

Harrison Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2025

Harrison Central School District, New York

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Independent Auditors' Report

**The Board of Education of the
Harrison 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 Harrison 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 2D 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 6, 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 6, 2025

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Harrison Central School District, New York

Management's Discussion and Analysis
June 30, 2025

The following is a discussion and analysis of the Harrison Central School District's ("School District") financial performance for the fiscal year ended June 30, 2025. This section, which is introductory only, is a summary of the School District's financial activities based on currently known facts, decisions, or conditions, inclusive of both the district-wide and fund-based financial statements. The complete information is included in the School District's basic financial statements, which immediately follow this section.

School District Overview

The School District was established as a centralized school district in 1969 and is situated in the Town/Village of Harrison in the southern portion of Westchester County, New York. The School District is a 22 square mile community, approximately twenty minutes northeast of New York City and due west of the Long Island Sound. The School District includes all of the Town/Village of Harrison and minor portions of the towns of North Castle and Rye. The latest data available indicates that the Town/Village of Harrison has a population of 31,321 with a per capita income of \$79,867 and an unemployment rate of 3.1%.

The School District employs approximately 687 full and part-time professional and support staff. These employees are organized into four collective bargaining units (Teaching Staff, Support Staff, Teacher/School Aides and Assistants and Administrators). All four of the School District's bargaining units have unexpired contracts as represented below:

- CSEA Harrison Unit ("CSEA") – July 1, 2022 – June 30, 2026
- Harrison Teacher/School Aide and Teaching Assistants Unit – July 1, 2024 – June 30, 2027
- Harrison Administrators' Association ("HAA") – July 1, 2024 – June 30, 2027
- Harrison Association of Teachers (HAT) – July 1, 2023 – June 30, 2026

The Harrison Board of Education proposed a 2025-2026 school budget in the amount of \$146,436,985, which included a tax levy increase of 3.1%. The levy increase of 3.1% did not exceed the tax levy limit of 3.1%. School District voters passed the 2025-2026 budget with a total of 1,040 yes votes and 331 no votes, translating into 76% of the total community participants voting in the affirmative. This approval highlights the community's commitment to investing in education, recognizing the importance of funding for critical resources like teacher salaries, student programs, and infrastructure improvements. The positive response from residents, parents, and local organizations reflects a shared belief in the value of a well-funded school system that can provide quality education and support the growth and development of students. This collective backing also underscores a broader community effort to prioritize education as a cornerstone for future success, even in the midst of challenging economic conditions. The School District enjoys the third lowest tax rate on true value of all Westchester County school districts at \$11.48 per thousand of assessed value.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- The General Fund's total fund balance, as reflected in the fund financial statements, decreased by \$4,168,445 to a total fund balance of \$32,234,038. The decrease was primarily due to a planned transfer of \$5,000,000 from the "Future Capital Projects" restricted component of fund balance to the Capital Projects Fund to assist in the financing of the current capital improvement initiatives. The transfer was approved by voters as part of the \$79,530,000 bond referendum in November 2023. Actual net operating results, excluding this \$5,000,000 transfer, were positive by \$831,555.

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$5,857,479, or 4% of the 2025-2026 adopted budget.
- Each year the School District receives new claims relating to tax certiorari challenges to assessment levels, as established by the Town of Harrison Assessor. Total restricted funds for potential tax certiorari claims of \$10,785,946 at year-end 2025 are below the six-year average of \$11,500,120.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows of resources at June 30, 2025 by \$157,055,671 (deficit net position). Overall, the deficit net position decreased by \$7,252,593 from the deficit net position of \$164,308,264 as originally reported for the year ended June 30, 2024. While current year results reduced the deficit net position by \$10,655,669, this was partially offset by an increase in the deficit net position of \$3,403,076 reflected as a change in accounting principle to the opening net position deficit as discussed next.
- The School District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 101, "*Compensated Absences*", effective with the 2024-25 school year. This Statement requires that in addition to the value of unused leave time owed to employees upon separation from employment, the School District must now also recognize 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. This change resulted in the cumulative effect for a change in accounting principle reduction of \$(3,403,076) to the July 1, 2024 opening net position amount discussed above.
- This deficit net position on the district-wide financial statements is primarily the result of the School District's implementation of the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("OPEB"). This statement addresses accounting and financial reporting for OPEB by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. Since no mechanism exists under current New York State law for New York municipalities and school districts to pre-fund these obligations in an irrevocable trust, entities such as the School District are required to report their *total* OPEB liability (as opposed to the *net* OPEB liability that had been reported under a prior standard). For the year ended June 30, 2025, the School District's OPEB liability of \$194,397,340 is reflected as a liability on the district-wide Statement of Net Position and, thus, negatively impacts the total net position calculation. More detailed information about the School District's OPEB liabilities reported in accordance with the provisions of GASB Statement No. 75, including amounts reported as OPEB expense and deferred inflows/outflows of resources, is presented in Note 3E in the notes to the financial statements.
- The district-wide financial statements for the year ended June 30, 2025 are also significantly impacted by the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*." This pronouncement established accounting and financial reporting requirements associated with the School District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). Under this standard, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based

on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At June 30, 2025, the School District reported in its Statement of Net Position a liability for its proportionate share of the ERS net pension liability of \$5,252,057 and \$(9,485,087) for its proportionate share of the TRS net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in Note 3E in the notes to financial statements.

- The School District retired \$1,195,000 in outstanding bonded indebtedness and \$361,123 in energy performance contract debt during the year ended June 30, 2025. More detailed information regarding this debt is presented in Note 3E in the notes to financial statements.

Overview of the Financial Statements

This annual report consists of four parts - management's discussion and analysis (*this section*), the basic financial statements, fund financial statements and schedules, and supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements and notes to financial statements.

The District-Wide Financial Statements

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

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

Statement of Net Position

The statement of net position presents information on all of the School District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Increases or decreases in net position may serve over time as a useful indicator of whether the financial position of the School District is improving or deteriorating.

Statement of Activities

The statement of activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

The Fund Financial Statements

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

These governmental funds statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, you may better understand the long-term impact of the School District's short-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 five (5) individual governmental funds: General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Capital Projects funds, since the School District has elected to report them as major funds. Combining information for the non-major funds can be found elsewhere in this report.

The School District adopts an annual budget for the General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the School District on behalf of others. All of the School District's fiduciary activities are reported in a separate Custodial Fund. The fiduciary activities have been excluded from the School District's district-wide financial statements because the School District cannot use these assets to finance its operations.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the School District's other postemployment and pension benefit liabilities, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

Financial Analysis of the School District as a Whole

Net Position

The School District's total net position increased by \$7,252,593 between fiscal year 2024 and 2025, inclusive of the cumulative effect of change in accounting principle related to the School District's implementation of the provisions of GASB Statement No. 101 noted earlier pertaining to the calculation of the compensated absences liability. Future disclosures will continue to show annual changes in the liability, with recognition in the district-wide financial statements and limited recognition in governmental funds.

A summary of the School District's Statement of Net Position for June 30, 2025 and 2024 is as follows:

| | June 30, | | Increase (Decrease) | Percentage Change |
|--------------------------------|-------------------------|-------------------------|------------------------|----------------------|
| | 2025 | 2024 | | |
| Current Assets | \$ 53,144,773 | \$ 51,440,457 | \$ 1,704,316 | 3.31 % |
| Net Pension Asset | 9,485,087 | - | 9,485,087 | - |
| Capital Assets, net | <u>104,083,999</u> | <u>92,651,927</u> | <u>11,432,072</u> | <u>12.34</u> |
| Total Assets | <u>166,713,859</u> | <u>144,092,384</u> | <u>22,621,475</u> | <u>15.70</u> |
| Deferred Outflows of Resources | <u>55,732,071</u> | <u>51,958,301</u> | <u>3,773,770</u> | <u>7.26</u> |
| Current Liabilities | 28,127,007 | 14,403,252 | 13,723,755 | 95.28 |
| Long-term Liabilities | <u>249,961,127</u> | <u>264,042,559</u> | <u>(14,081,432)</u> | <u>(5.33)</u> |
| Total Liabilities | <u>278,088,134</u> | <u>278,445,811</u> | <u>(357,677)</u> | <u>(0.13)</u> |
| Deferred Inflows of Resources | <u>101,413,467</u> | <u>81,913,138</u> | <u>19,500,329</u> | <u>23.81</u> |
| Net Position | | | | |
| Net Investment in | | | | |
| Capital Assets | 51,117,503 | 47,035,886 | 4,081,617 | 8.68 |
| Restricted | 32,655,242 | 26,551,038 | 6,104,204 | 22.99 |
| Unrestricted | <u>(240,828,416)</u> | <u>(237,895,188)</u> | <u>(2,933,228)</u> | <u>1.23</u> |
| Total Net Position | <u>\$ (157,055,671)</u> | <u>\$ (164,308,264)</u> | <u>\$ 7,252,593</u> | <u>(4.41) %</u> |

Total assets increased by \$22,621,475. Approximately half of this increase is attributed to an increase in Capital Assets, net of \$11,432,072 based on capital project activity. The net pension asset increased by \$9,485,087. In the prior year, TRS was a net pension liability. In the current year, due to strong stock market performance, TRS became a net pension asset. Current assets also increased by \$1,704,316, mainly due to an increase in cash and investments.

Long-term liabilities, which consist primarily of general obligation bonds, energy performance contract debt, compensated absences and OPEB and pension liabilities decreased by \$14,081,432 from the previous year. The OPEB liability decreased by \$12,881,700, primarily due to an increase in the discount rate. The TRS net pension liability decreased by \$3,634,054 (and became a net pension asset as noted above). The School District retired \$1,195,000 and \$361,123 in previously issued bonded indebtedness and energy performance contract debt, respectively. These reductions to the long-term liabilities were partially offset by an increase of \$677,646 of the ERS net pension liability and an increase of \$3,652,783 (inclusive of the cumulative effect of change in accounting principle adjustment of \$3,403,076) resulting from the

implementation of the provisions of GASB Statement No. 101 as pertains to the calculation of the School District's compensated absences liability.

The net investment in capital assets relates to the investment in capital assets at cost such as land, buildings and improvements and machinery and equipment, net of depreciation, less any related outstanding debt used to acquire those assets. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. This amount has increased from the prior year by \$4,081,617 and consists of a combination of the retirement of debt and additional capital assets acquisitions as a result of improvements to buildings.

The restricted net position in the amount of \$32,655,242 relates to the School District's restrictions for tax certiorari obligations, retirement contributions, TRS pension, property loss, liability claims, insurance, future capital projects, debt service and special purposes.

While overall net position improved by \$7,252,593, the restricted net position has increased by \$6,104,204. This increase is primarily attributable to increases of \$1,188,526 in the amount restricted for tax certiorari claims, \$488,675 in the amount restricted for insurance reduction and \$9,485,087 in the amount restricted for TRS pension. These increases were partly offset by decreases of \$4,774,087 in the amount restricted for future capital projects and \$875,000 in the amount restricted for ERS retirement contributions.

Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended June 30, 2025 and 2024 is as follows:

| | 2024-25 | 2023-24 | Increase (Decrease) | Percentage Change |
|--|-------------------------|-------------------------|------------------------|----------------------|
| REVENUES | | | | |
| Program revenues | | | | |
| Charges for services | \$ 1,796,847 | \$ 1,696,853 | \$ 99,994 | 5.89 % |
| Operating grants and contributions | 4,788,869 | 6,112,106 | (1,323,237) | (21.65) |
| Capital grants and contributions | 373,460 | 56,035 | 317,425 | 566.48 |
| Total Program Revenues | <u>6,959,176</u> | <u>7,864,994</u> | <u>(905,818)</u> | <u>(11.52)</u> |
| General revenues | | | | |
| Real property taxes | 121,827,697 | 116,366,833 | 5,460,864 | 4.69 |
| Other tax items | 2,557,978 | 2,711,108 | (153,130) | (5.65) |
| Unrestricted intergovernmental revenues | | | | |
| School tax relief reimbursement | 1,885,752 | 2,035,971 | (150,219) | (7.38) |
| Non-property tax distribution from County | 3,034,087 | 2,997,729 | 36,358 | 1.21 |
| Unrestricted use of money and property | 1,591,290 | 1,866,723 | (275,433) | (14.75) |
| Sale of property and compensation for loss | 27,320 | 30,023 | (2,703) | (9.00) |
| Unrestricted State aid | 6,462,379 | 6,050,184 | 412,195 | 6.81 |
| Miscellaneous | 720,316 | 815,822 | (95,506) | (11.71) |
| Total General Revenues | <u>138,106,819</u> | <u>132,874,393</u> | <u>5,232,426</u> | <u>3.94</u> |
| Total Revenues | <u>145,065,995</u> | <u>140,739,387</u> | <u>4,326,608</u> | <u>3.07</u> |
| PROGRAM EXPENSES | | | | |
| General support | 17,524,104 | 18,858,324 | (1,334,220) | (7.07) |
| Instruction | 103,943,381 | 106,091,805 | (2,148,424) | (2.03) |
| Pupil transportation | 9,105,977 | 8,719,432 | 386,545 | 4.43 |
| Cost of food sales | 1,732,311 | 1,796,368 | (64,057) | (3.57) |
| Other | 239,955 | 228,112 | 11,843 | 5.19 |
| Interest | 1,864,598 | 1,493,376 | 371,222 | 24.86 |
| Total Expenses | <u>134,410,326</u> | <u>137,187,417</u> | <u>(2,777,091)</u> | <u>(2.02)</u> |
| Change in Net Position | <u>10,655,669</u> | <u>3,551,970</u> | <u>\$ 7,103,699</u> | |
| NET POSITION | | | | |
| Beginning, as reported | (164,308,264) | (167,860,234) | | |
| Cumulative Effect of Change in Accounting Principle | <u>(3,403,076)</u> | | | |
| Beginning, as restated | <u>(167,711,340)</u> | <u>(167,860,234)</u> | | |
| Ending | <u>\$ (157,055,671)</u> | <u>\$ (164,308,264)</u> | | |

The following are the major changes in Net Position:

Revenues:

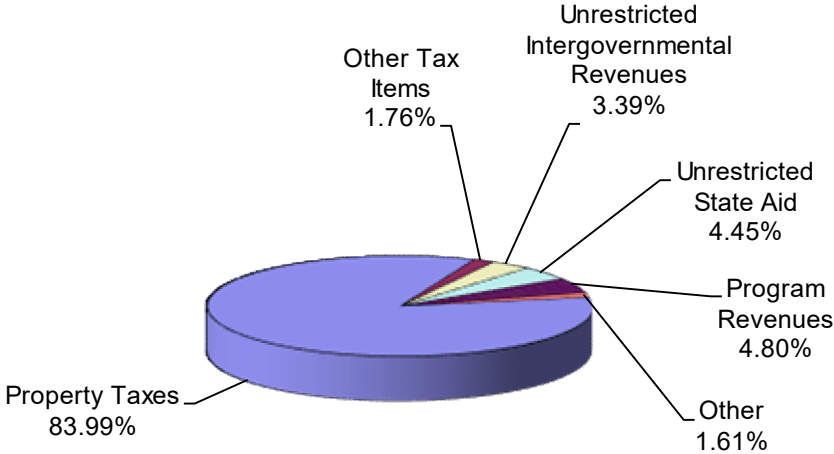
- Real property taxes, not including STAR exemptions, increased by \$5,460,864, or 4.7%. The increase was larger than most years due to the voter-approved property tax cap override, which was passed in May, 2024 during the annual school budget vote and board election. The increase was necessary in order to maintain instructional programs without significant reductions to student services. Inflationary increases to operational expenses, coupled with a surge in district enrollment and large health insurance premiums, were the main drivers for the property tax cap override. The School District relies upon real property taxes as its primary source of revenue. Approximately 84% of total district-wide revenue is attributable to real property taxes.
- Other tax items decreased by \$153,130, or 5.7%, due to retirements of existing payment in lieu of tax agreements (“PILOT”), specifically, Lifetime Fitness.
- Unrestricted intergovernmental revenues include revenues received for the School Tax Relief Reimbursement Program (“STAR”). The STAR Program provides tax relief to homeowners by decreasing the assessments taxable to the homeowner or by providing a refund of a portion of school taxes paid. As a result of changes to the NYS law, this revenue decreased by \$150,219 during the 2024-2025 fiscal year. This category also includes the non-property tax distribution from County (i.e. sales tax), which increased by \$36,358 or 1%.
- Unrestricted use of money and property decreased by \$275,433, or 15%. Interest income, due to lower interest rates, was the main cause for the reduction of that revenue stream. Average interest rates for the period current fiscal year were 4.5%, where the average interest rates for the comparable prior year period were approximately 5.22%. It is expected that interest rate revenue will continue to decrease somewhat in the upcoming year due to expected Federal Reserve rate reductions.
- Operating grants and contributions decreased by \$1,323,237, primarily due to previous year receipt of pandemic era federal assistance under the American Rescue Plan and CARES Act funding that is winding down. These one-time funds were paid to the School District during this time period and periodically at the time of formal request through the State’s reimbursement process.
- Capital grants and contributions increased by \$317,425 due to interest earned on idle capital project borrowings that must be used to help offset future debt service costs on those borrowings.
- Unrestricted state aid increased by \$412,195, or 6.8%, as a result of increases in BOCES aid, excess cost aid and transportation aid.

Expenses:

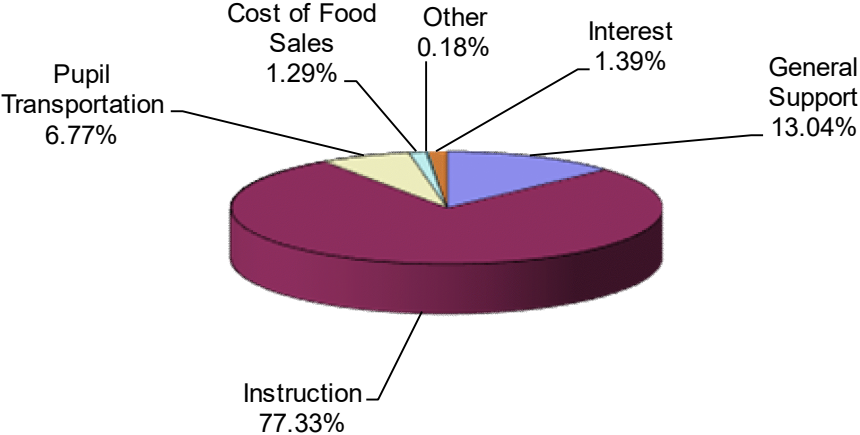
- General Support expenses decreased by \$1,334,220, due primarily to the reduction of plant operation expenses, the decrease in pension liabilities and related deferred inflows and outflows of resources due to strong stock market returns and the decrease in OPEB liabilities and related deferred inflows and outflows of resources due primarily to an increase in the discount rate.
- Instructional program expenses decreased by \$2,148,424 from the prior year. This is primarily the result of increases in instructional salaries and associated employee benefits, offset by the decrease in pension liabilities and related deferred inflows and outflows of resources due to strong stock market returns and the decrease in OPEB liabilities and related deferred inflows and outflows of resources due primarily to an increase in the discount rate.
- Pupil transportation expenses increased by \$386,545, or 4.4%. The School District conducted a formal request for proposal process for a four-year period, beginning in the 2023/2024 fiscal year. Fiscal year 2024-25 was year 2 of a four-year agreement with First Student, Inc. Expenses for years 3 and 4 are expected to increase at similar rates.

As indicated on the pie charts that follow, real property taxes and unrestricted intergovernmental revenues (comprised of school tax relief reimbursement and non-property tax distribution from County) are the largest components of revenues recognized. Instructional expenses are the largest category of expenses incurred.

**Sources of Revenue for Fiscal Year 2024-25
Governmental Activities**



**Expenses for Fiscal Year 2024-25
Governmental Activities**



Financial Analysis of the School District's Fund Balances

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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 a School District's net resources available for spending at the end of the fiscal year.

At June 30, 2025, the School District's governmental funds, excluding the Capital Projects Fund, reported a combined fund balance of \$33,376,832, representing a decrease of \$4,158,642 from the prior year (with the decrease being \$4,168,445 in the General Fund). To reiterate what was mentioned earlier, this decrease is a direct result of a planned and prior approved transfer of \$5,000,000 from the General Fund's future capital projects restricted fund balance component to the Capital Projects Fund. These operating funds are being used towards the overall funding of the School District's \$79,530,000 voter approved 2023 capital improvement projects. Accordingly, other operating results in the General Fund, exclusive of this transfer, added to fund balance in the General Fund by \$831,555. This positive net operating result is a valuable and necessary component for sustained financial health and a means to replenish strategic restricted funds when they are utilized for planned and unplanned expenditures.

The positive operating results helping to add to the fund balance of the General Fund (exclusive of the \$5,000,000 transfer to the Capital Projects Fund) were derived from better-than-expected revenues and less than expected expenditures. On the revenue side, non-property tax distributions from the County (i.e. sales tax) were \$184,087 better than expected due to a strong local economy, earnings on investments \$1,372,590 better than expected due to higher interest rates and available investable cash balances and state aid \$264,258 better than expected. From an expenditure perspective, the fund balance was increased (again exclusive of the transfer to the Capital Projects Fund) from the realization of salary savings: instructional salaries were \$924,000 and non-instructional salaries were \$462,000 below expectations. Savings generally stem from two main factors: unfilled vacancies and unpaid leaves of absence. In the latter case, substitute staff often earn less than appointed staff, generating additional savings in the General Fund. Although largely unforeseen, these "breakage" savings are an integral part of the year-end net operating surplus which, in turn, has the effect of augmenting the fund balance.

The fund balance in the Capital Projects Fund decreased by \$7,454,400 during the fiscal year. The School District has funded its capital program during the past year from a combination of bond anticipation notes (BAN") in the amount of \$10,000,000 and from budgetary appropriations from the General Fund. Because BAN's are considered short-term debt and are therefore not classified as a revenue until funds are converted to permanent debt (such as general obligation bonds), expenditures on BAN funded projects result in expenditures in excess of revenues, thus resulting in the deficit fund balance reported in the Capital Projects Fund. It should be noted that the School District issued a \$25 million bond on July 25, 2025. It is expected the current fund balance deficit situation in the Capital Projects Fund will be significantly reduced as a result of the bond issuance in the upcoming fiscal year.

A summary of the change in fund balance by fund is as follows:

| | <u>2024-25</u> | <u>2023-24</u> | <u>Changes</u> |
|---|----------------------|----------------------|------------------------|
| General Fund | | | |
| Nonspendable - Prepaid expenditures | \$ - | \$ 15,603 | \$ (15,603) |
| Restricted | | | |
| Tax certiorari | 10,785,946 | \$ 9,937,404 | 848,542 |
| Employee benefit accrued liability | 621,723 | 727,655 | (105,932) |
| Employee benefit accrue liability - for subsequent year's expenditures | 160,000 | 125,000 | 35,000 |
| ERS retirement contributions | 4,625,000 | 5,500,000 | (875,000) |
| ERS retirement contributions - for subsequent year's expenditures | 875,000 | 875,000 | - |
| TRS retirement contributions | 4,000,000 | 4,000,000 | - |
| TRS retirement contributions - for subsequent year's expenditures | 199,914 | 382,334 | (182,420) |
| Property loss and liability | 22,243 | 22,243 | - |
| Liability claims | 300,000 | 360,000 | (60,000) |
| Insurance | 738,837 | 250,162 | 488,675 |
| Capital Reserve | 356,608 | 5,130,695 | (4,774,087) |
| Debt Service | 734,381 | 900,626 | (166,245) |
| Debt Service - for subsequent year's expenditures | 539,705 | 200,000 | 339,705 |
| Assigned | | | |
| Encumbrances | 734,886 | 738,516 | (3,630) |
| For subsequent year's expenditures | 1,682,316 | 1,575,000 | 107,316 |
| Unassigned | 5,857,479 | 5,662,245 | 195,234 |
| | <u>32,234,038</u> | <u>36,402,483</u> | <u>(4,168,445)</u> |
| School Lunch Fund | | | |
| Assigned | 811,874 | 763,851 | 48,023 |
| Capital Projects Fund | | | |
| Unassigned | (7,545,058) | (90,658) | (7,454,400) |
| Total Fund Balances | <u>\$ 25,500,854</u> | <u>\$ 37,075,676</u> | <u>\$ (11,574,822)</u> |

Note: The fund balance of the Special Purpose Fund is not included on this chart.
The Special Aid Fund has no fund balance.

General Fund Budgetary Highlights

2024-25 Budget

The School District's General Fund adopted budget for the year ended June 30, 2025 was \$141,556,140. This amount was then increased by the encumbrances carried forward from the prior year in the amount of \$738,516. Additionally, the Board of Education took action during the fiscal year to increase 2024-25 appropriations for the payment of tax certiorari claims (\$518,566) and approved settlement agreements for tuition reimbursement (\$47,670). As noted elsewhere in this discussion, the Board of Education also approved the use of the Future Capital Projects restricted portion of fund balance (\$5,000,000). Accordingly, the final budget authorized total appropriations for the 2024-2025 fiscal year of \$147,860,892.

The 2024-25 budget was funded through a combination of local, county and state generated revenues, as well as assigned fund balance. The majority of this funding source totaling \$123,713,449 (89%) was derived from the levy of real property taxes and STAR property tax relief aid from New York State. Additional revenue from county sales tax receipts and state aid support from NYS was included in the funding plan, as well as appropriated fund balance in the amount of \$3,157,334.

Change In General Fund's Unassigned Fund Balance (Budget to Actual)

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of excess revenues over expenditures, net of transfers to restricted fund balance components and assignments to fund subsequent year's budgets. It is this balance that is commonly referred to as the "Fund Balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

| | 2024-25 |
|---|----------------|
| Opening, unassigned fund balance | \$ 5,662,245 |
| Revenues over budget | 2,165,018 |
| Expenditures, other financing uses and encumbrances under budget | 2,393,737 |
| Revenues allocated to restricted fund balances | (1,199,366) |
| Transfers from/to restricted fund balances, net | 277,177 |
| Transfers from nonspendable fund balance | 15,603 |
| Assigned to balance the 2025-26 budget | (3,456,935) |
| Closing, unassigned fund balance | \$ 5,857,479 |

The \$5,857,479 shown in the table above is the portion of the School District's June 30, 2025 fund balance that was retained as unassigned. This represents 4% of the School District's 2025-26 approved operating budget of \$146,436,985, the maximum permitted by New York State.

The revised 2024-25 budget for expenditures and other financing uses, including prior year open encumbrances as of June 30, 2025, was \$147,860,892. Actual expenditures and other financing uses as of June 30, 2025 were \$144,732,269 plus outstanding encumbrances of \$734,886. Combined, the expenditures plus encumbrances for 2024-25 were \$145,467,155 which was \$2,393,737 less than anticipated.

The expenditure savings in the 2024-25 budget is primarily attributable to the following areas and amounts:

| | |
|--|--------------------------------|
| Staff | \$ 144,533 |
| Central Services | 755,081 |
| Instruction, Administration and Improvement | 206,382 |
| Teaching - Regular School | 402,082 |
| Programs for Students with Disabilities | 86,926 |
| Instructional Media | 77,390 |
| Pupil Services | 223,327 |
| Pupil Transportation | 274,656 |
| Employee Benefits | 180,187 |
| The net sum of all other variances | <u>43,173</u> |
| Net Total of All Budgetary Expenditure Variances | <u><u>\$ 2,393,737</u></u> |

Assigned/Restricted Fund Balance For Use In 2025-26

The School District utilized \$3,456,935 of its available June 30, 2025 fund balance to provide property tax relief and partially fund its 2025-26 approved operating budget. A significant portion of the appropriated fund balance, \$1,682,316, was derived and assigned from operations over a series of years. There were also funds appropriated from restricted fund balance that was planned for use in 2025-26, including monies from the restricted for ERS retirement system contributions (\$875,000), Employee Benefit Accrued Liability Restriction (\$160,000), restricted for TRS Retirement System contributions (\$199,914) and restricted for debt service payments (\$539,705).

Capital Asset and Debt Administration

Capital Assets

At June 30, 2025, the School District invested in a broad range of capital assets, including land, construction-in-progress, land improvements, buildings and improvements and machinery and equipment. A summary of the School District's capital assets, net of depreciation at June 30, 2025 and 2024 is as follows:

| | <u>2024-25</u> | <u>2023-24</u> | <u>Increase (Decrease)</u> |
|----------------------------|------------------------------|-----------------------------|--------------------------------|
| Land | \$ 1,403,050 | \$ 1,403,050 | \$ - |
| Construction-in-Progress | 11,387,335 | 2,851,937 | 8,535,398 |
| Land Improvements | 5,789,581 | 6,286,752 | (497,171) |
| Buildings and improvements | 84,727,013 | 81,297,605 | 3,429,408 |
| Machinery and equipment | <u>777,020</u> | <u>812,583</u> | <u>(35,563)</u> |
| Capital assets, net | <u><u>\$ 104,083,999</u></u> | <u><u>\$ 92,651,927</u></u> | <u><u>\$ 11,432,072</u></u> |

The increase in capital assets, net is primarily attributable to the increase in construction-in-progress attributable to the start of the voter authorized \$79,530,000 2023 bond projects.

More detailed information about the School District's capital assets is presented in Note 3B in the notes to financial statements.

Debt Administration

The School District had general obligation and other long-term debt outstanding as follows:

| | June 30, | |
|--|-----------------------|-----------------------|
| | 2025 | 2024 |
| Bonds Payable | \$ 39,380,000 | \$ 40,575,000 |
| Energy Performance Contract | 4,679,918 | 5,041,041 |
| Compensated Absences | 4,551,893 | 899,110 |
| Claims Payable | 1,699,919 | 2,039,903 |
| Net Pension Liability | 5,252,057 | 8,208,465 |
| Other Post Employment Benefit Liability | 194,397,340 | 207,279,040 |
| Total | <u>\$ 249,961,127</u> | <u>\$ 264,042,559</u> |

The School District retired \$1,195,000 in outstanding bonded indebtedness and \$361,123 in energy performance contract debt during the year ended June 30, 2025.

The School District's compensated absences liability has been calculated and recorded in accordance with the new provisions of GASB Statement No. 101. This new standard seeks to present an expanded liability for future paid leave that is likely to be used.

The School District's other postemployment benefit liability was recorded in accordance with the provisions of GASB Statement No. 75. While the liability declined this year due primarily to an increase in the discount rate, this liability will generally continue to grow over time as, at this time, the School District is permitted by New York State only to fund its pay-as-you-go obligations for health insurance.

More detailed information regarding this debt is presented in Note 3E in the notes to financial statements.

Economic Factors and Next Year's Budget

The General Fund budget for the year ended June 30, 2026 was particularly challenging due to several inflationary pressures and rising costs. Growing student enrollment has increased the demand for resources, while inflation has driven up prices for essential goods and services. High electric and fuel costs have strained the School District's operating budget, and health insurance premiums have risen sharply, exceeding the consumer price index. These factors have made it difficult to balance the need for adequate funding to support educational programs, staff, and infrastructure while minimizing the financial burden on taxpayers. The budget process required careful planning and difficult decisions to meet these competing demands. As evidenced by an overwhelming approval of 76% affirmative votes for the 2025-26 budget, there is a high level of community support of the instructional and extra-curricular activities of the School District due to strong and consistent executive leadership.

Looking ahead to the upcoming budget year, the current economic climate suggests inflation pressures may moderate somewhat, falling in the 2.5% to 3.0% range. As a result, the School District anticipates a possible compression of interest income on liquid investments. New York State budget forecasts assume cautious revenue growth, with structural gaps still a risk in the out-years. To the School District's advantage is a statistically insignificant reliance upon state aid as a major revenue source. Overall, fiscal discipline and liquidity management remain essential components of a well-balanced and prudent financial plan that seeks to offer world class educational opportunities for students while being mindful and respectful to the financial impact on the community.

The final 2024 assessment roll for the Town of Harrison indicates positive growth in the full value assessment of the community, which increased by \$401,447,028, or 3.72%. As a result, the School District enjoys the third lowest tax rate on true value of all Westchester County school districts at \$11.41 per thousand of assessed value.

Contacting the School District

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

Dr. Louis N. Wool, Superintendent
Harrison Central School District
50 Union Avenue
Harrison, NY 10528

Harrison Central School District, New York

Statement of Net Position
June 30, 2025

| | <u>Governmental Activities</u> |
|---------------------------------------|------------------------------------|
| ASSETS | |
| Cash and equivalents | \$ 1,338,504 |
| Investments | 48,251,851 |
| Receivables | |
| Accounts | 26,967 |
| State and Federal aid | 2,680,304 |
| Due from other governments | 847,147 |
| Net pension asset - TRS | 9,485,087 |
| Capital assets | |
| Not being depreciated | 12,790,385 |
| Being depreciated, net | <u>91,293,614</u> |
| Total Assets | <u>166,713,859</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension related | 25,678,927 |
| OPEB related | <u>30,053,144</u> |
| Total Deferred Outflows of Resources | <u>55,732,071</u> |
| LIABILITIES | |
| Accounts payable | 7,899,649 |
| Accrued liabilities | 551,182 |
| Bond anticipation notes payable | 10,000,000 |
| Due to other governments | 253,917 |
| Unearned revenues | 396,378 |
| Due to retirement systems | 8,211,873 |
| Accrued interest payable | 814,008 |
| Non-current liabilities | |
| Due within one year | 9,800,042 |
| Due in more than one year | <u>240,161,085</u> |
| Total Liabilities | <u>278,088,134</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension related | 11,986,188 |
| OPEB related | <u>89,427,279</u> |
| Total Deferred Inflows of Resources | <u>101,413,467</u> |
| NET POSITION | |
| Net investment in capital assets | 51,117,503 |
| Restricted | |
| Capital projects | 1,361,520 |
| Tax certiorari | 9,086,027 |
| ERS retirement contribution | 5,500,000 |
| TRS retirement contribution | 4,199,914 |
| TRS pension | 9,485,087 |
| Property loss | 22,243 |
| Liability | 300,000 |
| Insurance | 738,837 |
| Future capital projects | 356,608 |
| Debt service | 1,274,086 |
| Special purposes | |
| Extraclassroom activities | 167,819 |
| Other | 163,101 |
| Unrestricted | <u>(240,828,416)</u> |
| Total Net Position | <u>\$ (157,055,671)</u> |

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

Harrison Central School District, New York

Statement of Activities
Year Ended June 30, 2025

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|-----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities | | | | | |
| General support | \$ 17,524,104 | \$ - | \$ 1,157,840 | \$ - | \$ (16,366,264) |
| Instruction | 103,943,381 | 567,758 | 2,688,915 | - | (100,686,708) |
| Pupil transportation | 9,105,977 | - | 177,060 | - | (8,928,917) |
| Cost of food sales | 1,732,311 | 1,229,089 | 533,082 | - | 29,860 |
| Other | 239,955 | - | 231,972 | - | (7,983) |
| Interest | 1,864,598 | - | - | 373,460 | (1,491,138) |
| Total Governmental Activities | \$ 134,410,326 | \$ 1,796,847 | \$ 4,788,869 | \$ 373,460 | (127,451,150) |
| General revenues | | | | | |
| Real property taxes | | | | | 121,827,697 |
| Other tax items | | | | | |
| Payments in lieu of taxes | | | | | 2,557,978 |
| Unrestricted intergovernmental revenues | | | | | |
| School tax relief reimbursement | | | | | 1,885,752 |
| Non-property tax distribution from County | | | | | 3,034,087 |
| Unrestricted use of money and property | | | | | 1,591,290 |
| Sale of property and compensation for loss | | | | | 27,320 |
| Unrestricted State aid | | | | | 6,462,379 |
| Miscellaneous | | | | | 720,316 |
| Total General Revenues | | | | | 138,106,819 |
| Change in Net Position | | | | | 10,655,669 |
| NET POSITION | | | | | |
| Beginning, as reported | | | | | (164,308,264) |
| Cumulative Effect of Change in Accounting Principle | | | | | (3,403,076) |
| Beginning, as restated | | | | | (167,711,340) |
| Ending | | | | | \$ (157,055,671) |

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

Harrison Central School District, New York

Balance Sheet
 Governmental Funds
 June 30, 2025

| | General | Special Aid | Capital Projects |
|--|----------------------|---------------------|---------------------|
| ASSETS | | | |
| Cash and equivalents | \$ 183,678 | \$ - | \$ - |
| Investments | 43,968,963 | - | 4,282,888 |
| Receivables | | | |
| Accounts | 26,967 | - | - |
| State and Federal aid | 1,078,309 | 1,561,848 | - |
| Due from other governments | 847,147 | - | - |
| Due from other funds | 1,468,695 | - | 864,282 |
| | <u>47,573,759</u> | <u>1,561,848</u> | <u>5,147,170</u> |
| Total Assets | <u>\$ 47,573,759</u> | <u>\$ 1,561,848</u> | <u>\$ 5,147,170</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ 5,007,031 | \$ 18,787 | \$ 2,692,228 |
| Accrued liabilities | 551,182 | - | - |
| Bond anticipation notes payable | - | - | 10,000,000 |
| Due to other funds | 1,051,808 | 1,466,204 | - |
| Due to other governments | 253,917 | - | - |
| Unearned revenues | 263,910 | 76,857 | - |
| Due to retirement systems | 8,211,873 | - | - |
| | <u>15,339,721</u> | <u>1,561,848</u> | <u>12,692,228</u> |
| Total Liabilities | <u>15,339,721</u> | <u>1,561,848</u> | <u>12,692,228</u> |
| Fund balances | | | |
| Restricted | 23,959,357 | - | - |
| Assigned | 2,417,202 | - | - |
| Unassigned | 5,857,479 | - | (7,545,058) |
| | <u>32,234,038</u> | <u>-</u> | <u>(7,545,058)</u> |
| Total Fund Balances | <u>32,234,038</u> | <u>-</u> | <u>(7,545,058)</u> |
| | <u>\$ 47,573,759</u> | <u>\$ 1,561,848</u> | <u>\$ 5,147,170</u> |
| Total Liabilities and Fund Balances | <u>\$ 47,573,759</u> | <u>\$ 1,561,848</u> | <u>\$ 5,147,170</u> |

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

| Non-Major Governmental Funds | Total Governmental Funds |
|------------------------------------|--------------------------------|
| \$ 1,154,826 | \$ 1,338,504 |
| - | 48,251,851 |
| - | 26,967 |
| 40,147 | 2,680,304 |
| - | 847,147 |
| 187,526 | 2,520,503 |
| \$ 1,382,499 | \$ 55,665,276 |

| | |
|------------|--------------|
| \$ 181,603 | \$ 7,899,649 |
| - | 551,182 |
| - | 10,000,000 |
| 2,491 | 2,520,503 |
| - | 253,917 |
| 55,611 | 396,378 |
| - | 8,211,873 |
| 239,705 | 29,833,502 |

| | |
|--------------|---------------|
| 330,920 | 24,290,277 |
| 811,874 | 3,229,076 |
| - | (1,687,579) |
| 1,142,794 | 25,831,774 |
| \$ 1,382,499 | \$ 55,665,276 |

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Harrison 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

| | |
|--|--------------------------------|
| Fund Balances - Total Governmental Funds | <u>\$ 25,831,774</u> |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | |
| Capital assets - non-depreciable | 12,790,385 |
| Capital assets - depreciable | 143,236,745 |
| Accumulated depreciation | <u>(51,943,131)</u> |
| | <u>104,083,999</u> |
| 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 | 25,678,927 |
| Deferred outflows - OPEB related | 30,053,144 |
| Deferred inflows - pension related | (11,986,188) |
| Deferred inflows - OPEB related | <u>(89,427,279)</u> |
| | <u>(45,681,396)</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 | <u>9,485,087</u> |
| Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Accrued interest payable | (814,008) |
| General obligation bonds payable | (39,380,000) |
| Energy performance contract debt payable | (4,679,918) |
| Compensated absences | (4,551,893) |
| Claims payable | (1,699,919) |
| Net pension liability - ERS | (5,252,057) |
| Total OPEB liability | <u>(194,397,340)</u> |
| | <u>(250,775,135)</u> |
| Net Position of Governmental Activities | <u><u>\$ (157,055,671)</u></u> |

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

Harrison Central School District, New York

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

| | General | Special Aid | Capital Projects |
|--|----------------------|------------------|-----------------------|
| REVENUES | | | |
| Real property taxes | \$ 121,827,697 | \$ - | \$ - |
| Other tax items | 4,443,730 | - | - |
| Non-property taxes | 3,034,087 | - | - |
| Charges for services | 567,758 | - | - |
| Use of money and property | 3,122,590 | - | - |
| Sale of property and compensation for loss | 27,320 | - | - |
| State aid | 6,820,326 | 622,415 | - |
| Federal aid | - | 1,797,411 | - |
| Food sales | - | - | - |
| Miscellaneous | 720,316 | - | - |
| Total Revenues | <u>140,563,824</u> | <u>2,419,826</u> | <u>-</u> |
| EXPENDITURES | | | |
| Current | | | |
| General support | 12,814,771 | - | - |
| Instruction | 77,439,117 | 2,471,425 | - |
| Pupil transportation | 8,816,484 | 177,060 | - |
| Employee benefits | 35,390,914 | - | - |
| Cost of food sales | - | - | - |
| Other | - | - | - |
| Debt service | | | |
| Principal | 1,556,123 | - | - |
| Interest | 1,458,201 | - | - |
| Capital outlay | - | - | 14,482,400 |
| Total Expenditures | <u>137,475,610</u> | <u>2,648,485</u> | <u>14,482,400</u> |
| Excess (Deficiency) of Rev- enues Over Expenditures | <u>3,088,214</u> | <u>(228,659)</u> | <u>(14,482,400)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 228,659 | 7,028,000 |
| Transfers out | (7,256,659) | - | - |
| Total Other Financing Sources (Uses) | <u>(7,256,659)</u> | <u>228,659</u> | <u>7,028,000</u> |
| Net Change in Fund Balances | (4,168,445) | - | (7,454,400) |
| FUND BALANCES (DEFICITS) | | | |
| Beginning of Year | <u>36,402,483</u> | <u>-</u> | <u>(90,658)</u> |
| End of Year | <u>\$ 32,234,038</u> | <u>\$ -</u> | <u>\$ (7,545,058)</u> |

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

| Non-Major Governmental | Total Governmental Funds |
|---------------------------|--------------------------------|
| \$ - | \$ 121,827,697 |
| - | 4,443,730 |
| - | 3,034,087 |
| - | 567,758 |
| 6,180 | 3,128,770 |
| - | 27,320 |
| 23,828 | 7,466,569 |
| 503,635 | 2,301,046 |
| 1,229,003 | 1,229,003 |
| 319,699 | 1,040,015 |
| 2,082,345 | 145,065,995 |
| - | 12,814,771 |
| 118,439 | 80,028,981 |
| - | 8,993,544 |
| - | 35,390,914 |
| 1,714,148 | 1,714,148 |
| 239,955 | 239,955 |
| - | 1,556,123 |
| - | 1,458,201 |
| - | 14,482,400 |
| 2,072,542 | 156,679,037 |
| 9,803 | (11,613,042) |
| - | 7,256,659 |
| - | (7,256,659) |
| - | - |
| 9,803 | (11,613,042) |
| 1,132,991 | 37,444,816 |
| \$ 1,142,794 | \$ 25,831,774 |

Harrison 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 | <u>\$ (11,613,042)</u> |
| <p>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 expense.</p> | |
| Capital outlay expenditures | 14,503,655 |
| Depreciation expense | <u>(3,071,583)</u> |
| | <u>11,432,072</u> |
| <p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p> | |
| Principal paid on general obligation bonds | 1,195,000 |
| Principal paid on energy performance contract debt | <u>361,123</u> |
| | <u>1,556,123</u> |
| <p>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.</p> | |
| Accrued interest | (406,397) |
| Compensated absences | (249,707) |
| Claims payable | 339,984 |
| Changes in pension liabilities and related deferred outflows and inflows of resources | 1,809,237 |
| Changes in OPEB liabilities and related deferred outflows and inflows of resources | <u>7,787,399</u> |
| | <u>9,280,516</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ 10,655,669</u></u> |

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

Harrison 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 Budget | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|--------------------|--------------------|-------------------------------|
| REVENUES | | | | |
| Real property taxes | \$ 121,827,697 | \$ 121,827,697 | \$ 121,827,697 | \$ - |
| Other tax items | 4,397,541 | 4,397,541 | 4,443,730 | 46,189 |
| Non-property taxes | 2,850,000 | 2,850,000 | 3,034,087 | 184,087 |
| Charges for services | 475,000 | 475,000 | 567,758 | 92,758 |
| Use of money and property | 1,752,500 | 1,752,500 | 3,122,590 | 1,370,090 |
| Sale of property and compensation for loss | - | - | 27,320 | 27,320 |
| State aid | 6,556,068 | 6,556,068 | 6,820,326 | 264,258 |
| Miscellaneous | 540,000 | 540,000 | 720,316 | 180,316 |
| Total Revenues | 138,398,806 | 138,398,806 | 140,563,824 | 2,165,018 |
| EXPENDITURES | | | | |
| Current | | | | |
| General support | 13,307,202 | 14,076,068 | 12,814,771 | 1,261,297 |
| Instruction | 79,009,871 | 78,850,808 | 77,439,117 | 1,411,691 |
| Pupil transportation | 9,252,207 | 9,091,140 | 8,816,484 | 274,656 |
| Employee benefits | 35,458,052 | 35,571,101 | 35,390,914 | 180,187 |
| Debt service | | | | |
| Principal | 1,556,123 | 1,556,123 | 1,556,123 | - |
| Interest | 1,458,201 | 1,458,201 | 1,458,201 | - |
| Total Expenditures | 140,041,656 | 140,603,441 | 137,475,610 | 3,127,831 |
| Excess (Deficiency) of Revenues Over Expenditures | (1,642,850) | (2,204,635) | 3,088,214 | 5,292,849 |
| OTHER FINANCING USES | | | | |
| Transfers out | (2,253,000) | (7,257,451) | (7,256,659) | 792 |
| Net Change in Fund Balance | (3,895,850) | (9,462,086) | (4,168,445) | 5,293,641 |
| FUND BALANCE | | | | |
| Beginning of Year | 3,895,850 | 9,462,086 | 36,402,483 | 26,940,397 |
| End of Year | \$ - | \$ - | \$ 32,234,038 | \$ 32,234,038 |

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

Harrison Central School District, New York

Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2025

| | <u>Custodial Fund</u> |
|--|---------------------------|
| ASSETS | |
| Cash and equivalents | \$ 34,465 |
| Accounts receivable | <u>544</u> |
| Total Assets | <u>\$ 35,009</u> |
| LIABILITIES | |
| Accounts payable | <u>\$ 1,101</u> |
| NET POSITION | |
| Restricted for individuals and organizations | <u>\$ 33,908</u> |

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

Harrison Central School District, New York

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

| | <u>Custodial Fund</u> |
|---|---------------------------|
| ADDITIONS | |
| Miscellaneous | \$ 126,599 |
| DEDUCTIONS | |
| Payments to individuals and organizations | <u>123,050</u> |
| Change in Fiduciary Net Position | 3,549 |
| NET POSITION | |
| Beginning of Year | <u>30,359</u> |
| End of Year | <u><u>\$ 33,908</u></u> |

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

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Note 1 - Summary of Significant Accounting Policies

The Harrison Central School District, New York ("School District"), as presently constituted, was established in 1969 and 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 Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative 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 district's 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 Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

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 School District 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 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

Note 1 - Summary of Significant Accounting Policies (Continued)

expenditures for specified purposes other than debt service or capital projects. The 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 or State funds. The major revenues of this fund are Federal and State 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.

- b. Fiduciary Funds (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 certain deposits payable.

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 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 compensated absences, certain claims, 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.

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 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 30th.

The School District's position in the pool at June 30, 2025 of \$48,251,851 is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days.

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

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

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.

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

Harrison Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2025

Note 1 - Summary of Significant Accounting Policies (Continued)

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 levied and payable in two installments in September and January. The Town of Harrison, New York ("Town") is responsible for the billing and collection of the taxes. The Town guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

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 - There are no inventory values presented in the balance sheets of the respective funds of the School District. Purchases of inventoriable items are recorded as expenditures at the time of purchase and year-end balances are not material.

Capital Assets - Capital assets, which include property, plant and equipment, 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 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.

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. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

| <u>Class</u> | <u>Life in Years</u> |
|----------------------------|--------------------------|
| Land Improvements | 5-50 |
| Buildings and Improvements | 20-50 |
| Machinery and Equipment | 5-20 |

Note 1 - Summary of Significant Accounting Policies (Continued)

The costs associated with the acquisition or construction of 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.

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 \$263,910 in the General Fund (\$36,776 for health insurance premiums and \$227,134 rebate for utilities), \$76,857 in the Special Aid Fund for Federal aid received in advance, and \$55,611 in the School Lunch Fund for student meal monies received in advance. 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 (expenditures/expense) 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 reports 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 3E.

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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

liability is calculated based on each employee's 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. 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 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, tax certiorari, ERS/TRS retirement contributions, property loss, liability, insurance, future capital projects, debt service 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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:

Nonspendable 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).

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 Board of Education 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 Board of Education removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations 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 by delegated authority to the Assistant Superintendent for Business 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 reported as assigned fund balance since they do not constitute expenditures or liabilities (See Note 3F).

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 6, 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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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.
- g) The budget for the General Fund is 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., grant 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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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. 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 \$(3,403,076).

E. Capital Projects Fund Deficit

The Capital Projects Fund reflects a deficit of \$7,545,058 at June 30, 2025. This results from expenditures exceeding revenues on the voter approved \$79,530,000 district-wide improvement capital projects. This deficit will be eliminated with the subsequent receipt of authorized financing on the projects.

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.

Harrison Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2025

Note 3 - Detailed Notes on All Funds

A. Interfund Receivables/Payables

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

| Fund | Due From | Due To |
|------------------------|---------------------|---------------------|
| General | \$ 1,468,695 | \$ 1,051,808 |
| Special Aid | - | 1,466,204 |
| Capital Projects | 864,282 | - |
| Non-Major Governmental | 187,526 | 2,491 |
| | <u>\$ 2,520,503</u> | <u>\$ 2,520,503</u> |

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. Capital Assets

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

| Class | Balance July 1, 2024 | Additions | Deletions | Balance June 30, 2025 |
|--|----------------------------|----------------------|---------------------|-----------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,403,050 | \$ - | \$ - | \$ 1,403,050 |
| Construction-in-progress | 2,851,937 | 10,589,908 | 2,054,510 | 11,387,335 |
| Total Capital Assets, not being depreciated | <u>\$ 4,254,987</u> | <u>\$ 10,589,908</u> | <u>\$ 2,054,510</u> | <u>\$ 12,790,385</u> |
| Capital assets, being depreciated: | | | | |
| Land Improvements | \$ 11,696,779 | \$ 13,391 | \$ - | \$ 11,710,170 |
| Buildings and Improvements | 120,850,189 | 5,803,895 | - | 126,654,084 |
| Machinery and Equipment | 4,804,906 | 150,971 | 83,386 | 4,872,491 |
| Total Capital Assets, being depreciated | <u>137,351,874</u> | <u>5,968,257</u> | <u>83,386</u> | <u>143,236,745</u> |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | 5,410,027 | 510,562 | - | 5,920,589 |
| Buildings and Improvements | 39,552,584 | 2,374,487 | - | 41,927,071 |
| Machinery and Equipment | 3,992,323 | 186,534 | 83,386 | 4,095,471 |
| Total Accumulated Depreciation | <u>48,954,934</u> | <u>3,071,583</u> | <u>83,386</u> | <u>51,943,131</u> |
| Total Capital Assets, being depreciated, net | <u>\$ 88,396,940</u> | <u>\$ 2,896,674</u> | <u>\$ -</u> | <u>\$ 91,293,614</u> |
| Capital Assets, net | <u>\$ 92,651,927</u> | <u>\$ 13,486,582</u> | <u>\$ 2,054,510</u> | <u>\$ 104,083,999</u> |

Harrison Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2025

Note 3 - Detailed Notes on All Funds (Continued)

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

| | |
|--------------------|---------------------|
| General Support | \$ 3,002,327 |
| Instruction | 51,092 |
| Cost of Food Sales | <u>18,164</u> |
| | <u>\$ 3,071,583</u> |

C. Accrued Liabilities

Accrued liabilities at June 30, 2025 were as follows:

| | |
|-------------------------------|-------------------------|
| | <u>General Fund</u> |
| Payroll and Employee Benefits | <u>\$ 551,182</u> |

D. Short-Term Capital Borrowings

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

| Purpose | Year of Original Issue | Rate of Interest | Maturity Date | Balance July 1, 2024 | New Issues | Maturities and/or Payments | Balance June 30, 2025 |
|---|------------------------------|---------------------|------------------|----------------------------|---------------|----------------------------------|-----------------------------|
| District-Wide Improvements and alterations | 2024 | 4.50 % | July, 2025 | \$ - | \$ 10,000,000 | \$ - | \$ 10,000,000 |

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 improvements 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 \$419,178 was recorded in the district-wide financial statements.

Harrison Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2025

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-Term Liabilities

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

| | Balance, as Reported July 1, 2024 | Cumulative Effect of Change in Accounting Principle* | Balance, as Restated July 1, 2024 | New Issues/ Additions | Maturities and/or Payments | Balance June 30, 2025 | Due Within One-Year |
|---|---|--|--|-----------------------------|----------------------------------|-----------------------------|---------------------------|
| General Obligation Bonds Payable | \$ 40,575,000 | \$ - | \$ 40,575,000 | \$ - | \$ 1,195,000 | \$ 39,380,000 | \$ 1,230,000 |
| Energy Performance Contract Debt Payable | 5,041,041 | - | 5,041,041 | - | 361,123 | 4,679,918 | 370,863 |
| Other Non-current Liabilities: | | | | | | | |
| Compensated Absences | 899,110 | 3,403,076 | 4,302,186 | 249,707 ** | - | 4,551,893 | 455,200 |
| Claims Payable | 2,039,903 | - | 2,039,903 | - | 339,984 | 1,699,919 | 339,984 |
| Net Pension Liability - ERS | 4,574,411 | - | 4,574,411 | 677,646 | - | 5,252,057 | - |
| Net Pension Liability - TRS | 3,634,054 | - | 3,634,054 | - | 3,634,054 | - | - |
| Other Postemployment Benefit Liability | 207,279,040 | - | 207,279,040 | 34,864,054 | 47,745,754 | 194,397,340 | 7,403,995 |
| Total Other Non- Current Liabilities | 218,426,518 | 3,403,076 | 221,829,594 | 35,791,407 | 51,719,792 | 205,901,209 | 8,199,179 |
| Total Long-Term Liabilities | \$ 264,042,559 | \$ 3,403,076 | \$ 267,445,635 | \$ 35,791,407 | \$ 53,275,915 | \$ 249,961,127 | \$ 9,800,042 |

*See Note 2D.

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

Each governmental fund's liability for general obligation bonds, energy performance contract debt, compensated absences, claims payable, net pension liability and other postemployment benefit liability is liquidated by the General Fund.

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 Rates | Amount Outstanding at June 30, 2025 |
|------------------------------|------------------|-----------------------------|-------------------|-------------------|--|
| District-Wide Reconstruction | 2018 | \$ 22,580,000 | March, 2048 | 3.25-3.55 % | \$ 19,045,000 |
| District-Wide Reconstruction | 2019 | 19,380,000 | September, 2048 | 3.00-4.00 | 16,885,000 |
| District-Wide Reconstruction | 2020 | 4,300,000 | June, 2040 | 1.25-5.00 | 3,450,000 |
| | | | | | <u>\$ 39,380,000</u> |

Interest expenditures of \$1,325,570 were recorded in the General Fund. Interest expense of \$1,315,602 was recorded in the district-wide financial statements.

Harrison Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2025

Note 3 - Detailed Notes on All Funds (Continued)

Energy Performance Contract Payable

The School District, during 2018, entered into a \$6,969,318 contractual agreement to install energy saving equipment and/or to upgrade existing facilities to enhance performance. The agreement provides for annual payments of \$493,754, including interest at 2.679% through September 2035. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the payment terms. Interest expenditures of \$132,631 were recorded in the General Fund. Interest expense was \$129,818 in the district-wide financial statements. The balance due at June 30, 2025 was \$4,679,918.

Payments to Maturity

The annual requirements to amortize all outstanding bonded and energy performance contract debt as of June 30, 2025 including interest payments of \$18,162,469 are as follows:

| Year Ending June 30, | General Obligation Bonds | | Energy Performance Contract Debt | | Total | |
|----------------------------|-----------------------------|----------------------|-------------------------------------|-------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | \$ 1,230,000 | \$ 1,284,520 | \$ 370,863 | \$ 122,891 | \$ 1,600,863 | \$ 1,407,411 |
| 2027 | 1,275,000 | 1,242,283 | 380,865 | 112,889 | 1,655,865 | 1,355,172 |
| 2028 | 1,320,000 | 1,198,445 | 391,138 | 102,617 | 1,711,138 | 1,301,062 |
| 2029 | 1,365,000 | 1,155,057 | 401,687 | 92,067 | 1,766,687 | 1,247,124 |
| 2030 | 1,405,000 | 1,110,170 | 412,521 | 81,234 | 1,817,521 | 1,191,404 |
| 2031-2035 | 7,660,000 | 4,917,775 | 2,235,616 | 233,154 | 9,895,616 | 5,150,929 |
| 2036-2040 | 8,885,000 | 3,706,594 | 487,228 | 6,526 | 9,372,228 | 3,713,120 |
| 2041-2045 | 9,005,000 | 2,240,225 | - | - | 9,005,000 | 2,240,225 |
| 2046-2049 | 7,235,000 | 556,022 | - | - | 7,235,000 | 556,022 |
| | <u>\$ 39,380,000</u> | <u>\$ 17,411,091</u> | <u>\$ 4,679,918</u> | <u>\$ 751,378</u> | <u>\$ 44,059,918</u> | <u>\$ 18,162,469</u> |

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. At June 30, 2025, that amount was \$1,058,976,915. As of June 30, 2025, the total outstanding debt applicable to the limit was \$39,380,000 which is 3.72% of the total debt limit.

Compensated Absences

Under the terms of existing collective bargaining agreements, upon separation of service, the School District converts each employee's unused sick leave into a bank for the purpose of paying their portion of retiree health insurance premiums. Compensated absences also includes the value for twelve month employee's vacation days earned in the prior year. The value of the compensated absences has been reflected in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Claims Payable

Claims payable reflects a liability of \$1,699,919 for court ordered tax certiorari refunds, which were not due and payable at year-end. These amounts have been recorded as an expense in the district-wide financial statements.

Pension Plans

New York State and Local Employees' 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 may be found at 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.nystrs.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

Harrison Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2025

Note 3 - Detailed Notes on All Funds (Continued)

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 | 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) | \$ 5,252,057 | \$ (9,485,087) |
| School Districts' proportion of the net pension liability (asset) | 0.0306319 % | 0.317907 % |
| Change in proportion since the prior measurement date | (0.0004357) % | 0.000130 % |

The net pension liability (asset) 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 (asset) 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 asset 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 \$6,332,205 (\$1,216,509 for ERS and \$5,115,696 for TRS). Pension expenditures of \$8,126,804 (\$1,699,973 for ERS and \$6,426,831 for TRS) and \$14,638 (\$6,818 for ERS and \$7,820 for TRS) were recorded in the fund financial statements and were charged to the General and Special Aid funds, respectively.

Harrison Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2025

Note 3 - Detailed Notes on All Funds (Continued)

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 | \$ 1,303,596 | \$ 61,491 | \$ 10,213,697 | \$ - |
| Changes of assumptions | 220,261 | - | 5,674,004 | 954,421 |
| Net difference between projected and actual earnings on pension plan investments | 412,062 | - | - | 10,538,740 |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 363,664 | 122,122 | 438,088 | 309,414 |
| School District contributions subsequent to the measurement date | 618,904 | - | 6,434,651 | - |
| | <u>\$ 2,918,487</u> | <u>\$ 183,613</u> | <u>\$ 22,760,440</u> | <u>\$ 11,802,575</u> |

| | Total | |
|--|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 11,517,293 | \$ 61,491 |
| Changes of assumptions | 5,894,265 | 954,421 |
| Net difference between projected and actual earnings on pension plan investments | 412,062 | 10,538,740 |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 801,752 | 431,536 |
| School District contributions subsequent to the measurement date | 7,053,555 | - |
| | <u>\$ 25,678,927</u> | <u>\$ 11,986,188</u> |

\$618,904 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 subsequent fiscal year. The \$6,434,651 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the subsequent fiscal year. 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 | \$ - | \$ (4,897,353) |
| 2026 | 1,007,625 | 11,618,302 |
| 2027 | 1,422,508 | (1,844,094) |
| 2028 | (395,429) | (2,066,498) |
| 2029 | 81,266 | 1,236,564 |
| Thereafter | - | 476,293 |
| | <u>\$ 2,115,970</u> | <u>\$ 4,523,214</u> |

Harrison Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2025

Note 3 - Detailed Notes on All Funds (Continued)

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:

| | <u>ERS</u> | <u>TRS</u> |
|----------------------------|----------------|---------------|
| Measurement Date | March 31, 2025 | June 30, 2024 |
| Actuarial valuation date | April 1, 2024 | June 30, 2023 |
| Investment rate of return | 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.

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.

Harrison Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2025

Note 3 - Detailed Notes on All Funds (Continued)

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 March 31, 2025 | | TRS June 30, 2024 | |
|--|-----------------------|---|----------------------|---|
| | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate 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 Fixed Income Securities | - | - | 2 | 2.5 |
| High Yield Fixed Income Securities | - | - | 1 | 4.8 |
| Global Equities | - | - | 4 | 6.9 |
| Private Debt | - | - | 2 | 5.9 |
| Real Estate Debt | - | - | 6 | 3.9 |
| Opportunistic/Absolute Return Strategy | 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 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:

Harrison Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2025

Note 3 - Detailed Notes on All Funds (Continued)

| | 1% Decrease (4.9%) | Current Discount Rate (5.9%) | 1% Increase (6.9%) |
|--|---------------------------|------------------------------------|---------------------------|
| School District's proportionate share of the ERS net pension liability (asset) | \$ 15,200,115 | \$ 5,252,057 | \$ (3,054,577) |
| | 1% Decrease (5.95%) | Current Assumption (6.95%) | 1% Increase (7.95%) |
| School District's proportionate share of the TRS net pension (asset) | \$ 43,812,163 | \$ (9,485,087) | \$ (54,309,504) |

The components of the collective net pension liability (asset) 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 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 31st. 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.

Accrued retirement contributions as of June 30, 2025 were \$618,904 to ERS and \$7,592,969 to TRS (including current year employee contributions of \$1,004,217 and accrued amounts from prior years of \$154,101).

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

Note 3 - Detailed Notes on All Funds (Continued)

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 | 379 |
| Active employees | 654 |
| | 1,033 |
| | 1,033 |

The School District's total OPEB liability of \$194,397,340 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

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

| | |
|--|---|
| Salary increases | 3.50%, average, including inflation |
| Discount rate | 5.20% |
| Healthcare cost trend rates | 7.5% for 2025, decreasing 0.5% per year to an ultimate rate of 5.0% for 2029 and later years |
| Retirees' share of benefit-related costs | For those employees who retired prior to July 1, 2009, the School District is responsible for 100% of the cost of the retiree's health insurance plan. For those employees retiring after July 1, 2009, the retiree's share varies depending on bargaining unit, years of service to the School District and whether the retiree has reached age 65. The retiree's share of the health insurance premium ranges between 2% and 20%, based on these factors. |

The discount rate was based on the Bond Buyer's 20 Bond Index.

Harrison Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2025

Note 3 - Detailed Notes on All Funds (Continued)

Mortality rates were based on the Society of Actuaries PUB-2010 mortality table projected fully generationally using the 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 | \$ 207,279,040 |
| Service cost | 6,031,555 |
| Interest | 9,095,634 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | 19,736,865 |
| Changes in assumptions or other inputs | (41,805,712) |
| Benefit payments | <u>(5,940,042)</u> |
| Total OPEB Liability - End of Year | <u><u>\$ 194,397,340</u></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 (4.20%) or 1 percentage point higher (6.20%) than the current discount rate:

| | 1% Decrease (4.2%) | Current Discount Rate (5.2%) | 1% Increase (6.2%) |
|----------------------|--------------------------|------------------------------------|--------------------------|
| Total OPEB Liability | <u>\$ 227,227,067</u> | <u>\$ 194,397,340</u> | <u>\$ 168,364,468</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 (6.5% decreasing to 4.0%) or 1 percentage point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

| | 1% Decrease (6.5% decreasing to 4.0%) | Current Healthcare Cost Trend Rates (7.5% decreasing to 5.0%) | 1% Increase (8.5% decreasing to 6.0%) |
|----------------------|--|--|--|
| Total OPEB Liability | <u>\$ 167,150,249</u> | <u>\$ 194,397,340</u> | <u>\$ 228,903,289</u> |

For the year ended June 30, 2025, the School District recognized OPEB expense of \$(1,847,357) in the district-wide financial statements. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Harrison Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2025

Note 3 - Detailed Notes on All Funds (Continued)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Changes of assumptions or other inputs | \$ 14,287,480 | \$ 78,774,850 |
| Differences between expected and actual experience | <u>15,765,664</u> | <u>10,652,429</u> |
| | <u>\$ 30,053,144</u> | <u>\$ 89,427,279</u> |

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

| <u>Year Ended June 30,</u> | |
|--------------------------------|------------------------|
| 2026 | \$ (16,204,937) |
| 2027 | (15,324,992) |
| 2028 | (15,666,838) |
| 2029 | (12,177,368) |
| 2030 | - |
| Thereafter | <u>-</u> |
| | <u>\$ (59,374,135)</u> |

F. Significant Commitments – Encumbrances

As discussed in Note 2A, Budgetary Data, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2025, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

| | |
|--------------|-------------------|
| General Fund | <u>\$ 734,886</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.

| <u>Transfers Out</u> | <u>Transfers In</u> | | <u>Total</u> |
|----------------------|---------------------------------|--------------------------------------|---------------------|
| | <u>Special Aid Fund</u> | <u>Capital Projects Fund</u> | |
| General Fund | <u>\$ 228,659</u> | <u>\$ 7,028,000</u> | <u>\$ 7,256,659</u> |

Note 3 - Detailed Notes on All Funds (Continued)

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Capital Projects and Special Aid funds 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.

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 Contribution - 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 Contribution - 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 Property Loss - the component of net position that has been established to set aside funds for property loss claims 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 pay liability claims in accordance with the Education Law of the State of New York.

Restricted for Insurance - the component of net position that has been established to set aside funds to repair assets funded by insurance recoveries pursuant to the Education Law of the State of New York.

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 with constraints place on their use by Local Finance Law.

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.

Restricted for TRS Pension - the component of net position that reports the amount of the TRS net pension asset in accordance with the provisions of GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*”.

Harrison Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2025

Note 3 - Detailed Notes on All Funds (Continued)

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

I. Fund Balances

| | General Fund | Capital Projects Fund | Non-Major Governmental Funds | Total |
|--|-----------------|-----------------------------|------------------------------------|---------------|
| Nonspendable - | | | | |
| Prepaid expenditures | \$ - | \$ - | \$ - | \$ - |
| Total Nonspendable | - | - | - | - |
| Restricted: | | | | |
| Tax certiorari | \$ 10,785,946 | \$ - | \$ - | \$ 10,785,946 |
| Employee benefit accrued liability | 621,723 | - | - | 621,723 |
| Employee benefit accrued liability - for subsequent year's expenditures | 160,000 | - | - | 160,000 |
| ERS retirement contributions | 4,625,000 | - | - | 4,625,000 |
| ERS retirement contributions - for subsequent year's expenditures | 875,000 | - | - | 875,000 |
| TRS retirement contributions | 4,000,000 | - | - | 4,000,000 |
| TRS retirement contributions - for subsequent year's expenditures | 199,914 | - | - | 199,914 |
| Property loss | 22,243 | - | - | 22,243 |
| Liability claims | 300,000 | - | - | 300,000 |
| Insurance | 738,837 | - | - | 738,837 |
| Future capital projects | 356,608 | - | - | 356,608 |
| Special purposes - extraclassroom activities | - | - | 167,819 | 167,819 |
| Special purposes - other | - | - | 163,101 | 163,101 |
| Debt service | 734,381 | - | - | 734,381 |
| Debt service - for subsequent year's expenditures | 539,705 | - | - | 539,705 |
| Total Restricted | 23,959,357 | - | 330,920 | 24,290,277 |
| Assigned: | | | | |
| Purchases on order: | | | | |
| General government support | 332,886 | - | - | 332,886 |
| Instruction | 402,000 | - | - | 402,000 |
| | 734,886 | - | - | 734,886 |
| For subsequent year's expenditures - | | | | |
| General Fund | 1,682,316 | - | - | 1,682,316 |
| School Lunch Fund | - | - | 811,874 | 811,874 |
| Total Assigned | 2,417,202 | - | 811,874 | 3,229,076 |
| Unassigned | 5,857,479 | (7,545,058) | - | (1,687,579) |
| Total Fund Balances (Deficits) | \$ 32,234,038 | \$ (7,545,058) | \$ 1,142,794 | \$ 25,831,774 |

Note 3 - Detailed Notes on All Funds (Continued)

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.

Restricted for Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6-p of the General Municipal Law of the State of New York to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

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.

Subsequent year's expenditures represent that at June 30, 2025, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

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. Unassigned fund balance in the Capital Projects Fund represents the deficit balance in the fund.

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 district-wide financial statements reflect a liability of \$1,699,919 at June 30, 2024 for tax certiorari obligations due but not yet payable.

The School District is defendant in a matter involving alleged sexual abuse by a teacher that took place forty years ago. Council for the School District filed an amended answer to the plaintiff's complaint and the parties have exchanged discovery demands. Plaintiff's attorney moved for withdrawal as attorney citing irreconcilable differences. The plaintiff will be allowed additional time to seek a new attorney. In the event of a new motion, Council for the School District will likely ask to dismiss the case.

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.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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 that such amounts, if any, to be immaterial.

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million per occurrence. The School District maintains liability coverage for school board members up to \$1 million per occurrence and \$3 million in the aggregate. The School District also maintains an excess liability policy with coverage up to \$25 million per occurrence. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District and neighboring school districts in Southern Westchester County participate in the State-Wide Schools Cooperative Health Plan. This Plan operates under an agreement, as amended, dated December 12, 1985. The purposes of the Plan are to effect cost savings in members' expenses for health coverage; to provide for centralized administration, funding and disbursements for health coverage; and to provide for such risk management services as may be appropriate to reduce future expense and liability for health coverage. The governance of the Plan shall be in all respects in the hands of the Board of Trustees. The Board of Trustees shall consist of seven trustees elected by the general membership of the Plan. No action may be taken by the Board of Trustees except by a vote of a majority of the total number of trustees. Billings to participants are based upon coverage provided to each participants' employees. The School District has transferred all related risk to the Plan.

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Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The School District and neighboring school districts in Southern Westchester County, participate in the Southern Westchester Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon participants' experience rating. The School District has transferred all related risk to the Plan.

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 Events

On July 25, 2025, the School District renewed its bond anticipation note in the amount of \$10,000,000. The note matures on July 24, 2026 with interest at 3.75%.

On July 25, 2025, the School District issued general obligation bonds in the amount of \$25,000,000, due in annual installments through July, 2050, with interest at rates ranging from 4.0% to 4.5% depending upon maturity.

Harrison 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 | \$ 6,031,555 | \$ 5,632,970 | \$ 5,676,238 |
| Interest | 9,095,634 | 7,750,325 | 7,390,862 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | 19,736,865 | - | (6,731,377) |
| Changes of assumptions or other inputs | (41,805,712) | (9,816,739) (4) | (18,124,519) (4) |
| Benefit payments | (5,940,042) | (5,931,268) | (5,112,669) |
| Net Change in Total OPEB Liability | (12,881,700) | (2,364,712) | (16,901,465) |
| Total OPEB Liability – Beginning of Year | 207,279,040 | 209,643,752 | 226,545,217 |
| Total OPEB Liability – End of Year | <u>\$ 194,397,340</u> | <u>\$ 207,279,040</u> | <u>\$ 209,643,752</u> |
| School District's covered-employee payroll | <u>\$ 73,348,702</u> | <u>\$ 71,299,716</u> | <u>\$ 69,402,837</u> |
| Total OPEB liability as a percentage of covered-employee payroll | <u>265.03%</u> | <u>290.72%</u> | <u>302.07%</u> |
| Discount Rate | <u>5.20%</u> | <u>3.93%</u> | <u>3.65%</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 this Statement to pay related benefits.

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

(4) Decrease in liability due to increase in discount rate.

See independent auditors' report.

| 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 14,209,553 | \$ 13,653,018 | \$ 9,289,818 | \$ 8,110,829 | \$ 8,429,274 |
| 6,182,563 | 5,938,388 | 7,593,808 | 7,446,927 | 7,849,377 |
| - | - | - | (11,121) | - |
| - | (10,029,383) | (5,365,878) | (23,958,440) | - |
| (63,149,316) (4) | (3,228,893) | 56,809,086 | 10,586,556 | (11,129,812) |
| (5,406,702) | (4,938,059) | (5,331,946) | (5,129,087) | (5,357,708) |
| (48,163,902) | 1,395,071 | 62,994,888 | (2,954,336) | (208,869) |
| 274,709,119 | 273,314,048 | 210,319,160 | 213,273,496 | 213,482,365 (3) |
| <u>\$ 226,545,217</u> | <u>\$ 274,709,119</u> | <u>\$ 273,314,048</u> | <u>\$ 210,319,160</u> | <u>\$ 213,273,496</u> |
| <u>\$ 67,035,940</u> | <u>\$ 65,248,794</u> | <u>\$ 56,374,777</u> | <u>\$ 54,999,782</u> | <u>\$ 53,410,184</u> |
| <u>337.95%</u> | <u>421.02%</u> | <u>484.82%</u> | <u>382.40%</u> | <u>399.31%</u> |
| <u>3.54%</u> | <u>2.16%</u> | <u>2.21%</u> | <u>3.50%</u> | <u>3.87%</u> |

Harrison 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 (3) | 2024 (3) | 2023 (2) | 2022 (3) |
|---|----------------|---------------|---------------|-----------------|
| School District's proportion of the net pension liability (asset) | 0.317907% | 0.317777% | 0.320012% | 0.330456% |
| School District's proportionate share of the net pension liability (asset) | \$ (9,485,087) | \$ 3,634,054 | \$ 6,140,674 | \$ (57,264,898) |
| School District's covered payroll | \$ 60,558,670 | \$ 60,282,266 | \$ 58,035,413 | \$ 56,471,417 |
| School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | -15.66% | 6.03% | 10.58% | (101.41)% |
| Plan fiduciary net position as a percentage of the total pension liability | 102.09% | 99.17% | 98.57% | 113.20% |
| Discount Rate | 6.95% | 6.95% | 6.95% | 6.95% |

Schedule of Contributions

| | 2025 | 2024 | 2023 | 2022 |
|--|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 6,434,651 | \$ 5,910,526 | \$ 6,203,045 | \$ 5,687,471 |
| Contributions in relation to the contractually required contribution | (6,434,651) | (5,910,526) | (6,203,045) | (5,687,471) |
| Contribution excess | \$ - | \$ - | \$ - | \$ - |
| School District's covered payroll | \$ 63,646,400 | \$ 60,558,670 | \$ 60,282,266 | \$ 58,035,413 |
| Contributions as a percentage of covered payroll | 10.11% | 9.76% | 10.29% | 9.80% |

(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.

| <u>2021 (2)</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|----------------------|-----------------------|-----------------------|-----------------------|----------------------|------------------------|
| <u>0.318515%</u> | <u>0.311993%</u> | <u>0.310794%</u> | <u>0.306607%</u> | <u>0.309822%</u> | <u>0.313699%</u> |
| <u>\$ 8,801,423</u> | <u>\$ (8,105,587)</u> | <u>\$ (5,619,980)</u> | <u>\$ (2,330,521)</u> | <u>\$ 3,318,320</u> | <u>\$ (32,583,296)</u> |
| <u>\$ 54,509,341</u> | <u>\$ 52,497,704</u> | <u>\$ 50,955,296</u> | <u>\$ 49,294,676</u> | <u>\$ 48,452,860</u> | <u>\$ 47,688,368</u> |
| <u>16.15%</u> | <u>(15.44)%</u> | <u>(11.03)%</u> | <u>(4.73)%</u> | <u>6.85%</u> | <u>(68.33)%</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> |
| <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| <u>\$ 5,381,726</u> | <u>\$ 4,854,528</u> | <u>\$ 5,575,256</u> | <u>\$ 4,993,619</u> | <u>\$ 5,777,336</u> | <u>\$ 6,424,849</u> |
| <u>(5,381,726)</u> | <u>(4,854,528)</u> | <u>(5,575,256)</u> | <u>(4,993,619)</u> | <u>(5,777,336)</u> | <u>(6,424,849)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 56,471,417</u> | <u>\$ 54,509,341</u> | <u>\$ 52,497,704</u> | <u>\$ 50,955,296</u> | <u>\$ 49,294,676</u> | <u>\$ 48,452,860</u> |
| <u>9.53%</u> | <u>8.86%</u> | <u>10.62%</u> | <u>9.80%</u> | <u>11.72%</u> | <u>13.26%</u> |

Harrison 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)

| | <u>2025</u> | <u>2024</u> | <u>2023 (2)</u> | <u>2022</u> |
|---|----------------------|---------------------|----------------------|-----------------------|
| School District's proportion of the net pension liability (asset) | <u>0.0306319%</u> | <u>0.0310676%</u> | <u>0.0322960%</u> | <u>0.0322541%</u> |
| School District's proportionate share of the net pension liability (asset) | <u>\$ 5,252,057</u> | <u>\$ 4,574,411</u> | <u>\$ 6,925,559</u> | <u>\$ (2,636,640)</u> |
| School District's covered payroll | <u>\$ 11,754,204</u> | <u>\$ 9,957,826</u> | <u>\$ 10,932,696</u> | <u>\$ 10,861,264</u> |
| School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | <u>44.68%</u> | <u>45.94%</u> | <u>63.35%</u> | <u>(24.28)%</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

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution | <u>\$ 1,652,125</u> | <u>\$ 1,381,096</u> | <u>\$ 1,217,325</u> | <u>\$ 1,664,874</u> |
| Contributions in relation to the contractually required contribution | <u>(1,652,125)</u> | <u>(1,381,096)</u> | <u>(1,217,325)</u> | <u>(1,664,874)</u> |
| Contribution excess | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| School District's covered payroll | <u>\$ 12,054,667</u> | <u>\$ 11,444,660</u> | <u>\$ 11,200,972</u> | <u>\$ 10,793,565</u> |
| Contributions as a percentage of covered payroll | <u>13.71%</u> | <u>12.07%</u> | <u>10.87%</u> | <u>15.42%</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>0.0327576%</u> | <u>0.0344692%</u> | <u>0.0349333%</u> | <u>0.0372104%</u> | <u>0.0352946%</u> | <u>0.0358263%</u> |
| <u>\$ 32,618</u> | <u>\$ 9,127,643</u> | <u>\$ 2,475,131</u> | <u>\$ 1,200,945</u> | <u>\$ 3,316,358</u> | <u>\$ 5,750,226</u> |
| <u>\$ 10,588,479</u> | <u>\$ 10,859,447</u> | <u>\$ 10,495,882</u> | <u>\$ 10,650,981</u> | <u>\$ 10,204,328</u> | <u>\$ 9,678,523</u> |
| <u>0.31%</u> | <u>84.05%</u> | <u>23.58%</u> | <u>11.28%</u> | <u>32.50%</u> | <u>59.41%</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>\$ 1,570,870</u> | <u>\$ 1,543,093</u> | <u>\$ 1,513,593</u> | <u>\$ 1,582,343</u> | <u>\$ 1,552,878</u> | <u>\$ 1,710,235</u> |
| <u>(1,570,870)</u> | <u>(1,543,093)</u> | <u>(1,513,593)</u> | <u>(1,582,343)</u> | <u>(1,552,878)</u> | <u>(1,710,235)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 10,714,936</u> | <u>\$ 11,038,494</u> | <u>\$ 10,951,746</u> | <u>\$ 10,620,442</u> | <u>\$ 10,284,020</u> | <u>\$ 10,285,320</u> |
| <u>14.66%</u> | <u>14.48%</u> | <u>13.82%</u> | <u>14.90%</u> | <u>15.10%</u> | <u>16.63%</u> |

Harrison Central School District, New York

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

| | Original Budget | Final Budget | Actual | Encumbr- ances | Variance with Final Budget |
|--|--------------------|--------------------|--------------------|---------------------|-------------------------------|
| REVENUES | | | | | |
| Real property taxes | \$ 121,827,697 | \$ 121,827,697 | \$ 121,827,697 | \$ | \$ - |
| Other tax items | 4,397,541 | 4,397,541 | 4,443,730 | | 46,189 |
| Non-property taxes | 2,850,000 | 2,850,000 | 3,034,087 | | 184,087 |
| Charges for services | 475,000 | 475,000 | 567,758 | | 92,758 |
| Use of money and property | 1,752,500 | 1,752,500 | 3,122,590 | | 1,370,090 |
| Sale of property and compensation for loss | - | - | 27,320 | | 27,320 |
| State aid | 6,556,068 | 6,556,068 | 6,820,326 | | 264,258 |
| Miscellaneous | 540,000 | 540,000 | 720,316 | | 180,316 |
| Total Revenues | 138,398,806 | 138,398,806 | 140,563,824 | | 2,165,018 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General support | | | | | |
| Board of education | 96,321 | 96,703 | 90,534 | - | 6,169 |
| Central administration | 576,848 | 581,445 | 576,622 | - | 4,823 |
| Finance | 1,174,787 | 1,171,658 | 1,154,317 | 4 | 17,337 |
| Staff | 1,163,825 | 1,134,088 | 985,673 | 3,882 | 144,533 |
| Central services | 8,761,586 | 9,015,960 | 7,931,879 | 329,000 | 755,081 |
| Special items | 1,533,835 | 2,076,214 | 2,075,746 | - | 468 |
| Total General Support | 13,307,202 | 14,076,068 | 12,814,771 | 332,886 | 928,411 |
| Instruction | | | | | |
| Instruction, administration and improvement | 7,504,071 | 7,519,853 | 7,313,471 | - | 206,382 |
| Teaching - Regular school | 43,941,807 | 43,401,829 | 42,759,747 | 240,000 | 402,082 |
| Programs for students with disabilities | 16,378,162 | 16,845,203 | 16,716,277 | 42,000 | 86,926 |
| Teaching - Special schools | 544,946 | 456,486 | 442,902 | - | 13,584 |
| Instructional media | 3,603,013 | 3,619,095 | 3,441,705 | 100,000 | 77,390 |
| Pupil services | 7,037,872 | 7,008,342 | 6,765,015 | 20,000 | 223,327 |
| Total Instruction | 79,009,871 | 78,850,808 | 77,439,117 | 402,000 | 1,009,691 |
| Pupil transportation | 9,252,207 | 9,091,140 | 8,816,484 | - | 274,656 |
| Employee benefits | 35,458,052 | 35,571,101 | 35,390,914 | - | 180,187 |
| Debt Service | | | | | |
| Principal | 1,556,123 | 1,556,123 | 1,556,123 | - | - |
| Interest | 1,458,201 | 1,458,201 | 1,458,201 | - | - |
| Total Expenditures | 140,041,656 | 140,603,441 | 137,475,610 | 734,886 | 2,392,945 |
| Excess (Deficiency) of Revenues Over Expenditures | (1,642,850) | (2,204,635) | 3,088,214 | (734,886) | 4,557,963 |
| OTHER FINANCING USES | | | | | |
| Transfers out | (2,253,000) | (7,257,451) | (7,256,659) | - | 792 |
| Total Other Financing Sources (Uses) | (2,253,000) | (7,257,451) | (7,256,659) | - | 792 |
| Net Change in Fund Balance | (3,895,850) | (9,462,086) | (4,168,445) | \$ (734,886) | \$ 4,558,755 |
| FUND BALANCE | | | | | |
| Beginning of Year | 3,895,850 | 9,462,086 | 36,402,483 | | |
| End of Year | \$ - | \$ - | \$ 32,234,038 | | |

See independent auditors' report.

Harrison Central School District, New York

General Fund
 Schedule of Revenues Compared to Budget
 Year Ended June 30, 2025

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|-----------------------|-----------------------|-----------------------|-------------------------------|
| REAL PROPERTY TAXES | \$ 121,827,697 | \$ 121,827,697 | \$ 121,827,697 | \$ - |
| OTHER TAX ITEMS | | | | |
| Payments in lieu of taxes | 2,511,789 | 2,511,789 | 2,557,978 | 46,189 |
| School tax relief reimbursement | 1,885,752 | 1,885,752 | 1,885,752 | - |
| | <u>4,397,541</u> | <u>4,397,541</u> | <u>4,443,730</u> | <u>46,189</u> |
| NON-PROPERTY TAXES | | | | |
| Non-property tax distribution from County | 2,850,000 | 2,850,000 | 3,034,087 | 184,087 |
| CHARGES FOR SERVICES | | | | |
| Day school tuition - other districts | 34,500 | 34,500 | 93,915 | 59,415 |
| Other charges for services | 77,000 | 77,000 | 88,711 | 11,711 |
| Health services - Other districts | 363,500 | 363,500 | 385,132 | 21,632 |
| | <u>475,000</u> | <u>475,000</u> | <u>567,758</u> | <u>92,758</u> |
| USE OF MONEY AND PROPERTY | | | | |
| Earnings on investments | 1,750,000 | 1,750,000 | 3,122,590 | 1,372,590 |
| Rental of real property - BOCES | 2,500 | 2,500 | - | (2,500) |
| | <u>1,752,500</u> | <u>1,752,500</u> | <u>3,122,590</u> | <u>1,370,090</u> |
| SALE OF PROPERTY AND COMPENSATION FOR LOSS | | | | |
| Sale of equipment | - | - | 2,825 | 2,825 |
| Insurance recoveries | - | - | 24,495 | 24,495 |
| | <u>-</u> | <u>-</u> | <u>27,320</u> | <u>27,320</u> |
| STATE AID | | | | |
| Basic formula | 5,047,398 | 5,047,398 | 5,193,755 | 146,357 |
| BOCES | 1,150,000 | 1,150,000 | 1,268,624 | 118,624 |
| Textbooks | 266,177 | 266,177 | 264,747 | (1,430) |
| Computer software | 65,264 | 65,264 | 65,763 | 499 |
| Library aid | 27,229 | 27,229 | 27,437 | 208 |
| | <u>6,556,068</u> | <u>6,556,068</u> | <u>6,820,326</u> | <u>264,258</u> |
| MISCELLANEOUS | | | | |
| Refund of prior year's expenditures | 400,000 | 400,000 | 359,566 | (40,434) |
| Refund for BOCES aided services | 100,000 | 100,000 | 256,126 | 156,126 |
| Other | 40,000 | 40,000 | 104,624 | 64,624 |
| | <u>540,000</u> | <u>540,000</u> | <u>720,316</u> | <u>180,316</u> |
| TOTAL REVENUES | <u>\$ 138,398,806</u> | <u>\$ 138,398,806</u> | <u>\$ 140,563,824</u> | <u>\$ 2,165,018</u> |

See independent auditors' report.

Harrison Central School District, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended June 30, 2025

| | Original Budget | Final Budget | Actual | Encumbrances | Variance with Final Budget |
|--|--------------------|-----------------|------------|--------------|-------------------------------|
| GENERAL SUPPORT | | | | | |
| BOARD OF EDUCATION | | | | | |
| Board of education | \$ 42,230 | \$ 42,230 | \$ 40,287 | \$ - | \$ 1,943 |
| District clerk | 21,341 | 21,723 | 21,723 | - | - |
| District meeting | 32,750 | 32,750 | 28,524 | - | 4,226 |
| Total Board of Education | 96,321 | 96,703 | 90,534 | - | 6,169 |
| CENTRAL ADMINISTRATION | | | | | |
| Chief school administrator | 576,848 | 581,445 | 576,622 | - | 4,823 |
| FINANCE | | | | | |
| Business administration | 889,008 | 888,626 | 878,295 | 4 | 10,327 |
| Accounting and auditing | 93,500 | 93,500 | 86,753 | - | 6,747 |
| Treasurer | 153,500 | 153,500 | 153,399 | - | 101 |
| Purchasing | 38,779 | 36,032 | 35,870 | - | 162 |
| Total Finance | 1,174,787 | 1,171,658 | 1,154,317 | 4 | 17,337 |
| STAFF | | | | | |
| Legal | 480,103 | 459,663 | 331,660 | 3,882 | 124,121 |
| Human resources | 588,970 | 579,673 | 562,908 | - | 16,765 |
| Public information and services | 91,700 | 91,700 | 88,056 | - | 3,644 |
| Records management officer | 3,052 | 3,052 | 3,049 | - | 3 |
| Total Staff | 1,163,825 | 1,134,088 | 985,673 | 3,882 | 144,533 |
| CENTRAL SERVICES | | | | | |
| Operation of plant | 6,702,905 | 6,956,943 | 6,029,844 | 251,000 | 676,099 |
| Maintenance of plant | 1,267,071 | 1,273,033 | 1,153,129 | 70,000 | 49,904 |
| Central printing and mailing | 150,392 | 143,584 | 117,780 | - | 25,804 |
| Central data processing | 641,218 | 642,400 | 631,126 | 8,000 | 3,274 |
| Total Central Services | 8,761,586 | 9,015,960 | 7,931,879 | 329,000 | 755,081 |
| SPECIAL ITEMS | | | | | |
| Unallocated insurance | 523,938 | 535,685 | 535,218 | - | 467 |
| Judgments and claims | - | 518,566 | 518,566 | - | - |
| School association dues | 7,500 | 8,126 | 8,126 | - | - |
| Assessments on school property | 165,215 | 174,832 | 174,832 | - | - |
| Refund on real property taxes | 161,000 | 162,823 | 162,822 | - | 1 |
| Administrative charge - BOCES | 676,182 | 676,182 | 676,182 | - | - |
| Total Special Items | 1,533,835 | 2,076,214 | 2,075,746 | - | 468 |
| Total General Support | 13,307,202 | 14,076,068 | 12,814,771 | 332,886 | 928,411 |
| INSTRUCTION | | | | | |
| INSTRUCTION, ADMINISTRATION AND IMPROVEMENT | | | | | |
| Curriculum development and supervision | 469,933 | 495,608 | 476,856 | - | 18,752 |
| Supervision - Regular school | 5,814,371 | 5,797,706 | 5,691,607 | - | 106,099 |
| Supervision - Special education | 811,875 | 830,144 | 825,691 | - | 4,453 |
| In-service training - Instruction | 407,892 | 396,395 | 319,317 | - | 77,078 |
| Total Instruction, Administration and Improvement | 7,504,071 | 7,519,853 | 7,313,471 | - | 206,382 |

(Continued)

Harrison Central School District, New York

General Fund

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

Year Ended June 30, 2025

| | Original Budget | Final Budget | Actual | Encumbrances | Variance with Final Budget |
|--|--------------------|-----------------|---------------|--------------|-------------------------------|
| INSTRUCTION (Continued) | | | | | |
| TEACHING - REGULAR SCHOOL | \$ 43,941,807 | \$ 43,401,829 | \$ 42,759,747 | \$ 240,000 | \$ 402,082 |
| PROGRAMS FOR STUDENTS WITH DISABILITIES | 16,378,162 | 16,845,203 | 16,716,277 | 42,000 | 86,926 |
| TEACHING - SPECIAL SCHOOLS | 544,946 | 456,486 | 442,902 | - | 13,584 |
| INSTRUCTIONAL MEDIA | | | | | |
| School library and audiovisual | 1,283,062 | 1,298,344 | 1,246,557 | - | 51,787 |
| Computer assisted instruction | 2,319,951 | 2,320,751 | 2,195,148 | 100,000 | 25,603 |
| Total Instructional Media | 3,603,013 | 3,619,095 | 3,441,705 | 100,000 | 77,390 |
| PUPIL SERVICES | | | | | |
| Attendance - Regular school | 77,120 | 77,120 | 77,120 | - | - |
| Guidance - Regular school | 1,763,811 | 1,774,412 | 1,751,548 | - | 22,864 |
| Health services - Regular school | 1,351,740 | 1,319,740 | 1,302,226 | - | 17,514 |
| Psychological services - Regular school | 1,498,345 | 1,489,845 | 1,382,987 | - | 106,858 |
| Social work services - Regular school | 119,213 | 119,213 | 118,514 | - | 699 |
| Co-curricular activities - Regular school | 633,848 | 618,157 | 593,389 | - | 24,768 |
| Interscholastic athletics - Regular school | 1,593,795 | 1,609,855 | 1,539,231 | 20,000 | 50,624 |
| Total Pupil Services | 7,037,872 | 7,008,342 | 6,765,015 | 20,000 | 223,327 |
| Total Instruction | 79,009,871 | 78,850,808 | 77,439,117 | 402,000 | 1,009,691 |
| PUPIL TRANSPORTATION | | | | | |
| District transportation services | 110,584 | 103,584 | 99,337 | - | 4,247 |
| Contract and public carrier transportation | 9,132,623 | 8,978,556 | 8,713,508 | - | 265,048 |
| Public transportation | 9,000 | 9,000 | 3,639 | - | 5,361 |
| Total Pupil Transportation | 9,252,207 | 9,091,140 | 8,816,484 | - | 274,656 |
| EMPLOYEE BENEFITS | | | | | |
| State retirement | 1,710,000 | 1,710,000 | 1,699,973 | - | 10,027 |
| Teachers' retirement | 6,364,424 | 6,430,424 | 6,426,831 | - | 3,593 |
| Social security | 5,668,039 | 5,714,739 | 5,698,983 | - | 15,756 |
| Hospital, medical and dental insurance | 20,243,888 | 20,244,237 | 20,130,318 | - | 113,919 |
| Workers' compensation benefits | 461,701 | 461,701 | 456,086 | - | 5,615 |
| Unemployment benefits | 60,000 | 60,000 | 33,830 | - | 26,170 |
| Dental and life insurance | 950,000 | 950,000 | 944,893 | - | 5,107 |
| Total Employee Benefits | 35,458,052 | 35,571,101 | 35,390,914 | - | 180,187 |
| DEBT SERVICE | | | | | |
| Principal | | | | | |
| Serial bonds | 1,195,000 | 1,195,000 | 1,195,000 | - | - |
| Energy performance contract | 361,123 | 361,123 | 361,123 | - | - |
| | 1,556,123 | 1,556,123 | 1,556,123 | - | - |

(Continued)

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Harrison Central School District, New York

General Fund

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

Year Ended June 30, 2025

| | Original Budget | Final Budget | Actual | Encumbr- ances | Variance with Final Budget |
|--|-----------------------|-----------------------|-----------------------|-------------------|-------------------------------|
| DEBT SERVICE (Continued) | | | | | |
| Interest | | | | | |
| Serial bonds | \$ 1,325,570 | \$ 1,325,570 | \$ 1,325,570 | \$ - | \$ - |
| Energy performance contract | 132,631 | 132,631 | 132,631 | - | - |
| | <u>1,458,201</u> | <u>1,458,201</u> | <u>1,458,201</u> | <u>-</u> | <u>-</u> |
| Total Debt Service | <u>3,014,324</u> | <u>3,014,324</u> | <u>3,014,324</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>140,041,656</u> | <u>140,603,441</u> | <u>137,475,610</u> | <u>734,886</u> | <u>2,392,945</u> |
| OTHER FINANCING USES | | | | | |
| Transfers out | | | | | |
| Capital Projects Fund | 2,028,000 | 7,028,000 | 7,028,000 | - | - |
| Special Aid Fund | 225,000 | 229,451 | 228,659 | - | 792 |
| TOTAL OTHER FINANCING USES | <u>2,253,000</u> | <u>7,257,451</u> | <u>7,256,659</u> | <u>-</u> | <u>792</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 142,294,656</u> | <u>\$ 147,860,892</u> | <u>\$ 144,732,269</u> | <u>\$ 734,886</u> | <u>\$ 2,393,737</u> |

See independent auditors' report.

Harrison Central School District, New York

Capital Projects Fund
 Project-Length Schedule
 Inception of Project through June 30, 2025

| Project | Account | Original Authoriza- tion | Amended Authoriza- tion | Expenditures and Transfers to Date | | |
|---|---------|--------------------------------|-------------------------------|------------------------------------|----------------------|----------------------|
| | | | | Prior Years | Current Year | Total |
| LMK Renovate And Repair Toilet Rooms | H1006 | \$ 300,000 | \$ 364,831 | \$ 331,224 | \$ 33,607 | \$ 364,831 |
| District-Wide Paving | H1620 | 54,068 | 125,090 | 108,620 | 13,390 | 122,010 |
| Smart Schools Bond Act | H1705 | 430,913 | 430,913 | 397,713 | - | 397,713 |
| District-Wide Floor/Office Replacement | H2200 | 421,000 | 973,870 | 713,000 | 260,870 | 973,870 |
| Preston A/C | H2203 | 123,500 | 123,004 | 123,004 | - | 123,004 |
| LMK Lobby Renovation | H2205 | 80,000 | 85,986 | 85,986 | - | 85,986 |
| District-Wide Security PA/Sound | H2207 | - | 200,000 | 167,457 | 28,088 | 195,545 |
| Purchase Elementary Partial Roof Replacement | H2209 | - | 1,020,380 | 16,399 | 707,538 | 723,937 |
| Athletic Field Repairs and Renovations | H2210 | - | 70,250 | - | 70,250 | 70,250 |
| Parsons Air Circulation | H2306 | 1,083,500 | 1,083,500 | 739,916 | 96,269 | 836,185 |
| HHS Art Room Renovations | H2307 | 150,000 | 150,000 | - | - | - |
| HHS Electric Switchgear Upgrade | H2309 | 350,000 | 350,000 | - | - | - |
| Parsons Retaining Wall Repairs | H2310 | 175,000 | 175,000 | - | - | - |
| Preston Auditorium Seating Replacement | H2311 | 125,000 | 117,214 | - | 117,214 | 117,214 |
| District-Wide Boiler Room Equipment Partial Upgrade | H2312 | 100,000 | 37,234 | - | 37,234 | 37,234 |
| District-Wide A/C Equipment Partial Upgrade | H2313 | 100,000 | 110,000 | - | 89,243 | 89,243 |
| District-Wide Roof Repairs | H2314 | 83,000 | 73,000 | - | 64,346 | 64,346 |
| Pre-Referendum Costs | H2250 | 475,000 | 300,000 | 182,416 | 11,768 | 194,184 |
| Total Other Projects | | 4,050,981 | 5,790,272 | 2,865,735 | 1,529,817 | 4,395,552 |
| 2023 Bond Projects | | | | | | |
| HHS Window Replacement | H2251 | 2,396,922 | 2,396,922 | 110,797 | 2,283,105 | 2,393,902 |
| HHS Stem Additions | H2252 | 5,049,350 | 5,049,350 | 115,403 | 1,251,261 | 1,366,664 |
| HHS Classroom Additions | H2254 | 3,016,368 | 3,016,368 | - | 22,749 | 22,749 |
| HHS Fitness Center | H2255 | 67,000 | 67,000 | - | 66,545 | 66,545 |
| LMK PD Room | H2256 | 2,087,946 | 2,087,946 | 304,939 | 1,140,008 | 1,444,947 |
| HAS Additions | H2259 | 1,251,910 | 1,251,910 | 56,041 | 395,975 | 452,016 |
| HAS Security Vestibule/Office Relocation | H2260 | 1,050,820 | 1,050,820 | - | 19,381 | 19,381 |
| Parsons Window Replacement | H2261 | 3,210,825 | 3,210,825 | 61,620 | 1,811,037 | 1,872,657 |
| Parsons Alterations/Renovations | H2262 | 4,518,153 | 4,518,153 | 71,540 | 1,822,178 | 1,893,718 |
| Purchase Elementary Playground And Flooring | H2263 | 703,533 | 703,533 | 3,737 | 246,196 | 249,933 |
| Purchase Elementary Additions | H2264 | 10,506,639 | 10,506,639 | 91,332 | 1,647,192 | 1,738,524 |
| Preston Additions | H2266 | 1,029,393 | 1,029,393 | 91,018 | 321,717 | 412,735 |
| District-Wide Security | H2268 | 2,139,524 | 2,139,524 | 1,796 | 1,971,011 | 1,972,807 |
| District-Wide Costs | H2269 | 830,000 | 830,000 | 45,772 | (45,772) | - |
| Uncommitted Bond Funds | H2279 | 41,671,617 | 41,671,617 | - | - | - |
| Total 2023 Bond Projects | | 79,530,000 | 79,530,000 | 953,995 | 12,952,583 | 13,906,578 |
| Total | | \$ 83,580,981 | \$ 85,320,272 | \$ 3,819,730 | \$ 14,482,400 | \$ 18,302,130 |

See independent auditors' report.

| Unexpended Balance | Methods of Financing | | | Fund Balance (Deficit) at June 30, 2025 | Bond Anticipation Notes Outstanding at June 30, 2025 |
|-----------------------|------------------------|---------------------|----------------------|---|--|
| | Interfund Transfers | State Aid/ Other | Total | | |
| \$ - | \$ 364,831 | \$ - | \$ 364,831 | \$ - | - |
| 3,080 | 125,090 | - | 125,090 | 3,080 | - |
| 33,200 | - | 397,713 | 397,713 | - | - |
| - | 973,870 | - | 973,870 | - | - |
| - | 123,004 | - | 123,004 | - | - |
| - | 85,986 | - | 85,986 | - | - |
| 4,455 | 200,000 | - | 200,000 | 4,455 | - |
| 296,443 | 1,020,380 | - | 1,020,380 | 296,443 | - |
| - | 70,250 | - | 70,250 | - | - |
| 247,315 | 1,083,500 | - | 1,083,500 | 247,315 | - |
| 150,000 | 150,000 | - | 150,000 | 150,000 | - |
| 350,000 | 350,000 | - | 350,000 | 350,000 | - |
| 175,000 | 175,000 | - | 175,000 | 175,000 | - |
| - | 117,214 | - | 117,214 | - | - |
| - | 37,234 | - | 37,234 | - | - |
| 20,757 | 110,000 | - | 110,000 | 20,757 | - |
| 8,654 | 73,000 | - | 73,000 | 8,654 | - |
| 105,816 | 300,000 | - | 300,000 | 105,816 | - |
| <u>1,394,720</u> | <u>5,359,359</u> | <u>397,713</u> | <u>5,757,072</u> | <u>1,361,520</u> | <u>-</u> |
| 3,020 | 181,960 | - | 181,960 | (2,211,942) | - |
| 3,682,686 | 389,784 | - | 389,784 | (976,880) | - |
| 2,993,619 | - | - | - | (22,749) | - |
| 455 | - | - | - | (66,545) | - |
| 642,999 | 869,530 | - | 869,530 | (575,417) | - |
| 799,894 | 320,118 | - | 320,118 | (131,898) | - |
| 1,031,439 | 12,750 | - | 12,750 | (6,631) | - |
| 1,338,168 | 101,197 | - | 101,197 | (1,771,460) | - |
| 2,624,435 | 569,451 | - | 569,451 | (1,324,267) | - |
| 453,600 | 122,674 | - | 122,674 | (127,259) | - |
| 8,768,115 | 802,744 | - | 802,744 | (935,780) | - |
| 616,658 | 212,078 | - | 212,078 | (200,657) | - |
| 166,717 | 1,417,714 | - | 1,417,714 | (555,093) | - |
| 830,000 | - | - | - | - | - |
| 41,671,617 | - | - | - | - | 10,000,000 |
| <u>65,623,422</u> | <u>5,000,000</u> | <u>-</u> | <u>5,000,000</u> | <u>(8,906,578)</u> | <u>10,000,000</u> |
| <u>\$ 67,018,142</u> | <u>\$ 10,359,359</u> | <u>\$ 397,713</u> | <u>\$ 10,757,072</u> | <u>\$ (7,545,058)</u> | <u>10,000,000</u> |

Harrison Central School District, New York

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

| | School Lunch | Special Purpose | Total Non-Major Governmental Funds |
|--|---------------------|--------------------|---|
| ASSETS | | | |
| Cash and equivalents | \$ 820,070 | \$ 334,756 | \$ 1,154,826 |
| Receivables | | | |
| State and Federal aid | 40,147 | - | 40,147 |
| Due from other funds | 187,526 | - | 187,526 |
| | <u>227,673</u> | <u>-</u> | <u>227,673</u> |
| Total Assets | <u>\$ 1,047,743</u> | <u>\$ 334,756</u> | <u>\$ 1,382,499</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ 180,258 | \$ 1,345 | \$ 181,603 |
| Due to other funds | - | 2,491 | 2,491 |
| Unearned revenues | 55,611 | - | 55,611 |
| Total Liabilities | <u>235,869</u> | <u>3,836</u> | <u>239,705</u> |
| Fund balances | | | |
| Restricted | - | 330,920 | 330,920 |
| Assigned | 811,874 | - | 811,874 |
| Total Fund Balances | <u>811,874</u> | <u>330,920</u> | <u>1,142,794</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,047,743</u> | <u>\$ 334,756</u> | <u>\$ 1,382,499</u> |

See independent auditors' report.

Harrison Central School District, New York

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

| | School Lunch | Special Purpose | Total Non-Major Governmental Funds |
|--|-------------------|--------------------|---|
| REVENUES | | | |
| Use of money and property | \$ 5,619 | \$ 561 | \$ 6,180 |
| State aid | 23,828 | - | 23,828 |
| Federal aid | 503,635 | - | 503,635 |
| Food sales | 1,229,003 | - | 1,229,003 |
| Miscellaneous | 86 | 319,613 | 319,699 |
| | <u>1,762,171</u> | <u>320,174</u> | <u>2,082,345</u> |
| EXPENDITURES | | | |
| Current | | | |
| Instruction | - | 118,439 | 118,439 |
| Cost of food sales | 1,714,148 | - | 1,714,148 |
| Other | - | 239,955 | 239,955 |
| | <u>1,714,148</u> | <u>358,394</u> | <u>2,072,542</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 48,023 | (38,220) | 9,803 |
| FUND BALANCES | | | |
| Beginning of Year | <u>763,851</u> | <u>369,140</u> | <u>1,132,991</u> |
| End of Year | <u>\$ 811,874</u> | <u>\$ 330,920</u> | <u>\$ 1,142,794</u> |

See independent auditors' report.

Harrison Central School District, New York

General Fund Analysis of Change from Adopted Budget to Final Budget Year Ended June 30, 2025

| | | |
|-------------------|--|------------------------------|
| Adopted Budget | | \$ 141,556,140 |
| Encumbrances | | <u>738,516</u> |
| Original Budget | | 142,294,656 |
| Budget Amendments | | <u>5,566,236</u> |
| Final Budget | | <u><u>\$ 147,860,892</u></u> |

General Fund Section 1318 of Real Property Tax Law Limit Calculation

| | | |
|---|------------------|----------------------------|
| 2025-26 Expenditure Budget | | \$ <u>146,436,985</u> |
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law | | |
| Unrestricted fund balance | | |
| Assigned fund balance | \$ 2,417,202 | |
| Unassigned fund balance | <u>5,857,479</u> | |
| Total Unrestricted Fund Balance | <u>8,274,681</u> | |
| Less | | |
| Appropriated for subsequent year's budget | 1,682,316 | |
| Encumbrances | <u>734,886</u> | |
| Total Adjustments | <u>2,417,202</u> | |
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law | | <u><u>\$ 5,857,479</u></u> |
| Actual Percentage | | <u><u>4.00%</u></u> |

See independent auditors' report.

Harrison Central School District, New York

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

| | | |
|--|--------------------|----------------------|
| Capital Assets, net | | \$ 104,083,999 |
| Less | | |
| Accounts payable | \$ (2,692,228) | |
| General obligation bonds payable | (39,380,000) | |
| Bond anticipation notes payable | (10,000,000) | |
| Energy performance contract debt payable | <u>(4,679,918)</u> | (56,752,146) |
| Plus | | |
| Unexpended debt proceeds | | <u>3,785,650</u> |
| Net Investment in Capital Assets | | <u>\$ 51,117,503</u> |

See independent auditors' report.

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**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
Harrison 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 Harrison 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 6, 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 6, 2025