |
| Deferred inflows - pension related                                                                                                                                                                                                                                                                                                                             | (8,378,283)                    |
| Deferred inflows - OPEB related                                                                                                                                                                                                                                                                                                                                | <u>(60,963,022)</u>            |
|                                                                                                                                                                                                                                                                                                                                                                | <u>(21,645,738)</u>            |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are either deferred or not reported in the funds.                                                                                                                                                                                                              |                                |
| Net pension asset - TRS                                                                                                                                                                                                                                                                                                                                        | 6,745,731                      |
| State and Federal aid receivables                                                                                                                                                                                                                                                                                                                              | <u>165,637</u>                 |
|                                                                                                                                                                                                                                                                                                                                                                | <u>6,911,368</u>               |
| Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.                                                                                                                                                                                                                                        |                                |
| General obligation bonds payable                                                                                                                                                                                                                                                                                                                               | (3,030,000)                    |
| Leases payable                                                                                                                                                                                                                                                                                                                                                 | (61,495)                       |
| Claims payable                                                                                                                                                                                                                                                                                                                                                 | (576,228)                      |
| Compensated absences                                                                                                                                                                                                                                                                                                                                           | (9,887,254)                    |
| Net pension liability - ERS                                                                                                                                                                                                                                                                                                                                    | (2,795,757)                    |
| Total OPEB liability                                                                                                                                                                                                                                                                                                                                           | (220,182,616)                  |
| Accrued interest payable                                                                                                                                                                                                                                                                                                                                       | <u>(106,420)</u>               |
|                                                                                                                                                                                                                                                                                                                                                                | <u>(236,639,770)</u>           |
| Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.                                                                                                                                                      |                                |
| Deferred charge on refunding bonds                                                                                                                                                                                                                                                                                                                             | 43,352                         |
| Premium on general obligation bonds                                                                                                                                                                                                                                                                                                                            | <u>(319,394)</u>               |
|                                                                                                                                                                                                                                                                                                                                                                | <u>(276,042)</u>               |
| Net Position of Governmental Activities                                                                                                                                                                                                                                                                                                                        | <u><u>\$ (128,765,329)</u></u> |

The notes to the financial statements are an integral part of this statement.

**South Orangetown Central School District, New York**

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2025

|                                                      | General       | Special<br>Aid | Capital<br>Projects |
|------------------------------------------------------|---------------|----------------|---------------------|
| <b>REVENUES</b>                                      |               |                |                     |
| Real property taxes                                  | \$ 85,715,086 | \$ -           | \$ -                |
| Other tax items                                      | 3,443,822     | -              | -                   |
| Charges for services                                 | 127,568       | -              | -                   |
| Use of money and property                            | 5,032,916     | -              | -                   |
| Sale of property and<br>compensation for loss        | 55,081        | -              | -                   |
| State aid                                            | 18,221,612    | 870,944        | 795,875             |
| Federal aid                                          | 78,883        | 1,110,991      | -                   |
| Food sales                                           | -             | -              | -                   |
| Miscellaneous                                        | 1,504,348     | -              | -                   |
| Total Revenues                                       | 114,179,316   | 1,981,935      | 795,875             |
| <b>EXPENDITURES</b>                                  |               |                |                     |
| Current                                              |               |                |                     |
| General support                                      | 11,673,284    | -              | -                   |
| Instruction                                          | 60,635,825    | 1,744,858      | -                   |
| Pupil transportation                                 | 6,380,969     | 198,297        | -                   |
| Community services                                   | 122,620       | -              | -                   |
| Employee benefits                                    | 26,719,183    | 139,150        | -                   |
| Cost of food sales                                   | -             | -              | -                   |
| Other                                                | -             | -              | -                   |
| Debt service                                         |               |                |                     |
| Principal                                            | 142,578       | -              | -                   |
| Interest                                             | 2,552         | -              | -                   |
| Capital outlay                                       | -             | -              | 15,066,511          |
| Total Expenditures                                   | 105,677,011   | 2,082,305      | 15,066,511          |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 8,502,305     | (100,370)      | (14,270,636)        |
| <b>OTHER FINANCING SOURCES (USES)</b>                |               |                |                     |
| Transfers in                                         | 7,974         | 108,344        | 2,000,000           |
| Transfers out                                        | (4,039,808)   | (7,974)        | -                   |
| Total Other Financing<br>Sources (Uses)              | (4,031,834)   | 100,370        | 2,000,000           |
| Net Change in Fund Balances                          | 4,470,471     | -              | (12,270,636)        |
| <b>FUND BALANCES</b>                                 |               |                |                     |
| Beginning of Year                                    | 32,032,689    | -              | 16,155,413          |
| End of Year                                          | \$ 36,503,160 | \$ -           | \$ 3,884,777        |

The notes to the financial statements are an integral part of this statement.

| Debt<br>Service | Non-Major<br>Governmental | Total<br>Governmental<br>Funds |
|-----------------|---------------------------|--------------------------------|
| \$ -            | \$ -                      | \$ 85,715,086                  |
| -               | -                         | 3,443,822                      |
| -               | -                         | 127,568                        |
| 35,031          | 2,231                     | 5,070,178                      |
| -               | -                         | 55,081                         |
| -               | 258,002                   | 20,146,433                     |
| -               | 518,421                   | 1,708,295                      |
| -               | 466,198                   | 466,198                        |
| -               | 553,466                   | 2,057,814                      |
| 35,031          | 1,798,318                 | 118,790,475                    |
| -               | -                         | 11,673,284                     |
| -               | -                         | 62,380,683                     |
| -               | -                         | 6,579,266                      |
| -               | -                         | 122,620                        |
| -               | -                         | 26,858,333                     |
| -               | 1,291,477                 | 1,291,477                      |
| -               | 544,104                   | 544,104                        |
| 1,835,000       | -                         | 1,977,578                      |
| 113,225         | -                         | 115,777                        |
| -               | -                         | 15,066,511                     |
| 1,948,225       | 1,835,581                 | 126,609,633                    |
| (1,913,194)     | (37,263)                  | (7,819,158)                    |
| 1,922,675       | 8,789                     | 4,047,782                      |
| -               | -                         | (4,047,782)                    |
| 1,922,675       | 8,789                     | -                              |
| 9,481           | (28,474)                  | (7,819,158)                    |
| 1,551,155       | 631,798                   | 50,371,055                     |
| \$ 1,560,636    | \$ 603,324                | \$ 42,551,897                  |

## South Orangetown Central School District, New York

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2025

---

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

|                                                        |                |
|--------------------------------------------------------|----------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (7,819,158) |
|--------------------------------------------------------|----------------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

|                                   |                    |
|-----------------------------------|--------------------|
| Capital outlay expenditures       | 15,067,431         |
| Depreciation/amortization expense | <u>(3,523,855)</u> |
|                                   | <u>11,543,576</u>  |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

|                    |                  |
|--------------------|------------------|
| State aid revenues | <u>(688,342)</u> |
|--------------------|------------------|

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized on the statement of activities.

|                                            |                  |
|--------------------------------------------|------------------|
| Principal paid on general obligation bonds | 1,835,000        |
| Principal paid on leases                   | <u>142,578</u>   |
|                                            | <u>1,977,578</u> |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

|                                                                                       |                    |
|---------------------------------------------------------------------------------------|--------------------|
| Compensated absences                                                                  | (128,213)          |
| Changes in pension liabilities and related deferred outflows and inflows of resources | 1,021,830          |
| Claims payable                                                                        | (157,096)          |
| Changes in OPEB liabilities and related deferred outflows and inflows of resources    | (6,402,105)        |
| Accrued interest                                                                      | (79,811)           |
| Amortization of premium and loss on refunding bonds                                   | <u>187,502</u>     |
|                                                                                       | <u>(5,557,893)</u> |

|                                                   |                     |
|---------------------------------------------------|---------------------|
| Change in Net Position of Governmental Activities | <u>\$ (544,239)</u> |
|---------------------------------------------------|---------------------|

The notes to the financial statements are an integral part of this statement.

# South Orangetown Central School District, New York

## Statement of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual

General Fund

Year Ended June 30, 2025

|                                               | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget |
|-----------------------------------------------|--------------------|-----------------|---------------|-------------------------------|
| <b>REVENUES</b>                               |                    |                 |               |                               |
| Real property taxes                           | \$ 89,042,439      | \$ 85,677,889   | \$ 85,715,086 | \$ 37,197                     |
| Other tax items                               | 76,972             | 3,441,522       | 3,443,822     | 2,300                         |
| Charges for services                          | 70,000             | 70,000          | 127,568       | 57,568                        |
| Use of money and property                     | 2,485,000          | 2,485,000       | 5,032,916     | 2,547,916                     |
| Sale of property and<br>compensation for loss | -                  | -               | 55,081        | 55,081                        |
| State aid                                     | 17,746,619         | 17,746,619      | 18,221,612    | 474,993                       |
| Federal aid                                   | 40,000             | 40,000          | 78,883        | 38,883                        |
| Miscellaneous                                 | 461,275            | 493,404         | 1,504,348     | 1,010,944                     |
| Total Revenues                                | 109,922,305        | 109,954,434     | 114,179,316   | 4,224,882                     |
| <b>EXPENDITURES</b>                           |                    |                 |               |                               |
| Current                                       |                    |                 |               |                               |
| General support                               | 12,155,797         | 12,107,178      | 11,673,284    | 433,894                       |
| Instruction                                   | 60,806,840         | 60,906,734      | 60,635,825    | 270,909                       |
| Pupil transportation                          | 6,135,652          | 6,385,341       | 6,380,969     | 4,372                         |
| Community services                            | 124,222            | 122,620         | 122,620       | -                             |
| Employee benefits                             | 27,829,324         | 27,727,504      | 26,719,183    | 1,008,321                     |
| Debt service                                  |                    |                 |               |                               |
| Principal                                     | -                  | 142,578         | 142,578       | -                             |
| Interest                                      | -                  | 2,552           | 2,552         | -                             |
| Total Expenditures                            | 107,051,835        | 107,394,507     | 105,677,011   | 1,717,496                     |
| Excess of Revenues<br>Over Expenditures       | 2,870,470          | 2,559,927       | 8,502,305     | 5,942,378                     |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>     |                    |                 |               |                               |
| Transfers in                                  | -                  | -               | 7,974         | 7,974                         |
| Transfers out                                 | (4,048,225)        | (4,045,869)     | (4,039,808)   | 6,061                         |
| Total Other Financing<br>Sources              | (4,048,225)        | (4,045,869)     | (4,031,834)   | 14,035                        |
| Net Change in<br>Fund Balances                | (1,177,755)        | (1,485,942)     | 4,470,471     | 5,956,413                     |
| <b>FUND BALANCES</b>                          |                    |                 |               |                               |
| Beginning of Year                             | 1,177,755          | 1,485,942       | 32,032,689    | 30,546,747                    |
| End of Year                                   | \$ -               | \$ -            | \$ 36,503,160 | \$ 36,503,160                 |

The notes to the financial statements are an integral part of this statement.

South Orangetown Central School District, New York

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

|                                                      | <u>Custodial</u>   |
|------------------------------------------------------|--------------------|
| <b>ADDITIONS</b>                                     |                    |
| Real property taxes collected for other governments  | \$ 600,000         |
| <b>DEDUCTIONS</b>                                    |                    |
| Payments of real property taxes to other governments | <u>600,000</u>     |
| Net Change in Fiduciary Net Position                 | -                  |
| <b>NET POSITION</b>                                  |                    |
| Beginning of Year                                    | <u>-</u>           |
| End of Year                                          | <u><u>\$ -</u></u> |

The notes to the financial statements are an integral part of this statement.

**Note 1 - Summary of Significant Accounting Policies**

The South Orangetown Central School District, New York ("School District"), as presently constituted, operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below:

**A. Financial Reporting Entity**

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

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Rockland County Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating districts' governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined in Education Law. Copies of BOCES' financial statement can be requested from Rockland County BOCES, 65 Parrott Road, West Nyack, New York 10994-0607.

**B. District-Wide Financial Statements**

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

While separate district-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Fund Financial Statements**

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

**Fund Categories**

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The

**Note 1 - Summary of Significant Accounting Policies (Continued)**

major special revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal, State or local funds. The major revenues of this fund are State and Federal aid.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

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

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with grantor or contributor stipulations. Among the activities included in the Special Purpose Fund are extraclassroom activity funds.

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

- b. Fiduciary Fund (Not Included in District-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the School District on behalf of others. The Custodial Fund is used to account for real property taxes collected for other governments.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Fiduciary Fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to

**Note 1 - Summary of Significant Accounting Policies (Continued)**

be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liabilities and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances**

**Cash and Equivalents, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

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

The School District utilizes a pooled investment concept for all governmental funds to facilitate its investment program. Investment income from this pooling is allocated to the respective funds based upon the sources of funds invested.

**Investments** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other

**Note 1 - Summary of Significant Accounting Policies (Continued)**

inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies, obligations of the State of New York and repurchase agreements. These investments are reported at fair value. CLASS issues separately available audited financial statements with a year end of June 30<sup>th</sup>.

The School District's position in the pool at June 30, 2025 of \$54,082,896 is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days.

Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 717 17<sup>th</sup> Street, Suite 1850, Denver, CO 80202.

CLASS are rated AAAM by Standard and Poor's Rating Service. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. CLASS invest in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

**Risk Disclosure**

**Interest Rate Risk** - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, *"Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3"*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2025.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

**Concentration of Credit Risk** - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

**Property Taxes Receivable** - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable on September 1st. The various towns which are included in the levy are responsible for the billing and collection of the taxes through November 1st of the tax year at which time collection responsibility is transferred to the County of Rockland, New York ("County"). The County guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes. The School District has the fiduciary responsibility to collect library property taxes and turn them over to the five libraries: Blauvelt Free Library, Orangeburg Library, Palisades Free Library, Piermont Public Library and Tappan Free Library. The taxes are collected and remitted to the libraries in October.

**Other Receivables** - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

**Due From/To Other Funds** - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2025, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Inventories** - Inventories in the School Lunch Fund consist of surplus food which is recorded at a stated value, which approximates market. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Lease Receivable** - The School District is a lessor for noncancellable leases of building premises. The School District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

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

**Capital Assets** - Capital assets are tangible and intangible assets, which include property, plant and equipment, and are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets (except intangible right-to-use assets, which is discussed in Note 3C) are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible assets and are reported with tangible assets in the appropriate capital asset class.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. The other tangible and intangible property, plant and equipment and right-to-use assets of the School District are depreciated/amortized using the straight line method over the following estimated useful lives.

| <u>Class</u>               | <u>Life<br/>in Years</u> |
|----------------------------|--------------------------|
| Land Improvements          | 50                       |
| Buildings and Improvements | 50                       |
| Furniture and Equipment    | 5-10                     |
| Vehicles                   | 5-10                     |
| Right-to-use Assets        | 5                        |

The costs associated with the acquisition or construction of tangible and intangible capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

**Unearned Revenues** - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consist of revenue received in advance and/or grants received before the eligibility requirements have been met.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$3,396 for State and Federal aid received in advance in the Special Aid Fund and \$57,322 for student meal monies received in advance in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

The School District has reported deferred inflows of resources in the Capital Projects Fund of \$165,637 for state and federal aid not expected to be collected within one year of the subsequent fiscal year. Those amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

The School District has reported deferred inflows of resources in the General Fund of \$3,704,278 in relation to leases of a building premises for the fiscal year ended June 30, 2025. These amounts are being deferred and amortized over the term of the leases.

The School District reported deferred amounts on refunding bonds resulting from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is being deferred and amortized over the shorter of the life of the refunded or refunding debt.

The School District also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities in the district-wide financial statements. These amounts are detailed in the discussion of the School District's pension and other postemployment benefit liabilities in Note 3F.

**Long-term Liabilities** - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

**Leases** - The School District is a lessee for noncancellable leases of equipment. The School District recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the

**Note 1 - Summary of Significant Accounting Policies (Continued)**

district-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$10,000 or more.

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

The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.

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

Right-to-use leased assets are reported with other capital assets and right-to-use lease liabilities are reported with long-term liabilities on the Statement of Net Position.

**Compensated Absences** - The liability for compensated absences represents the sick time ("leave"/"leave days") and salary related payments which have been earned for services previously rendered by employees in accordance with the School District's various collective bargaining agreements, accumulates, is allowed to be carried over to subsequent year(s) and is deemed more likely than not (by management) to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employees' rate of pay and the number of unused leave days accumulated as of year-end, management's assumption that the likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary related payments are directly and incrementally associated with payments for the leave. The School District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability for compensated absences is reflected in the district-wide financial statements as current and long-term liabilities. In the fund financial statements, only the compensated absences liability that has matured through employee resignation or retirement and is expected to be payable from expendable available financial resources is reported. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 101, "*Compensated Absences*".

**Net Pension Liability (Asset)** - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and GASB Statement No.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*".

**Other Postemployment Benefit Liability ("OPEB")** - In addition to providing pension benefits, the School District provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*".

**Net Position** - Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

*Restricted* net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the School District includes restricted for capital projects, future capital projects, debt service, tax certiorari, retirement contributions, liability, insurance, unemployment benefits and special purposes.

*Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the School District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance** - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The School Board is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the School Board removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or delegated to the Assistant Superintendent for Business Operations for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**G. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 1, 2025.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

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

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for the General Fund.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- g) The General Fund and Debt Service Fund budgets are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, School Lunch and Special Purpose funds since other means control the use of these resources (e.g., grants awards) and sometimes span a period of more than one fiscal year.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

**B. Limitation on Fund Balance**

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

**C. Property Tax Limitation**

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

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

**D. Capital Projects Fund Project Deficits**

The deficit of \$314,545 in the 2022-23 District-Wide Renovations arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes issued are accounting for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

only to the extent that they are redeemed. Deficits in these projects will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

Deficits in other projects arise because of expenditures exceeding current financing on the project. These deficits will be eliminated with the subsequent receipt of with subsequent receipts or transfers of funds from the General Fund.

**E. Cumulative Effect of Change in Accounting Principle**

The School District implemented the provisions of GASB Statement No. 101, "*Compensated Absences*", for the year ended June 30, 2025. In addition to the value of unused leave time owed to employees upon separation from employment, the School District now also recognizes as part of the compensated absences liability an estimated amount of unused leave earned as of year-end that will be used by employees as time off in future years. As a result, the School District has reported a cumulative effect of change in accounting principle to the July 1, 2024 net position of governmental activities of \$(8,093,419).

**F. New Accounting Pronouncement**

GASB Statement No. 102, "*Certain Risk Disclosures*", provides guidance on disclosure for risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. Under this Statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of GASB Statement No. 102 are effective for the School District's fiscal year ended June 30, 2025. Management has determined that no events have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

**Note 3 - Detailed Notes on All Funds**

**A. Interfund Receivables/Payables**

The composition of due from/to other funds at June 30, 2025 were as follows:

| <u>Fund</u>            | <u>Due<br/>From</u> | <u>Due<br/>To</u>   |
|------------------------|---------------------|---------------------|
| General                | \$ 803,999          | \$ 4,197,310        |
| Special Aid            | -                   | 765,219             |
| Capital Projects       | 4,197,310           | 18,979              |
| Debt Service           | 18,979              | 25,550              |
| Non-Major Governmental | -                   | 13,230              |
|                        | <u>\$ 5,020,288</u> | <u>\$ 5,020,288</u> |

**Note 3 - Detailed Notes on All Funds (Continued)**

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

**B. Lease Receivable**

During 2015, the School District entered into a lease agreement for the use of classrooms, offices and shared common places of Tappan Zee Elementary School. The lease is for a term of one hundred twenty (120) months. The initial lease payment was \$276,493 annually. The total annual base rent payment will increase by 2% per year or by the increase in the Consumer Price Index for New York, New England and New Jersey for the month of May preceding the next payment, whichever is lower. As of June 30, 2025 the School District recognized lease revenue and interest revenue of \$336,147 and \$7,328, respectively. The School District renewed the initial lease for an additional four years with initial payments beginning on July 1, 2025 for \$323,000.

During 2015, the School District entered into a lease agreement for the use of classrooms, offices and shared common places of Tappan Zee Elementary School. The lease is for a term of one hundred twenty (120) months. The initial lease payment was \$160,839 annually. The total annual base rent payment will increase by 3% per year or by the increase in the Consumer Price Index for New York, New England and New Jersey for the month of May preceding the next payment, whichever is lower. As of June 30, 2025 the School District recognized lease revenue and interest revenue of \$213,241 and \$4,648 respectively. The School District renewed the initial lease for an additional two years with initial payments beginning on July 1, 2025 for \$225,297.

During 2018, the School District entered into a lease agreement for the use of Casey Hall and Cook Hall. The lease term is for sixty (60) months. The initial lease payment was \$655,714 annually. The total annual base rent payment will increase by 3% per year or by the increase in the Consumer Price Index for New York/Northeast and New Jersey for the month of May preceding the next payment, whichever is lower. As of June 30, 2025 the School District recognized lease revenue and interest revenue of \$595,631 and \$98,332, respectively.

During 2020, the School District entered into a lease agreement for the use of the Palisades School Building. The lease term is for sixty (60) months. The lease payments are \$137,115 per year and will be paid in twelve installments annually, payable each month. As of June 30, 2025 the School District recognized lease revenue and interest revenue of \$141,714 and \$4,542, respectively. The School District renewed the initial lease for an additional year with initial payments beginning on October 1, 2025 for \$146,256.

As of June 30, 2025, the School District's lease receivable for the building lease payments in the General Fund was \$3,985,546. Also, the School District has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow of resources in the General Fund was \$3,704,278.

# South Orangetown Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2025

## Note 3 - Detailed Notes on All Funds (Continued)

### C. Capital Assets

Changes in the School District's capital assets are as follows:

| Class                                                  | Balance<br>July 1,<br>2024 | Additions            | Deletions           | Balance<br>June 30,<br>2025 |
|--------------------------------------------------------|----------------------------|----------------------|---------------------|-----------------------------|
| Capital Assets, not being depreciated:                 |                            |                      |                     |                             |
| Land                                                   | \$ 616,672                 | \$ -                 | \$ -                | \$ 616,672                  |
| Construction-in-progress                               | 14,827,771                 | 15,066,511           | 6,193,445           | 23,700,837                  |
| Total Capital Assets, not being depreciated            | <u>\$ 15,444,443</u>       | <u>\$ 15,066,511</u> | <u>\$ 6,193,445</u> | <u>\$ 24,317,509</u>        |
| Capital Assets, being depreciated/amortized:           |                            |                      |                     |                             |
| Land improvements                                      | \$ 7,658,780               | \$ -                 | \$ -                | \$ 7,658,780                |
| Buildings and Improvements                             | 105,613,305                | 5,870,639            | -                   | 111,483,944                 |
| Furniture and equipment                                | 2,697,068                  | 233,877              | 151,709             | 2,779,236                   |
| Vehicles                                               | 676,204                    | 89,849               | 87,257              | 678,796                     |
| Right-to-use Leased Equipment                          | 791,573                    | -                    | 399,804             | 391,769                     |
| Total Capital Assets, being depreciated/amortized      | <u>117,436,930</u>         | <u>6,194,365</u>     | <u>638,770</u>      | <u>122,992,525</u>          |
| Less Accumulated Depreciation/Amortization for:        |                            |                      |                     |                             |
| Land improvements                                      | 5,327,889                  | 366,580              | -                   | 5,694,469                   |
| Buildings and Improvements                             | 56,011,208                 | 2,791,403            | -                   | 58,802,611                  |
| Furniture and equipment                                | 1,784,292                  | 160,211              | 151,709             | 1,792,794                   |
| Vehicles                                               | 428,444                    | 59,131               | 87,257              | 400,318                     |
| Right-to-use Leased Equipment                          | 540,160                    | 146,530              | 399,804             | 286,886                     |
| Total Accumulated Depreciation/Amortization            | <u>64,091,993</u>          | <u>3,523,855</u>     | <u>638,770</u>      | <u>66,977,078</u>           |
| Total Capital Assets, being depreciated/amortized, net | <u>\$ 53,344,937</u>       | <u>\$ 2,670,510</u>  | <u>\$ -</u>         | <u>\$ 56,015,447</u>        |
| Capital Assets, net                                    | <u>\$ 68,789,380</u>       | <u>\$ 17,737,021</u> | <u>\$ 6,193,445</u> | <u>\$ 80,332,956</u>        |

Depreciation/Amortization expense was charged to School District functions and programs as follows:

|                                         |                     |
|-----------------------------------------|---------------------|
| General support                         | \$ 196,126          |
| Instruction                             | <u>3,327,729</u>    |
| Total Depreciation/Amortization Expense | <u>\$ 3,523,855</u> |

### D. Accrued Liabilities

Accrued liabilities at June 30, 2025 were as follows:

|                               | General<br>Fund   |
|-------------------------------|-------------------|
| Payroll and Employee Benefits | \$ 258,240        |
| Other                         | <u>277,395</u>    |
|                               | <u>\$ 535,635</u> |

# South Orangetown Central School District, New York

## Notes to Financial Statements (Continued)

June 30, 2025

### Note 3 - Detailed Notes on All Funds (Continued)

#### E. Short-Term Capital Borrowings

The schedule below details the changes in short-term capital borrowings.

| Purpose                  | Year of<br>Original<br>Issue | Rate of<br>Interest | Maturity<br>Date | Balance<br>July 1,<br>2024 | New<br>Issues | Redemptions | Balance<br>June 30,<br>2025 |
|--------------------------|------------------------------|---------------------|------------------|----------------------------|---------------|-------------|-----------------------------|
| Various Capital Projects | 2025                         | 3.75 %              | 8/6/2025         | \$ -                       | \$ 7,500,000  | \$ -        | \$ 7,500,000                |

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within seven years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expense of \$93,750 was recorded in the district-wide financial statements.

#### F. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2025:

|                                           | Balance,<br>as Reported<br>July 1, 2024 | Cumulative<br>Effect of<br>Accounting<br>Principle* | Balance,<br>as Restated<br>July 1, 2024 | New Issues/<br>Additions | Maturities<br>and/or<br>Payments | Balance<br>June 30,<br>2025 | Due<br>Within<br>One-Year |
|-------------------------------------------|-----------------------------------------|-----------------------------------------------------|-----------------------------------------|--------------------------|----------------------------------|-----------------------------|---------------------------|
| General Obligation Bonds Payable          | \$ 4,865,000                            | \$ -                                                | \$ 4,865,000                            | \$ -                     | \$ 1,835,000                     | \$ 3,030,000                | \$ 1,930,000              |
| Plus - Unamortized Premium<br>on Bonds    | 536,343                                 | -                                                   | 536,343                                 | -                        | 216,949                          | 319,394                     | -                         |
|                                           | 5,401,343                               | -                                                   | 5,401,343                               | -                        | 2,051,949                        | 3,349,394                   | 1,930,000                 |
| Leases Payable                            | 204,073                                 | -                                                   | 204,073                                 | -                        | 142,578                          | 61,495                      | 61,495                    |
| Other Non-current Liabilities:            |                                         |                                                     |                                         |                          |                                  |                             |                           |
| Claims Payable                            | 419,132                                 | -                                                   | 419,132                                 | 517,124                  | 360,028                          | 576,228                     | 58,000                    |
| Compensated Absences**                    | 1,665,622                               | 8,093,419                                           | 9,759,041                               | 128,213                  | -                                | 9,887,254                   | 989,000                   |
| Net Pension Liability - ERS               | 2,448,323                               | -                                                   | 2,448,323                               | 347,434                  | -                                | 2,795,757                   | -                         |
| Net Pension Liability - TRS               | 2,656,574                               | -                                                   | 2,656,574                               | -                        | 2,656,574                        | -                           | -                         |
| Other Postemployment<br>Benefit Liability | 237,494,567                             | -                                                   | 237,494,567                             | 14,882,331               | 32,194,282                       | 220,182,616                 | 7,993,507                 |
| Total Other Non-<br>current Liabilities   | 244,684,218                             | 8,093,419                                           | 252,777,637                             | 15,875,102               | 35,210,884                       | 233,441,855                 | 9,040,507                 |
| Total Long-Term Liabilities               | \$ 250,289,634                          | \$ 8,093,419                                        | \$ 258,178,980                          | \$ 15,875,102            | \$ 37,405,411                    | \$ 236,852,744              | \$ 11,032,002             |

\* See Note 2E

\*\*The change in compensated absences liability is presented as a net change.

Each governmental fund's liability leases, claims payable, compensated absences, net pension liabilities and other postemployment benefit liability is liquidated by the General Fund. The School District's indebtedness for general obligation bonds is satisfied by the Debt Service Fund, which is funded primarily by the General Fund.

**South Orangetown Central School District, New York**

## Notes to Financial Statements (Continued)

June 30, 2025

**Note 3 - Detailed Notes on All Funds (Continued)****General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2025 are comprised of the following individual issues:

| Purpose         | Year of Issue | Original Issue Amount | Final Maturity | Interest Rate | Amount Outstanding at June 30, 2025 |
|-----------------|---------------|-----------------------|----------------|---------------|-------------------------------------|
| Serial Bonds    | 2011          | \$ 3,750,000          | August, 2026   | 5.00 %        | \$ 590,000                          |
| Refunding Bonds | 2016          | 13,530,000            | December, 2026 | 2.00          | 2,440,000                           |
|                 |               |                       |                |               | <u>\$ 3,030,000</u>                 |

Interest expenditures of \$113,225 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$(88,216) was recorded in the district-wide financial statements.

**Leases Payable**

Leases payable at June 30, 2025 are comprised of the following individual agreements:

| Purpose   | Year of Issue | Original Issue Amount | Final Maturity | Interest Rate | Amount Outstanding at June 30, 2025 |
|-----------|---------------|-----------------------|----------------|---------------|-------------------------------------|
| Equipment | 2022          | \$ 344,479            | February, 2026 | 2.19 %        | \$ 59,527                           |
| Equipment | 2022          | 47,290                | August, 2025   | 0.00          | 1,968                               |
|           |               |                       |                |               | <u>\$ 61,495</u>                    |

Interest expenditures/expense of \$2,552 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

**Payments to Maturity**

The annual requirements to amortize all outstanding bonded and leases as of June 30, 2025 including interest payments of \$61,715 are as follows:

| Year Ending June 30, | General Obligation Bonds |                  |                     | Leases           |               |                  |
|----------------------|--------------------------|------------------|---------------------|------------------|---------------|------------------|
|                      | Principal                | Interest         | Total               | Principal        | Interest      | Total            |
| 2026                 | \$ 1,930,000             | \$ 47,975        | \$ 1,977,975        | \$ 61,495        | \$ 490        | \$ 61,985        |
| 2027                 | 1,100,000                | 13,250           | 1,113,250           | -                | -             | -                |
|                      | <u>\$ 3,030,000</u>      | <u>\$ 61,225</u> | <u>\$ 3,091,225</u> | <u>\$ 61,495</u> | <u>\$ 490</u> | <u>\$ 61,985</u> |
| Year Ending June 30, | Total                    |                  |                     |                  |               |                  |
|                      | Principal                | Interest         | Total               |                  |               |                  |
| 2026                 | \$ 1,991,495             | \$ 48,465        | \$ 2,039,960        |                  |               |                  |
| 2027                 | 1,100,000                | 13,250           | 1,113,250           |                  |               |                  |
|                      | <u>\$ 3,091,495</u>      | <u>\$ 61,715</u> | <u>\$ 3,153,210</u> |                  |               |                  |

**Note 3 - Detailed Notes on All Funds (Continued)**

The above general obligation bonds are direct borrowings of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

**Legal Debt Margin**

The School District is subject to legal limitations on the amount of debt that it may issue. The School District’s legal debt margin is 10% of the most recent full valuation of taxable real property.

**Workers’ Compensation Claims Payable**

The School District participates in a risk sharing pool, to insure workers’ compensation claims. This is a public entity risk pool created under Article 5, Workers’ Compensation Law, to finance liability and risks related to workers’ compensation claims. The School District’s share of the liability for unbilled and open claims is \$576,228. Claims activity is summarized below:

|                                               | <u>2024-25</u>           |
|-----------------------------------------------|--------------------------|
| Unpaid claims at beginning of year            | \$ 419,132               |
| Incurred claims and claim adjustment expenses | 517,124                  |
| Claim payments                                | <u>(360,028)</u>         |
| Unpaid claims at year end                     | <u><u>\$ 576,228</u></u> |

**Compensated Absences**

Pursuant to collective bargaining agreements, certain employees may accumulate sick leave. Upon separation of service or retirement, these employees will be compensated for accumulated sick leave based upon the terms of their respective agreement. The value of the compensated absences has been reflected in the district-wide financial statements.

**Pension Plans**

*New York State and Local Retirement System and Teachers’ Retirement System*

The School District participates in the New York State and Local Employees’ Retirement System (“ERS”). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund (“Fund”), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (“NYSRSSL”). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees’ Group Life Insurance Plan, 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

# South Orangetown Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2025

## Note 3 - Detailed Notes on All Funds (Continued)

may be found at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. 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. The TRS issues a stand-alone financial report which may be found at [www.nysters.org](http://www.nysters.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the ERS plan year ended March 31, 2025 and TRS plan year ended June 30, 2025 are as follows:

|     | <u>Tier/Plan</u> | <u>Rate</u> |
|-----|------------------|-------------|
| ERS | 1 75I            | 23.5 %      |
|     | 3 A14            | 17.9        |
|     | 4 A15            | 17.9        |
|     | 5 A15            | 15.4        |
|     | 6 A15            | 11.4        |
| TRS | 1-6              | 10.11 %     |

At June 30, 2025, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

|                                                           | <u>ERS</u>     | <u>TRS</u>     |
|-----------------------------------------------------------|----------------|----------------|
| Measurement date                                          | March 31, 2025 | June 30, 2024  |
| Net pension liability (asset)                             | \$ 2,795,757   | \$ (6,745,731) |
| School Districts' proportion of the net pension liability | 0.0163059 %    | 0.226093 %     |
| Change in proportion since the prior measurement date     | (0.0003222) %  | (0.006209) %   |

# South Orangetown Central School District, New York

## Notes to Financial Statements (Continued)

June 30, 2025

### Note 3 - Detailed Notes on All Funds (Continued)

The net pension liability was measured as of March 31, 2025 for ERS and June 30, 2024 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension liability for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2025, the School District recognized its proportionate share of pension expense in the district-wide financial statements of \$4,433,344, (\$703,065 for ERS and \$3,730,279 for TRS). Pension expenditures for ERS of \$931,748 were recorded in the fund financial statements and were charged to the General Fund. Pension expenditures for TRS of \$4,467,318 and \$56,108 were reported in the fund financial statements and were charged to the General and Special Aid funds, respectively.

At June 30, 2025, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                                      | ERS                            |                               | TRS                            |                               |
|----------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|                                                                                                                      | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience                                                                   | \$ 693,926                     | \$ 32,733                     | \$ 7,263,914                   | \$ -                          |
| Changes of assumptions                                                                                               | 117,248                        | -                             | 4,035,314                      | 678,778                       |
| Net difference between projected and actual earnings on pension plan investments                                     | 219,347                        | -                             | -                              | 7,495,082                     |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 187,161                        | 42,189                        | 450,514                        | 129,501                       |
| School District contributions subsequent to the measurement date                                                     | 288,663                        | -                             | 4,513,843                      | -                             |
|                                                                                                                      | <u>\$ 1,506,345</u>            | <u>\$ 74,922</u>              | <u>\$ 16,263,585</u>           | <u>\$ 8,303,361</u>           |
|                                                                                                                      | Total                          |                               |                                |                               |
|                                                                                                                      | Deferred Outflows of Resources | Deferred Inflows of Resources |                                |                               |
| Differences between expected and actual experience                                                                   | \$ 7,957,840                   | \$ 32,733                     |                                |                               |
| Changes of assumptions                                                                                               | 4,152,562                      | 678,778                       |                                |                               |
| Net difference between projected and actual earnings on pension plan investments                                     | 219,347                        | 7,495,082                     |                                |                               |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 637,675                        | 171,690                       |                                |                               |
| School District contributions subsequent to the measurement date                                                     | 4,802,506                      | -                             |                                |                               |
|                                                                                                                      | <u>\$ 17,769,930</u>           | <u>\$ 8,378,283</u>           |                                |                               |

# South Orangetown Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2025

## Note 3 - Detailed Notes on All Funds (Continued)

\$288,663 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the plan's year ended March 31, 2026. The \$4,513,843 reported as deferred outflows of resources related to TRS will be recognized as a decrease of the net pension liability in the plan's year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

| Year Ended | March 31,           | June 30,            |
|------------|---------------------|---------------------|
|            | ERS                 | TRS                 |
| 2025       | \$ -                | \$ (3,418,173)      |
| 2026       | 543,660             | 8,331,868           |
| 2027       | 761,804             | (1,298,288)         |
| 2028       | (206,103)           | (1,452,588)         |
| 2029       | 43,399              | 917,621             |
| Thereafter | -                   | 365,941             |
|            | <u>\$ 1,142,760</u> | <u>\$ 3,446,381</u> |

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

|                            | ERS            | TRS           |
|----------------------------|----------------|---------------|
| Measurement Date           | March 31, 2025 | June 30, 2024 |
| Actuarial valuation date   | April 1, 2024  | June 30, 2023 |
| Investment rate of return  | 5.9% *         | 6.95% *       |
| Salary scale               | 4.3%           | 1.95-5.18%    |
| Inflation rate             | 2.9%           | 2.4%          |
| Cost of living adjustments | 1.5%           | 1.3%          |

\*Compounded annually, net of pension plan investment expenses, including inflation.

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

**Note 3 - Detailed Notes on All Funds (Continued)**

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.

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*. 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.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

| Asset Type                       | ERS<br>March 31, 2025 |                                                 | TRS<br>June 30, 2024 |                                                 |
|----------------------------------|-----------------------|-------------------------------------------------|----------------------|-------------------------------------------------|
|                                  | Target<br>Allocation  | Long-Term<br>Expected<br>Real Rate<br>of Return | Target<br>Allocation | Long-Term<br>Expected<br>Real Rate<br>of Return |
| Domestic Equity                  | 25 %                  | 3.54 %                                          | 33 %                 | 6.6 %                                           |
| International Equity             | 14                    | 6.57                                            | 15                   | 7.4                                             |
| Private Equity                   | 15                    | 7.25                                            | 9                    | 10.0                                            |
| Real Estate                      | 12                    | 4.95                                            | 11                   | 6.3                                             |
| Domestic Fixed Income Securities | -                     | -                                               | 16                   | 2.6                                             |
| Global Bonds                     | -                     | -                                               | 2                    | 2.5                                             |
| High Yield Bonds                 | -                     | -                                               | 1                    | 4.8                                             |
| Global Equities                  | -                     | -                                               | 4                    | 6.9                                             |
| Private Debt                     | -                     | -                                               | 2                    | 5.9                                             |
| Real Estate Debt                 | -                     | -                                               | 6                    | 3.9                                             |
| Opportunistic/ARS Portfolio      | 3                     | 5.25                                            | -                    | -                                               |
| Credit                           | 4                     | 5.40                                            | -                    | -                                               |
| Real Assets                      | 4                     | 5.55                                            | -                    | -                                               |
| Fixed Income                     | 22                    | 2.00                                            | -                    | -                                               |
| Cash                             | 1                     | 0.25                                            | 1                    | 0.5                                             |
|                                  | <u>100 %</u>          |                                                 | <u>100 %</u>         |                                                 |

The real rate of return is net of the long-term inflation assumption of 2.9% for ERS and 2.4% for TRS.

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those

# South Orangetown Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2025

## Note 3 - Detailed Notes on All Funds (Continued)

assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

|                                                                                   | 1%<br>Decrease<br>(4.9%)  | Current<br>Discount Rate<br>(5.9%)  | 1%<br>Increase<br>(6.9%)  |
|-----------------------------------------------------------------------------------|---------------------------|-------------------------------------|---------------------------|
| School District's proportionate share of<br>the ERS net pension liability (asset) | \$ 8,091,272              | \$ 2,795,757                        | \$ (1,626,002)            |
|                                                                                   | 1%<br>Decrease<br>(5.95%) | Current<br>Discount Rate<br>(6.95%) | 1%<br>Increase<br>(7.95%) |
| School District's proportionate share of<br>the TRS net pension liability (asset) | \$ 31,158,922             | \$ (6,745,731)                      | \$ (38,624,561)           |

The components of the collective net pension liability as of the March 31, 2025 ERS measurement date and the June 30, 2024 TRS measurement date were as follows:

|                                                                      | ERS                | TRS                |
|----------------------------------------------------------------------|--------------------|--------------------|
| Total pension liability                                              | \$ 247,600,239,000 | \$ 142,837,826,465 |
| Fiduciary net position                                               | 230,454,512,000    | 145,821,434,780    |
| Employers' net pension liability (asset)                             | \$ 17,145,727,000  | \$ (2,983,608,315) |
| Fiduciary net position as a<br>percentage of total pension liability | 93.08%             | 102.09%            |

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2025 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

**Note 3 - Detailed Notes on All Funds (Continued)**

Accrued retirement contributions as of June 30, 2025 were \$288,663 to ERS and \$5,024,185 to TRS (including employee contributions of \$510,342).

*Voluntary Defined Contribution Plan*

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

**Other Postemployment Benefit Liability (“OPEB”)**

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing postemployment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District’s employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

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

|                                                         |                   |
|---------------------------------------------------------|-------------------|
| Inactive employees currently receiving benefit payments | 411               |
| Active employees                                        | <u>448</u>        |
|                                                         | <u><u>859</u></u> |

The School District’s total OPEB liability of \$220,182,616 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2023.

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                                          |                                                                                                 |
|------------------------------------------|-------------------------------------------------------------------------------------------------|
| Salary increases                         | 3.0%, average, including inflation                                                              |
| Discount rate                            | 4.76%                                                                                           |
| Healthcare cost trend rates              | 6.75% for 2025, decreasing 0.25% per year to an ultimate rate of 4.50% for 2035 and later years |
| Retirees' share of benefit-related costs | Retiree contribution rates vary by employee class and date of retirement                        |

The discount rate was based on an average of two 20-year municipal bond indices (e.g. S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GO AA 20 Years) as of June 30, 2025.

**South Orangetown Central School District, New York**

Notes to Financial Statements (Continued)

June 30, 2025

**Note 3 - Detailed Notes on All Funds (Continued)**

The mortality table used for the current valuation was the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on the Employee and Healthy Annuitant Tables for both pre- and post-retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

The School District's change in the total OPEB liability for the year ended June 30, 2025 is as follows:

|                                                    |                       |
|----------------------------------------------------|-----------------------|
| Total OPEB Liability - Beginning of Year           | \$ 237,494,567        |
| Service cost                                       | 3,767,835             |
| Interest                                           | 11,114,496            |
| Changes of benefit terms                           | -                     |
| Differences between expected and actual experience | -                     |
| Changes in assumptions or other inputs             | (24,200,775)          |
| Benefit payments                                   | <u>(7,993,507)</u>    |
| Total OPEB Liability - End of Year                 | <u>\$ 220,182,616</u> |

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.76%) or 1 percentage point higher (5.76%) than the current discount rate:

|                      | 1%<br>Decrease<br>(3.76%) | Current<br>Discount Rate<br>(4.76%) | 1%<br>Increase<br>(5.76%) |
|----------------------|---------------------------|-------------------------------------|---------------------------|
| Total OPEB Liability | <u>\$ 256,780,570</u>     | <u>\$ 220,182,616</u>               | <u>\$ 191,206,989</u>     |

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.50%) or 1 percentage point higher (7.75% decreasing to 5.50%) than the current healthcare cost trend rates:

|                      | 1%<br>Decrease<br>(5.75% decreasing<br>to 3.50%) | Current<br>Healthcare Cost<br>Trend Rates<br>(6.75% decreasing<br>to 4.50%) | 1%<br>Increase<br>(7.75% decreasing<br>to 5.50%) |
|----------------------|--------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------|
| Total OPEB Liability | <u>\$ 186,146,894</u>                            | <u>\$ 220,182,616</u>                                                       | <u>\$ 264,296,607</u>                            |

For the year ended June 30, 2025, the School District recognized OPEB expense of \$14,395,612 in the district-wide financial statements. At June 30, 2025, the School District reported deferred

# South Orangetown Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2025

## Note 3 - Detailed Notes on All Funds (Continued)

outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                    | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|----------------------------------------------------|--------------------------------------|-------------------------------------|
| Changes of assumptions or other inputs             | \$ 29,925,637                        | \$ 60,963,022                       |
| Differences between expected and actual experience | -                                    | -                                   |
|                                                    | <u>\$ 29,925,637</u>                 | <u>\$ 60,963,022</u>                |

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

| Year Ended<br>June 30, |                        |
|------------------------|------------------------|
| 2026                   | \$ (10,072,849)        |
| 2027                   | (13,002,194)           |
| 2028                   | (7,154,805)            |
| 2029                   | 1,552,037              |
| 2030                   | (179,525)              |
| Thereafter             | <u>(2,180,049)</u>     |
|                        | <u>\$ (31,037,385)</u> |

## G. Revenues and Expenditures

### Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

| Transfers Out    | Transfers In    |                        |                             |                         |                                    | Total               |
|------------------|-----------------|------------------------|-----------------------------|-------------------------|------------------------------------|---------------------|
|                  | General<br>Fund | Special<br>Aid<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Non-Major<br>Governmental<br>Funds |                     |
| General Fund     | \$ -            | \$ 108,344             | \$ 2,000,000                | \$ 1,922,675            | \$ 8,789                           | \$ 4,039,808        |
| Special Aid Fund | 7,974           | -                      | -                           | -                       | -                                  | 7,974               |
|                  | <u>\$ 7,974</u> | <u>\$ 108,344</u>      | <u>\$ 2,000,000</u>         | <u>\$ 1,922,675</u>     | <u>\$ 8,789</u>                    | <u>\$ 4,047,782</u> |

**Note 3 - Detailed Notes on All Funds (Continued)**

Transfers are used to 1) move funds from the operating funds to the Debt Service Fund and Capital Projects Fund as debt service principal and interest payments become due and 2) move amounts earmarked in the operating funds to fulfill commitments for Special Aid Fund expenditures.

**H. Net Position**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted for Capital Projects* - the component of net position that reports the amounts restricted for capital projects, less unexpended bond proceeds and unrestricted interest earnings.

*Restricted for Future Capital Projects* - the component of net position that has been established in accordance with the Education Law of the State of New York to set aside funds to be used for future capital projects.

*Restricted for Debt Service* - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

*Restricted for Tax Certiorari* - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

*Restricted for ERS Retirement System Contributions* - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

*Restricted for TRS Retirement Contributions* - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

*Restricted for Insurance* - the component of net position that has been established to set aside funds for the deductible provisions of the School District's insurance policies in accordance with Section 6-n of the General Municipal Law of the State of New York.

*Restricted for Liability* - the component of net position that has been established to set aside funds to cover property loss and liability claims in accordance with Section 1709(8)(c) of the Education Law of the State of New York.

*Restricted for Unemployment Benefits* - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

# South Orangetown Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2025

## Note 3 - Detailed Notes on All Funds (Continued)

*Restricted for Special Purposes* - the component of net position that has been established to set aside funds to be used for extraclassroom activities and other purposes with constraints placed on their use by either external parties and/or statute.

*Unrestricted* - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

### I. Fund Balances

|                                                                      | General<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Non-Major<br>Governmental<br>Funds | Total         |
|----------------------------------------------------------------------|-----------------|-----------------------------|-------------------------|------------------------------------|---------------|
| Nonspendable:                                                        |                 |                             |                         |                                    |               |
| Inventories                                                          | \$ -            | \$ -                        | \$ -                    | \$ 6,022                           | \$ 6,022      |
| Restricted:                                                          |                 |                             |                         |                                    |               |
| Tax certiorari                                                       | 5,951,688       | -                           | -                       | -                                  | 5,951,688     |
| ERS retirement contributions                                         | 2,500,976       | -                           | -                       | -                                  | 2,500,976     |
| ERS retirement contributions - for<br>subsequent year's expenditures | 500,000         | -                           | -                       | -                                  | 500,000       |
| TRS retirement contributions                                         | 2,785,789       | -                           | -                       | -                                  | 2,785,789     |
| TRS retirement contributions - for<br>subsequent year's expenditures | 500,000         | -                           | -                       | -                                  | 500,000       |
| Property & Loss Liability                                            | 840,406         | -                           | -                       | -                                  | 840,406       |
| Insurance                                                            | 461,000         | -                           | -                       | -                                  | 461,000       |
| Unemployment benefits                                                | 55,161          | -                           | -                       | -                                  | 55,161        |
| Employee benefits                                                    | 1,501,568       | -                           | -                       | -                                  | 1,501,568     |
| Future capital projects                                              | 15,827,522      | -                           | -                       | -                                  | 15,827,522    |
| Capital projects                                                     | -               | 3,884,777                   | -                       | -                                  | 3,884,777     |
| Debt service                                                         | -               | -                           | 1,526,082               | -                                  | 1,526,082     |
| Debt service - for subsequent<br>year's expenditures                 | -               | -                           | 34,554                  | -                                  | 34,554        |
| Special purposes - extraclassroom<br>activities                      | -               | -                           | -                       | 142,010                            | 142,010       |
| Special purposes - other                                             | -               | -                           | -                       | 139,407                            | 139,407       |
| Total Restricted                                                     | 30,924,110      | 3,884,777                   | 1,560,636               | 281,417                            | 36,650,940    |
| Assigned:                                                            |                 |                             |                         |                                    |               |
| Purchases on order:                                                  |                 |                             |                         |                                    |               |
| General government support                                           | 81,684          | -                           | -                       | -                                  | 81,684        |
| For subsequent year's expenditures                                   | 886,220         | -                           | -                       | -                                  | 886,220       |
| School Lunch Fund                                                    | -               | -                           | -                       | 315,885                            | 315,885       |
| Total Assigned                                                       | 967,904         | -                           | -                       | 315,885                            | 1,283,789     |
| Unassigned                                                           | 4,611,146       | -                           | -                       | -                                  | 4,611,146     |
| Total Fund Balances                                                  | \$ 36,503,160   | \$ 3,884,777                | \$ 1,560,636            | \$ 603,324                         | \$ 42,551,897 |

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

**Note 3 - Detailed Notes on All Funds (Continued)**

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditures because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Assigned for School Lunch Fund represents the component of fund balance that reports the difference between assets and liabilities in the School Lunch Fund.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

The School District is also a defendant in actions in which, on occasion, parents seek reimbursement for tuition paid by them to private schools where they have unilaterally placed (enrolled) their children. If the parents' were successful in these claims, they could receive reimbursement for both tuition and attorneys' fees. The School District rigorously contests any liability for these claims, as it feels: a) it had provided an appropriate placement for the children at issue; and b) the parents' unilateral placement are not consistent with the Individuals with Educational Disabilities Act.

**B. Contingencies**

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

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

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

**C. Risk Management**

The School District purchases various insurance coverages, including general liability, school board legal liability, auto liability, excess insurance, equipment floaters, boilers and machinery, all risk building and contents, and cyber liability, to reduce its exposure to loss. The School District maintains general liability insurance coverage with policy limits of \$1 million per occurrence and general aggregate limit of \$3 million and an excess liability policy which provides coverage up to \$15 million. The School District also maintains liability for school board members with policy limits of \$1 million. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District participates in a risk sharing pool, the Rockland County Workers' Compensation Plan, in order to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The Plan's actuary projects that there are sufficient assets in the workers' compensation pool to offset any potential liability.

For its employee health and hospitalization insurance coverage, the School District is a participant in the New York State Employees Health Insurance Plan, a public entity risk pool operated for the benefit of New York State employers and employees of all local governments and public school districts. The Plan is considered a self-sustaining risk pool, to which the School District has essentially transferred all related risk.

**Note 5 - Recently Issued GASB Pronouncements**

GASB Statement No. 103, "*Financial Reporting Model Improvements*", has been 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104, "*Disclosure of Certain Capital Assets*", requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Governments must separately present lease assets, right-to-use assets from public-private or public-public partnerships, subscription assets and all other intangible assets by major class. For capital assets held for sale—assets a government has decided to sell with completion of the sale probable within one year of the financial statement date—governments must disclose the historical cost, accumulated depreciation (or amortization), and the carrying amount of any pledged debt related to those assets. This Statement affects only presentation and disclosure of capital assets, not recognition or measurement requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the School District believes will most impact its financial statements. The School District will evaluate the impact of this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

**Note 6 - Subsequent Event**

The School District on August 5, 2025 issued bond anticipation notes for various purposes in the amount of \$28,000,000 with an interest rate of 4.00%

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# South Orangetown Central School District, New York

## Required Supplementary Information - Schedule of Changes in the School District's Total OPEB Liability and Related Ratios Last Ten Fiscal Years (1) (2)

|                                                                  | 2025                  | 2024                  | 2023                  |
|------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|
| Total OPEB Liability:                                            |                       |                       |                       |
| Service cost                                                     | \$ 3,767,835          | \$ 4,534,542          | \$ 4,427,255          |
| Interest                                                         | 11,114,496            | 7,780,108             | 7,699,456             |
| Changes of benefit terms                                         | -                     | -                     | -                     |
| Differences between expected and actual experience               | -                     | -                     | -                     |
| Changes of assumptions or other inputs                           | (24,200,775)          | 38,749,140            | (7,364,672)           |
| Benefit payments                                                 | (7,993,507)           | (7,583,818)           | (6,467,696)           |
| Net Change in Total OPEB Liability                               | (17,311,951)          | 43,479,972            | (1,705,657)           |
| Total OPEB Liability – Beginning of Year                         | 237,494,567           | 194,014,595           | 195,720,252           |
| Total OPEB Liability – End of Year                               | <u>\$ 220,182,616</u> | <u>\$ 237,494,567</u> | <u>\$ 194,014,595</u> |
| School District's covered-employee payroll                       | <u>\$ 45,767,708</u>  | <u>\$ 45,767,708</u>  | <u>\$ 42,572,062</u>  |
| Total OPEB liability as a percentage of covered-employee payroll | <u>481%</u>           | <u>519%</u>           | <u>456%</u>           |
| Discount Rate                                                    | <u>4.76%</u>          | <u>4.09%</u>          | <u>4.00%</u>          |

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

See independent auditors' report.

| 2022                  | 2021                  | 2020                  | 2019                  | 2018                  |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 4,622,731          | \$ 8,803,744          | \$ 7,573,030          | \$ 6,892,711          | \$ 6,691,952          |
| 10,428,567            | 5,235,961             | 4,412,983             | 5,878,622             | 5,656,457             |
| -                     | -                     | -                     | -                     | -                     |
| -                     | -                     | -                     | -                     | (479,419)             |
| (92,783,283)          | 18,346,955            | 63,917,221            | (15,324,355)          | -                     |
| (6,335,181)           | (6,247,364)           | (6,230,164)           | (5,029,410)           | (4,304,359)           |
| (84,067,166)          | 26,139,296            | 69,673,070            | (7,582,432)           | 7,564,631             |
| 279,787,418           | 253,648,122           | 183,975,052           | 191,557,484           | 183,992,853 (3)       |
| <u>\$ 195,720,252</u> | <u>\$ 279,787,418</u> | <u>\$ 253,648,122</u> | <u>\$ 183,975,052</u> | <u>\$ 191,557,484</u> |
| <u>\$ 42,572,062</u>  | <u>\$ 42,591,388</u>  | <u>\$ 42,591,388</u>  | <u>\$ 38,922,412</u>  | <u>\$ 38,922,412</u>  |
| 460%                  | 657%                  | 596%                  | 473%                  | 492%                  |
| 3.77%                 | 2.09%                 | 2.44%                 | 3.50%                 | 3.70%                 |

# South Orangetown Central School District, New York

Required Supplementary Information  
New York State Teachers' Retirement System  
Last Ten Fiscal Years

## Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (1)

|                                                                                                                   | 2025                  | 2024                 | 2023 (2)             | 2022 (3)               |
|-------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|----------------------|------------------------|
| School District's proportion of the net pension liability (asset)                                                 | <u>0.226093%</u>      | <u>0.232302%</u>     | <u>0.233772%</u>     | <u>0.237499%</u>       |
| School District's proportionate share of the net pension liability (asset)                                        | <u>\$ (6,745,731)</u> | <u>\$ 2,656,574</u>  | <u>\$ 4,485,839</u>  | <u>\$ (41,156,304)</u> |
| School District's covered payroll                                                                                 | <u>\$ 43,163,319</u>  | <u>\$ 41,831,900</u> | <u>\$ 41,469,417</u> | <u>\$ 41,469,417</u>   |
| School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | <u>(15.63%)</u>       | <u>6.35%</u>         | <u>10.82%</u>        | <u>(99.24%)</u>        |
| Plan fiduciary net position as a percentage of the total pension liability                                        | <u>102.09%</u>        | <u>99.17%</u>        | <u>98.57%</u>        | <u>113.20%</u>         |
| Discount Rate                                                                                                     | <u>6.95%</u>          | <u>6.95%</u>         | <u>6.95%</u>         | <u>6.95%</u>           |

## Schedule of Contributions

|                                                                      | 2025                 | 2024                 | 2023                 | 2022                 |
|----------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution                                  | \$ 4,513,843         | \$ 4,212,740         | \$ 4,058,515         | \$ 3,841,657         |
| Contributions in relation to the contractually required contribution | <u>(4,513,843)</u>   | <u>(4,212,740)</u>   | <u>(4,058,515)</u>   | <u>(3,841,657)</u>   |
| Contribution excess                                                  | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| School District's covered payroll                                    | <u>\$ 44,647,309</u> | <u>\$ 43,163,319</u> | <u>\$ 41,831,900</u> | <u>\$ 41,469,417</u> |
| Contributions as a percentage of covered payroll                     | <u>10.11%</u>        | <u>9.76%</u>         | <u>10.29%</u>        | <u>9.26%</u>         |

(1) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(2) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(3) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

| 2021 (2)             | 2020                  | 2019                  | 2018                  | 2017                 | 2016                   |
|----------------------|-----------------------|-----------------------|-----------------------|----------------------|------------------------|
| <u>0.229918%</u>     | <u>0.232837%</u>      | <u>0.231326%</u>      | <u>0.230187%</u>      | <u>0.235136%</u>     | <u>0.246339%</u>       |
| <u>\$ 6,353,249</u>  | <u>\$ (6,049,128)</u> | <u>\$ (4,182,987)</u> | <u>\$ (1,749,649)</u> | <u>\$ 2,518,400</u>  | <u>\$ (25,587,000)</u> |
| <u>\$ 40,311,199</u> | <u>\$ 39,073,117</u>  | <u>\$ 38,983,729</u>  | <u>\$ 37,824,904</u>  | <u>\$ 36,633,540</u> | <u>\$ 36,572,105</u>   |
| <u>15.76%</u>        | <u>(15.48%)</u>       | <u>(10.73%)</u>       | <u>(4.63%)</u>        | <u>6.87%</u>         | <u>(69.96%)</u>        |
| <u>97.76%</u>        | <u>102.17%</u>        | <u>101.53%</u>        | <u>100.66%</u>        | <u>99.01%</u>        | <u>110.46%</u>         |
| <u>7.10%</u>         | <u>7.10%</u>          | <u>7.25%</u>          | <u>7.25%</u>          | <u>7.50%</u>         | <u>8.00%</u>           |
| 2021                 | 2020                  | 2019                  | 2018                  | 2017                 | 2016                   |
| <u>\$ 3,836,978</u>  | <u>\$ 4,127,391</u>   | <u>\$ 3,692,683</u>   | <u>\$ 4,275,109</u>   | <u>\$ 4,811,000</u>  | <u>\$ 4,824,686</u>    |
| <u>(3,836,978)</u>   | <u>(4,127,391)</u>    | <u>(3,692,683)</u>    | <u>(4,275,109)</u>    | <u>(4,811,000)</u>   | <u>(4,824,686)</u>     |
| <u>\$ -</u>          | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ -</u>            |
| <u>\$ 40,311,199</u> | <u>\$ 39,073,117</u>  | <u>\$ 38,983,729</u>  | <u>\$ 37,824,904</u>  | <u>\$ 36,633,540</u> | <u>\$ 36,385,262</u>   |
| <u>9.52%</u>         | <u>10.56%</u>         | <u>9.47%</u>          | <u>11.30%</u>         | <u>13.13%</u>        | <u>13.26%</u>          |

# South Orangetown Central School District, New York

Required Supplementary Information  
New York State and Local Employees' Retirement System  
Last Ten Fiscal Years

## Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (1)

|                                                                                                                   | 2025                | 2024 (3)            | 2023 (2)            | 2022 (3)              |
|-------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|-----------------------|
| School District's proportion of the net pension liability (asset)                                                 | <u>0.0163059%</u>   | <u>0.0166281%</u>   | <u>0.0168233%</u>   | <u>0.0163401%</u>     |
| School District's proportionate share of the net pension liability (asset)                                        | <u>\$ 2,795,757</u> | <u>\$ 2,448,323</u> | <u>\$ 3,607,602</u> | <u>\$ (1,335,737)</u> |
| School District's covered payroll                                                                                 | <u>\$ 6,435,196</u> | <u>\$ 6,087,670</u> | <u>\$ 5,474,983</u> | <u>\$ 5,196,914</u>   |
| School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | <u>43.44%</u>       | <u>40.22%</u>       | <u>65.89%</u>       | <u>(25.70%)</u>       |
| Plan fiduciary net position as a percentage of the total pension liability                                        | <u>93.08%</u>       | <u>93.88%</u>       | <u>90.78%</u>       | <u>103.65%</u>        |
| Discount Rate                                                                                                     | <u>5.90%</u>        | <u>5.90%</u>        | <u>5.90%</u>        | <u>5.90%</u>          |

## Schedule of Contributions

|                                                                      | 2025                | 2024                | 2023                | 2022                |
|----------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually required contribution                                  | \$ 890,910          | \$ 716,001          | \$ 612,157          | \$ 802,309          |
| Contributions in relation to the contractually required contribution | <u>(890,910)</u>    | <u>(716,001)</u>    | <u>(612,157)</u>    | <u>(802,309)</u>    |
| Contribution excess                                                  | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         |
| School District's covered payroll                                    | <u>\$ 6,607,646</u> | <u>\$ 6,128,235</u> | <u>\$ 5,876,467</u> | <u>\$ 5,196,914</u> |
| Contributions as a percentage of covered payroll                     | <u>13.48%</u>       | <u>11.68%</u>       | <u>10.42%</u>       | <u>15.44%</u>       |

(1) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(2) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(3) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

| <u>2021 (3)</u>     | <u>2020 (2)</u>     | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>0.0159793%</u>   | <u>0.0150100%</u>   | <u>0.0157293%</u>   | <u>0.0140296%</u>   | <u>0.0159894%</u>   | <u>0.0159926%</u>   |
| <u>\$ 15,911</u>    | <u>\$ 3,974,746</u> | <u>\$ 1,114,469</u> | <u>\$ 452,798</u>   | <u>\$ 1,502,402</u> | <u>\$ 2,566,800</u> |
| <u>\$ 5,041,043</u> | <u>\$ 4,835,525</u> | <u>\$ 4,749,517</u> | <u>\$ 4,456,780</u> | <u>\$ 4,644,510</u> | <u>\$ 4,274,918</u> |
| <u>0.32%</u>        | <u>82.20%</u>       | <u>23.46%</u>       | <u>10.16%</u>       | <u>32.35%</u>       | <u>60.04%</u>       |
| <u>99.95%</u>       | <u>86.39%</u>       | <u>96.27%</u>       | <u>98.24%</u>       | <u>94.70%</u>       | <u>90.70%</u>       |
| <u>5.90%</u>        | <u>6.80%</u>        | <u>7.00%</u>        | <u>7.00%</u>        | <u>7.00%</u>        | <u>7.00%</u>        |
| <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>         |
| <u>\$ 699,035</u>   | <u>\$ 690,743</u>   | <u>\$ 692,612</u>   | <u>\$ 685,994</u>   | <u>\$ 725,000</u>   | <u>\$ 718,989</u>   |
| <u>(699,035)</u>    | <u>(690,743)</u>    | <u>(692,612)</u>    | <u>(685,994)</u>    | <u>(725,000)</u>    | <u>(718,989)</u>    |
| <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         |
| <u>\$ 5,041,043</u> | <u>\$ 4,835,525</u> | <u>\$ 4,749,517</u> | <u>\$ 4,456,780</u> | <u>\$ 4,644,510</u> | <u>\$ 4,458,880</u> |
| <u>13.87%</u>       | <u>14.28%</u>       | <u>14.58%</u>       | <u>15.39%</u>       | <u>15.61%</u>       | <u>16.12%</u>       |

**South Orangetown Central School District, New York**

General Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2025

|                                                    | Original<br>Budget | Final<br>Budget | Actual        | Encumbrances | Variance with<br>Final Budget |
|----------------------------------------------------|--------------------|-----------------|---------------|--------------|-------------------------------|
| <b>REVENUES</b>                                    |                    |                 |               |              |                               |
| Real property taxes                                | \$ 89,042,439      | \$ 85,677,889   | \$ 85,715,086 | \$ -         | \$ 37,197                     |
| Other tax items                                    | 76,972             | 3,441,522       | 3,443,822     | -            | 2,300                         |
| Charges for services                               | 70,000             | 70,000          | 127,568       | -            | 57,568                        |
| Use of money and property                          | 2,485,000          | 2,485,000       | 5,032,916     | -            | 2,547,916                     |
| Sale of property and<br>compensation for loss      | -                  | -               | 55,081        | -            | 55,081                        |
| State aid                                          | 17,746,619         | 17,746,619      | 18,221,612    | -            | 474,993                       |
| Federal aid                                        | 40,000             | 40,000          | 78,883        | -            | 38,883                        |
| Miscellaneous                                      | 461,275            | 493,404         | 1,504,348     | -            | 1,010,944                     |
| Total Revenues                                     | 109,922,305        | 109,954,434     | 114,179,316   | -            | 4,224,882                     |
| <b>EXPENDITURES</b>                                |                    |                 |               |              |                               |
| Current                                            |                    |                 |               |              |                               |
| General support                                    |                    |                 |               |              |                               |
| Board of Education                                 | 89,550             | 119,050         | 107,917       | -            | 11,133                        |
| Central administration                             | 416,150            | 415,335         | 404,216       | -            | 11,119                        |
| Finance                                            | 1,137,914          | 1,087,528       | 1,070,970     | -            | 16,558                        |
| Staff                                              | 1,093,767          | 1,157,544       | 1,143,828     | -            | 13,716                        |
| Central services                                   | 8,248,785          | 7,859,901       | 7,482,904     | 81,684       | 295,313                       |
| Special items                                      | 1,169,631          | 1,467,820       | 1,463,449     | -            | 4,371                         |
| Total General Support                              | 12,155,797         | 12,107,178      | 11,673,284    | 81,684       | 352,210                       |
| Instruction                                        |                    |                 |               |              |                               |
| Instruction, administration and<br>improvement     | 4,166,722          | 4,191,180       | 4,178,372     | -            | 12,808                        |
| Teaching - Regular school                          | 29,157,072         | 28,099,192      | 28,004,168    | -            | 95,024                        |
| Programs for students with disabilities            | 15,098,723         | 15,848,704      | 15,818,626    | -            | 30,078                        |
| Programs for english and dual<br>language learners | 1,494,645          | 1,499,021       | 1,498,955     | -            | 66                            |
| Occupational education                             | 825,000            | 965,271         | 965,271       | -            | -                             |
| Teaching - Special schools                         | 84,000             | 80,622          | 54,591        | -            | 26,031                        |
| Instructional media                                | 4,253,881          | 4,488,880       | 4,414,367     | -            | 74,513                        |
| Pupil services                                     | 5,726,797          | 5,733,864       | 5,701,475     | -            | 32,389                        |
| Total Instruction                                  | 60,806,840         | 60,906,734      | 60,635,825    | -            | 270,909                       |
| Pupil transportation                               | 6,135,652          | 6,385,341       | 6,380,969     | -            | 4,372                         |
| Community services                                 | 124,222            | 122,620         | 122,620       | -            | -                             |
| Employee benefits                                  | 27,829,324         | 27,727,504      | 26,719,183    | -            | 1,008,321                     |
| Debt service                                       |                    |                 |               |              |                               |
| Principal                                          | -                  | 142,578         | 142,578       | -            | -                             |
| Interest                                           | -                  | 2,552           | 2,552         | -            | -                             |
| Total Expenditures                                 | 107,051,835        | 107,394,507     | 105,677,011   | 81,684       | 1,635,812                     |
| Excess of Revenues<br>Over Expenditures            | 2,870,470          | 2,559,927       | 8,502,305     | (81,684)     | 5,860,694                     |
| <b>OTHER FINANCING SOURCES (USES)</b>              |                    |                 |               |              |                               |
| Transfers in                                       | -                  | -               | 7,974         | -            | 7,974                         |
| Transfers out                                      | (4,048,225)        | (4,045,869)     | (4,039,808)   | -            | 6,061                         |
| Total Other Financing Sources                      | (4,048,225)        | (4,045,869)     | (4,031,834)   | -            | 14,035                        |
| Net Change in Fund Balance                         | (1,177,755)        | (1,485,942)     | 4,470,471     | \$ (81,684)  | \$ 5,874,729                  |
| <b>FUND BALANCE</b>                                |                    |                 |               |              |                               |
| Beginning of Year                                  | 1,177,755          | 1,485,942       | 32,032,689    |              |                               |
| End of Year                                        | \$ -               | \$ -            | \$ 36,503,160 |              |                               |

See independent auditors' report.

# South Orangetown Central School District, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2025

|                                                       | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget |
|-------------------------------------------------------|--------------------|-----------------|---------------|-------------------------------|
| <b>REAL PROPERTY TAXES</b>                            | \$ 89,042,439      | \$ 85,677,889   | \$ 85,715,086 | \$ 37,197                     |
| <b>OTHER TAX ITEMS</b>                                |                    |                 |               |                               |
| School tax relief reimbursement                       | -                  | 3,364,550       | 3,364,550     | -                             |
| Payments in lieu of taxes                             | 76,972             | 76,972          | 79,272        | 2,300                         |
|                                                       | 76,972             | 3,441,522       | 3,443,822     | 2,300                         |
| <b>CHARGES FOR SERVICES</b>                           |                    |                 |               |                               |
| Day school tuition - Other districts                  | -                  | -               | 70,130        | 70,130                        |
| Continuing education tuition - Individuals            | 50,000             | 50,000          | 36,746        | (13,254)                      |
| Admissions                                            | 20,000             | 20,000          | 20,692        | 692                           |
|                                                       | 70,000             | 70,000          | 127,568       | 57,568                        |
| <b>USE OF MONEY AND PROPERTY</b>                      |                    |                 |               |                               |
| Earnings on investments                               | 700,000            | 700,000         | 3,328,956     | 2,628,956                     |
| Rental of real property                               | 1,785,000          | 1,785,000       | 1,703,960     | (81,040)                      |
|                                                       | 2,485,000          | 2,485,000       | 5,032,916     | 2,547,916                     |
| <b>SALE OF PROPERTY AND<br/>COMPENSATION FOR LOSS</b> |                    |                 |               |                               |
| Insurance recoveries                                  | -                  | -               | 5,279         | 5,279                         |
| Other                                                 | -                  | -               | 7,650         | 7,650                         |
|                                                       | -                  | -               | 55,081        | 55,081                        |
| <b>STATE AID</b>                                      |                    |                 |               |                               |
| Basic formula                                         | 13,323,178         | 13,323,178      | 12,516,530    | (806,648)                     |
| BOCES                                                 | 2,097,754          | 2,097,754       | 2,673,332     | 575,578                       |
| Lottery aid                                           | 2,000,000          | 2,000,000       | 2,770,383     | 770,383                       |
| Textbook aid                                          | 168,408            | 168,408         | 167,819       | (589)                         |
| Computer software aid                                 | 60,279             | 60,279          | 62,452        | 2,173                         |
| Library aid                                           | 17,000             | 17,000          | 17,531        | 531                           |
| Other                                                 | 80,000             | 80,000          | 13,565        | (66,435)                      |
|                                                       | 17,746,619         | 17,746,619      | 18,221,612    | 474,993                       |
| <b>FEDERAL AID</b>                                    |                    |                 |               |                               |
| Medical assistance                                    | 40,000             | 40,000          | 78,883        | 38,883                        |
| <b>MISCELLANEOUS</b>                                  |                    |                 |               |                               |
| Other                                                 | 4,000              | 24,700          | 63,089        | 38,389                        |
| Gifts and donations                                   | 7,275              | 18,704          | 18,704        | -                             |
| Refund of prior year's expenditures                   | 450,000            | 450,000         | 1,422,555     | 972,555                       |
|                                                       | 461,275            | 493,404         | 1,504,348     | 1,010,944                     |
| <b>TOTAL REVENUES</b>                                 | 109,922,305        | 109,954,434     | 114,179,316   | 4,224,882                     |

(Continued)

South Orangetown Central School District, New York

General Fund  
Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)  
Year Ended June 30, 2025

|                                                       | <u>Original<br/>Budget</u>   | <u>Final<br/>Budget</u>      | <u>Actual</u>                | <u>Variance with<br/>Final Budget</u> |
|-------------------------------------------------------|------------------------------|------------------------------|------------------------------|---------------------------------------|
| <b>OTHER FINANCING SOURCES</b>                        |                              |                              |                              |                                       |
| Transfers in                                          |                              |                              |                              |                                       |
| Special Aid Fund                                      | <u>\$ -</u>                  | <u>\$ -</u>                  | <u>\$ 7,974</u>              | <u>\$ 7,974</u>                       |
| <b>TOTAL REVENUES AND OTHER<br/>FINANCING SOURCES</b> | <u><u>\$ 109,922,305</u></u> | <u><u>\$ 109,954,434</u></u> | <u><u>\$ 114,187,290</u></u> | <u><u>\$ 4,232,856</u></u>            |

# South Orangetown Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2025

|                                                        | Original<br>Budget | Final<br>Budget | Actual     | Encumbrances | Variance with<br>Final Budget |
|--------------------------------------------------------|--------------------|-----------------|------------|--------------|-------------------------------|
| <b>GENERAL SUPPORT</b>                                 |                    |                 |            |              |                               |
| <b>BOARD OF EDUCATION</b>                              |                    |                 |            |              |                               |
| Board of education                                     | \$ 29,750          | \$ 29,750       | \$ 24,899  | \$ -         | \$ 4,851                      |
| District clerk                                         | 39,800             | 52,816          | 50,931     | -            | 1,885                         |
| District meeting                                       | 20,000             | 36,484          | 32,087     | -            | 4,397                         |
| Total Board of Education                               | 89,550             | 119,050         | 107,917    | -            | 11,133                        |
| <b>CENTRAL ADMINISTRATION</b>                          |                    |                 |            |              |                               |
| Chief school administrator                             | 416,150            | 415,335         | 404,216    | -            | 11,119                        |
| <b>FINANCE</b>                                         |                    |                 |            |              |                               |
| Business administration                                | 889,814            | 844,609         | 840,119    | -            | 4,490                         |
| Accounting and auditing                                | 135,800            | 135,800         | 125,154    | -            | 10,646                        |
| Treasurer                                              | 14,700             | 11,040          | 10,684     | -            | 356                           |
| Purchasing                                             | 97,600             | 96,079          | 95,013     | -            | 1,066                         |
| Total Finance                                          | 1,137,914          | 1,087,528       | 1,070,970  | -            | 16,558                        |
| <b>STAFF</b>                                           |                    |                 |            |              |                               |
| Legal                                                  | 168,000            | 168,000         | 165,386    | -            | 2,614                         |
| Personnel                                              | 581,647            | 645,707         | 640,826    | -            | 4,881                         |
| Records management                                     | 13,800             | 6,517           | 6,496      | -            | 21                            |
| Public information and services                        | 330,320            | 337,320         | 331,120    | -            | 6,200                         |
| Total Staff                                            | 1,093,767          | 1,157,544       | 1,143,828  | -            | 13,716                        |
| <b>CENTRAL SERVICES</b>                                |                    |                 |            |              |                               |
| Operation and maintenance of plant                     | 7,950,187          | 7,738,716       | 7,374,055  | 81,684       | 282,977                       |
| Central data processing                                | 298,598            | 121,185         | 108,849    | -            | 12,336                        |
| Total Central Services                                 | 8,248,785          | 7,859,901       | 7,482,904  | 81,684       | 295,313                       |
| <b>SPECIAL ITEMS</b>                                   |                    |                 |            |              |                               |
| Unallocated insurance                                  | 405,631            | 409,602         | 405,231    | -            | 4,371                         |
| Judgment and claims                                    | -                  | 197,294         | 197,294    | -            | -                             |
| Assessments on school property                         | 114,000            | 97,531          | 97,531     | -            | -                             |
| Refunds on real property taxes                         | -                  | 113,393         | 113,393    | -            | -                             |
| Administrative charge - BOCES                          | 650,000            | 650,000         | 650,000    | -            | -                             |
| Total Special Items                                    | 1,169,631          | 1,467,820       | 1,463,449  | -            | 4,371                         |
| Total General Support                                  | 12,155,797         | 12,107,178      | 11,673,284 | 81,684       | 352,210                       |
| <b>INSTRUCTION</b>                                     |                    |                 |            |              |                               |
| <b>INSTRUCTION, ADMINISTRATION<br/>AND IMPROVEMENT</b> |                    |                 |            |              |                               |
| Curriculum development and<br>supervision              | 1,733,591          | 1,622,427       | 1,621,043  | -            | 1,384                         |
| Supervision - Regular school                           | 2,433,131          | 2,568,753       | 2,557,329  | -            | 11,424                        |
| Total Instruction, Administration<br>and Improvement   | 4,166,722          | 4,191,180       | 4,178,372  | -            | 12,808                        |
| <b>TEACHING - REGULAR SCHOOL</b>                       | 29,157,072         | 28,099,192      | 28,004,168 | -            | 95,024                        |
| <b>PROGRAMS FOR STUDENTS<br/>WITH DISABILITIES</b>     | 15,098,723         | 15,848,704      | 15,818,626 | -            | 30,078                        |

(Continued)

**South Orangetown Central School District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2025

|                                                            | Original<br>Budget | Final<br>Budget | Actual       | Encumbrances | Variance with<br>Final Budget |
|------------------------------------------------------------|--------------------|-----------------|--------------|--------------|-------------------------------|
| <b>INSTRUCTION (Continued)</b>                             |                    |                 |              |              |                               |
| <b>PROGRAMS FOR ENGLISH AND<br/>DUAL LANGUAGE LEARNERS</b> | \$ 1,494,645       | \$ 1,499,021    | \$ 1,498,955 | \$ -         | \$ 66                         |
| <b>OCCUPATIONAL EDUCATION</b>                              | 825,000            | 965,271         | 965,271      | -            | -                             |
| <b>TEACHING - SPECIAL SCHOOLS</b>                          | 84,000             | 80,622          | 54,591       | -            | 26,031                        |
| <b>INSTRUCTIONAL MEDIA</b>                                 |                    |                 |              |              |                               |
| School library and audiovisual                             | 708,071            | 712,755         | 705,480      | -            | 7,275                         |
| Computer assisted instruction                              | 3,545,810          | 3,776,125       | 3,708,887    | -            | 67,238                        |
| Total Instructional Media                                  | 4,253,881          | 4,488,880       | 4,414,367    | -            | 74,513                        |
| <b>PUPIL SERVICES</b>                                      |                    |                 |              |              |                               |
| Guidance - Regular school                                  | 1,577,011          | 1,570,458       | 1,567,522    | -            | 2,936                         |
| Health services - Regular school                           | 703,035            | 603,770         | 599,660      | -            | 4,110                         |
| Psychological services - Regular school                    | 951,696            | 911,896         | 911,896      | -            | -                             |
| Social work services - Regular school                      | 357,234            | 400,672         | 400,672      | -            | -                             |
| Co-curricular activities - Regular school                  | 570,827            | 586,892         | 561,549      | -            | 25,343                        |
| Interscholastic athletics - Regular school                 | 1,566,994          | 1,660,176       | 1,660,176    | -            | -                             |
| Total Pupil Services                                       | 5,726,797          | 5,733,864       | 5,701,475    | -            | 32,389                        |
| Total Instruction                                          | 60,806,840         | 60,906,734      | 60,635,825   | -            | 270,909                       |
| <b>PUPIL TRANSPORTATION</b>                                |                    |                 |              |              |                               |
| District transportation services                           | 196,592            | 190,281         | 186,593      | -            | 3,688                         |
| Transportation from BOCES                                  | 1,049,792          | 1,049,792       | 1,049,792    | -            | -                             |
| Contract and public carrier<br>transportation              | 4,889,268          | 5,145,268       | 5,144,584    | -            | 684                           |
| Total Pupil Transportation                                 | 6,135,652          | 6,385,341       | 6,380,969    | -            | 4,372                         |
| <b>COMMUNITY SERVICES</b>                                  |                    |                 |              |              |                               |
| Teachers                                                   | 124,222            | 122,620         | 122,620      | -            | -                             |
| <b>EMPLOYEE BENEFITS</b>                                   |                    |                 |              |              |                               |
| State retirement                                           | 886,300            | 931,748         | 931,748      | -            | -                             |
| Teachers' retirement                                       | 4,699,781          | 4,622,416       | 4,467,318    | -            | 155,098                       |
| Social security                                            | 4,013,380          | 3,952,357       | 3,691,587    | -            | 260,770                       |
| Hospital, medical and dental insurance                     | 17,817,963         | 17,778,848      | 17,249,591   | -            | 529,257                       |
| Workers' compensation benefits                             | 130,000            | 139,200         | 139,182      | -            | 18                            |
| Life insurance                                             | 30,000             | 30,000          | 17,405       | -            | 12,595                        |
| Unemployment benefits                                      | 10,000             | 10,000          | 10,000       | -            | -                             |
| Disability insurance                                       | 14,500             | 14,500          | 12,332       | -            | 2,168                         |
| Union welfare benefits                                     | 125,300            | 125,215         | 76,800       | -            | 48,415                        |
| Other benefits                                             | 102,100            | 123,220         | 123,220      | -            | -                             |
| Total Employee Benefits                                    | 27,829,324         | 27,727,504      | 26,719,183   | -            | 1,008,321                     |

(Continued)

**South Orangetown Central School District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2025

|                                                        | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>         | <u>Encumbrances</u> | <u>Variance with<br/>Final Budget</u> |
|--------------------------------------------------------|----------------------------|-------------------------|-----------------------|---------------------|---------------------------------------|
| <b>DEBT SERVICE</b>                                    |                            |                         |                       |                     |                                       |
| Principal                                              |                            |                         |                       |                     |                                       |
| Leases                                                 | \$ -                       | \$ 142,578              | \$ 142,578            | \$ -                | \$ -                                  |
| Interest                                               |                            |                         |                       |                     |                                       |
| Leases                                                 | -                          | 2,552                   | 2,552                 | -                   | -                                     |
| Total Debt Service                                     | -                          | 145,130                 | 145,130               | -                   | -                                     |
| <b>TOTAL EXPENDITURES</b>                              | <u>107,051,835</u>         | <u>107,394,507</u>      | <u>105,677,011</u>    | <u>81,684</u>       | <u>1,635,812</u>                      |
| <b>OTHER FINANCING USES</b>                            |                            |                         |                       |                     |                                       |
| Transfers out                                          |                            |                         |                       |                     |                                       |
| School Lunch Fund                                      | 5,000                      | 8,789                   | 8,789                 | -                   | -                                     |
| Special Aid Fund                                       | 95,000                     | 108,344                 | 108,344               | -                   | -                                     |
| Debt Service Fund                                      | 1,948,225                  | 1,928,736               | 1,922,675             | -                   | 6,061                                 |
| Capital Projects Fund                                  | 2,000,000                  | 2,000,000               | 2,000,000             | -                   | -                                     |
| <b>TOTAL OTHER<br/>FINANCING USES</b>                  | <u>4,048,225</u>           | <u>4,045,869</u>        | <u>4,039,808</u>      | <u>-</u>            | <u>6,061</u>                          |
| <b>TOTAL EXPENDITURES AND<br/>OTHER FINANCING USES</b> | <u>\$ 111,100,060</u>      | <u>\$ 111,440,376</u>   | <u>\$ 109,716,819</u> | <u>\$ 81,684</u>    | <u>\$ 1,641,873</u>                   |

See independent auditors' report.

**South Orangetown Central School District, New York**Capital Projects Fund  
Project-Length ScheduleInception of Project Through June 30, 2025

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| PROJECT                                         | Authorization        | Expenditures and Transfers to Date |                      |                      |
|-------------------------------------------------|----------------------|------------------------------------|----------------------|----------------------|
|                                                 |                      | Prior<br>Years                     | Current<br>Year      | Total                |
| 2018-19 Minor Capital Project                   | \$ 1,455,739         | \$ 718,369                         | \$ -                 | \$ 718,369           |
| 2021-22 Minor Capital Project                   | 3,866,418            | 4,401,951                          | 82,246               | 4,484,197            |
| Smart School Bond                               | 1,029,143            | 853,979                            | 107,533              | 961,512              |
| 2022-23 District Wide Renovations               | 49,932,000           | 6,279,960                          | 12,613,952           | 18,893,912           |
| 2022-23 Minor Capital Project                   | 2,061,413            | 1,823,098                          | 96,456               | 1,919,554            |
| 2022-23 Playground Project<br>Elementary School | 310,496              | 310,496                            | -                    | 310,496              |
| TZHS Boilers Project                            | 1,700,000            | 82,698                             | 708,927              | 791,625              |
| WOS Classrooms                                  | 1,700,000            | 377,357                            | 668,486              | 1,045,843            |
| 2023-24 Minor Capital Project                   | 2,000,000            | 698,232                            | 681,441              | 1,379,673            |
| 2024-25 Minor Capital Project                   | 2,000,000            | -                                  | 107,470              | 107,470              |
| Totals                                          | <u>\$ 66,055,209</u> | <u>\$ 15,546,140</u>               | <u>\$ 15,066,511</u> | <u>\$ 30,612,651</u> |

See independent auditors' report.

| Unexpended<br>Balance | Methods of Financing   |                          |                   |                      | Fund Balance<br>(Deficit) at<br>June 30, 2025 | Bond<br>Anticipation<br>Notes<br>Outstanding at<br>June 30, 2025 |
|-----------------------|------------------------|--------------------------|-------------------|----------------------|-----------------------------------------------|------------------------------------------------------------------|
|                       | Interfund<br>Transfers | State and<br>Federal Aid | Other             | Total                |                                               |                                                                  |
| \$ 737,370            | \$ 1,455,739           | \$ -                     | \$ -              | \$ 1,455,739         | \$ 737,370                                    | \$ -                                                             |
| (617,779)             | 3,866,418              | -                        | 28,120            | 3,894,538            | (589,659)                                     | -                                                                |
| 67,631                | -                      | 795,875                  | -                 | 795,875              | (165,637)                                     | -                                                                |
| 31,038,088            | 18,000,000             | -                        | 579,367           | 18,579,367           | (314,545)                                     | 7,500,000                                                        |
| 141,859               | 2,000,000              | -                        | 61,413            | 2,061,413            | 141,859                                       | -                                                                |
| -                     | 310,496                | -                        | -                 | 310,496              | -                                             | -                                                                |
| 908,375               | 1,700,000              | -                        | -                 | 1,700,000            | 908,375                                       | -                                                                |
| 654,157               | 1,700,000              | -                        | -                 | 1,700,000            | 654,157                                       | -                                                                |
| 620,327               | 2,000,000              | -                        | -                 | 2,000,000            | 620,327                                       | -                                                                |
| 1,892,530             | 2,000,000              | -                        | -                 | 2,000,000            | 1,892,530                                     | -                                                                |
| <u>\$ 35,442,558</u>  | <u>\$ 33,032,653</u>   | <u>\$ 795,875</u>        | <u>\$ 668,900</u> | <u>\$ 34,497,428</u> | <u>\$ 3,884,777</u>                           | <u>\$ 7,500,000</u>                                              |

**South Orangetown Central School District, New York**

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2025

|                                        | School<br>Lunch   | Special<br>Purpose | Total<br>Non-Major<br>Governmental<br>Funds |
|----------------------------------------|-------------------|--------------------|---------------------------------------------|
| <b>ASSETS</b>                          |                   |                    |                                             |
| Cash and equivalents                   | \$ 434,290        | \$ 286,046         | \$ 720,336                                  |
| Receivables                            |                   |                    |                                             |
| State and Federal aid                  | 50,001            | -                  | 50,001                                      |
| Due from other governments             | 1,238             | -                  | 1,238                                       |
|                                        | 51,239            | -                  | 51,239                                      |
| Inventories                            | 6,022             | -                  | 6,022                                       |
| Total Assets                           | <u>\$ 491,551</u> | <u>\$ 286,046</u>  | <u>\$ 777,597</u>                           |
| <b>LIABILITIES AND FUND BALANCES</b>   |                   |                    |                                             |
| Liabilities                            |                   |                    |                                             |
| Accounts payable                       | \$ 99,653         | \$ 4,014           | \$ 103,667                                  |
| Due to other funds                     | 12,615            | 615                | 13,230                                      |
| Due to other governments               | 54                | -                  | 54                                          |
| Unearned revenues                      | 57,322            | -                  | 57,322                                      |
| Total Liabilities                      | <u>169,644</u>    | <u>4,629</u>       | <u>174,273</u>                              |
| Fund balances                          |                   |                    |                                             |
| Nonspendable                           | 6,022             | -                  | 6,022                                       |
| Restricted                             | -                 | 281,417            | 281,417                                     |
| Assigned                               | 315,885           | -                  | 315,885                                     |
| Total Fund Balances                    | <u>321,907</u>    | <u>281,417</u>     | <u>603,324</u>                              |
| Total Liabilities and<br>Fund Balances | <u>\$ 491,551</u> | <u>\$ 286,046</u>  | <u>\$ 777,597</u>                           |

See independent auditors' report.

**South Orangetown Central School District, New York**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Non-Major Governmental Funds  
Year Ended June 30, 2025

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|                                                      | School<br>Lunch   | Special<br>Purpose | Total<br>Non-Major<br>Governmental<br>Funds |
|------------------------------------------------------|-------------------|--------------------|---------------------------------------------|
| <b>REVENUES</b>                                      |                   |                    |                                             |
| Use of money and property                            | \$ -              | \$ 2,231           | \$ 2,231                                    |
| State aid                                            | 258,002           | -                  | 258,002                                     |
| Federal aid                                          | 518,421           | -                  | 518,421                                     |
| Food sales                                           | 466,198           | -                  | 466,198                                     |
| Miscellaneous                                        | 7                 | 553,459            | 553,466                                     |
|                                                      |                   |                    |                                             |
| Total Revenues                                       | <u>1,242,628</u>  | <u>555,690</u>     | <u>1,798,318</u>                            |
| <b>EXPENDITURES</b>                                  |                   |                    |                                             |
| Current                                              |                   |                    |                                             |
| Cost of food sales                                   | 1,291,477         | -                  | 1,291,477                                   |
| Other                                                | -                 | 544,104            | 544,104                                     |
|                                                      |                   |                    |                                             |
| Total Expenditures                                   | <u>1,291,477</u>  | <u>544,104</u>     | <u>1,835,581</u>                            |
|                                                      |                   |                    |                                             |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(48,849)</u>   | <u>11,586</u>      | <u>(37,263)</u>                             |
| <b>OTHER FINANCING SOURCES</b>                       |                   |                    |                                             |
| Transfers in                                         | <u>8,789</u>      | <u>-</u>           | <u>8,789</u>                                |
|                                                      |                   |                    |                                             |
| Net Change in Fund Balance                           | (40,060)          | 11,586             | (28,474)                                    |
| <b>FUND BALANCES</b>                                 |                   |                    |                                             |
| Beginning of Year                                    | <u>361,967</u>    | <u>269,831</u>     | <u>631,798</u>                              |
|                                                      |                   |                    |                                             |
| End of Year                                          | <u>\$ 321,907</u> | <u>\$ 281,417</u>  | <u>\$ 603,324</u>                           |

See independent auditors' report.

## South Orangetown Central School District, New York

### General Fund

#### Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2025

|                          |                              |
|--------------------------|------------------------------|
| Adopted Budget           | \$ 110,595,035               |
| Additions - Encumbrances | <u>505,025</u>               |
| Original Budget          | 111,100,060                  |
| Budget Amendments        | <u>340,316</u>               |
| Final Budget             | <u><u>\$ 111,440,376</u></u> |

### General Fund

#### Section 1318 of Real Property Tax Law Limit Calculation

|                            |                       |
|----------------------------|-----------------------|
| 2025-26 Expenditure Budget | <u>\$ 115,289,084</u> |
|----------------------------|-----------------------|

#### General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law

Unrestricted fund balance

Assigned fund balance

\$ 967,904

Unassigned fund balance

4,611,146

Total Unrestricted Fund Balance

5,579,050

Less

Appropriated for subsequent year's budget

886,220

Encumbrances

81,684

Total Adjustments

967,904

#### General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law

\$ 4,611,146

Actual Percentage

4.00%

See independent auditors' report.

**South Orangetown Central School District, New York**

Schedule of Net Investment in Capital Assets  
Year Ended June 30, 2025

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|                                                  |    |                    |                          |
|--------------------------------------------------|----|--------------------|--------------------------|
| Capital Assets, net                              |    | \$                 | 80,332,956               |
| Less                                             |    |                    |                          |
| Bonds payable                                    | \$ | (3,030,000)        |                          |
| Leases payable                                   |    | (61,495)           |                          |
| Accounts payable                                 |    | (1,891,110)        |                          |
| Unamortized portion of issuance premium on bonds |    | (319,394)          |                          |
| Bond anticipation note payable                   |    | <u>(7,500,000)</u> | (12,801,999)             |
| Plus                                             |    |                    |                          |
| Unexpended note proceeds                         |    | 7,185,455          |                          |
| Unamortized portion of loss on refunding bonds   |    | <u>43,352</u>      | <u>7,228,807</u>         |
| Net Investment in Capital Assets                 |    | \$                 | <u><u>74,759,764</u></u> |

See independent auditors' report.

**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**

**Independent Auditors' Report**

**The Board of Education of the  
South Orangetown Central School District, 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 aggregate remaining fund information of the South Orangetown Central School District, New York ("School District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 1, 2025.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School 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 the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

October 1, 2025