

BOARD OF EDUCATION

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SOUTH COUNTRY

CENTRAL SCHOOL DISTRICT

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October 24, 2025

Dear Members of the South Country Central School District Community,

At Wednesday's Board meeting, based on information provided by our external auditors to our Acting Assistant Superintendent for Finance and Management Services, John Belmonte, we are able to share, with a great deal of confidence, what the actual incurred expenses over budget were for last year – that dollar amount is \$3.49 million. While even a single dollar of overspend is unacceptable, it is of note that this number is far less than the wild, unsubstantiated amounts being posted on social media over the past month.

This report was long-awaited by the community and the Board. It was made possible by the careful, responsible, and deliberate measures set in place by the Board beginning at its special meeting on September 9, 2025. At that time, the magnitude and cause of the overspend was not clear and the Board directed that there should be an aggressive approach to determining the amount of the overspend, the cause of the overspend, and the steps to be taken to prevent repeat of the overspend. The Board:

- Authorized, at our September 9, 2025 special meeting, the retention of a forensic auditing firm to conduct a deep dive into cause of the overspend, including who knew what, when they knew it, and when and how it was communicated.
- Authorized the retention of a seasoned business official to review and oversee the operation of the business office on an interim basis.
- Held a Special Meeting on October 2 for purposes of consulting with legal counsel, Guercio and Guercio.
- Approved at our October 8, 2025 meeting the contract with Investigative Management Group ("IMG") to perform a forensic audit and root cause analysis of the overspend.
- Approved, at our October 8, 2025 meeting, a consulting contract for the services of John Belmonte, a retired business official with over 30 years of experience as an Assistant Superintendent of Business and Finance in other school districts in Suffolk County. Because of his current relationship with Belfor, known for its work on capital projects, the contract for Mr. Belmonte's services is through the consulting branch of Belfor.
- Accepted the resignation of the district's business official.
- Initiated communication, through legal counsel at Guercio and Guercio, with the NYS Comptroller's Office and the NYS Education Department to ensure that the district is working with those resources to maintain its firm financial foundation.
- Authorized the issuance of a revised Tax Anticipation Note ("TAN").

At our meeting Wednesday evening, Mr. Belmonte provided clarification regarding the district's revenue deficit over expenditures – the \$16.2 million number that has been misrepresented on social media without context, causing additional confusion. While the accounting can be complex, the revenue deficit refers to the amount of expenditures – in this case \$16.2 million – that exceeded revenue. To cover the shortfall, the district had to draw down from its reserves, which are taxpayer dollars that had been set aside in prior years. The use of reserves as one

revenue source is not unusual for school districts. It helps mitigate annual tax impacts. What was not planned on was the extent to which the district would need to draw down on its reserves. While this did allow the district to meet expenditure obligations, it also significantly reduced the financial cushion the district has available for future years. This has been a “red alert” for the district, underscoring the importance of what this Board has set as a critical priority going forward - the strengthening of the district’s financial practices to build back its reserves and to avoid relying on those reserves in this way in the future.

Mr. Belmonte explained that the annual external audit, normally expected to be received by the Audit Committee in late September or early October, was delayed by the need of the district’s external auditors, Cullen and Danowski, to expand the scope of the audit to address the overspend. Mr. Belmonte stated that this is normal operating procedure. Mr. Belmonte also reported that he sees no facts to indicate that there was any fraud or theft of funds from the district and primarily sees issues with budgeting, unexpected expenses, and untimely handling of those expenses. The forensic audit will build on Mr. Belmonte’s current analysis and determine whether there are any additional issues requiring further action or systemic improvements in the business office.

Mr. Belmonte also reported that his initial review of the district’s business office indicates a need for enhanced management and control over the district’s budget and expenses. The Board appreciates Mr. Belmonte’s approach to overseeing the business office, implementing best practices taking into account the issues with last year’s budgeting and expenses, and maintaining the fiscal stability of the district.

For more information, please refer to the FAQ document to be posted on the district’s website. As more information becomes available and/or questions come forward regarding the district’s financial status, that will be added to the FAQ. The district plans to make available a link that will allow community members to submit questions they may still have regarding the district’s financial operations and budgeting.

It is our commitment to keep an open and honest dialogue with the community. Our shared goal – to restore and build trust and confidence, protect taxpayer resources, and ensure an exceptional educational experience for every district student – is what makes us stronger together.

Sincerely,
Board of Education
By: E. Anne Hayes, President