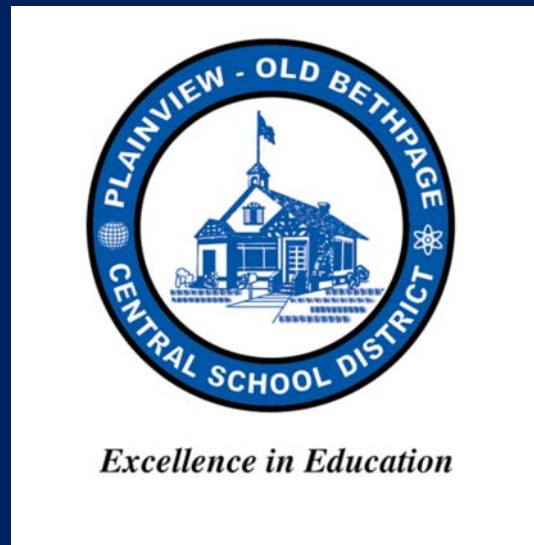


PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT



REVIEW OF 2025-2026 AUDIT RESULTS

Christopher Schneider, C.P.A., Partner

Thomas Lake, C.P.A, Manager

R.S. Abrams & Co., LLP

Review of Audits

- The District received unmodified opinions on the June 30, 2026 school district financial statements and extraclassroom financial statement.
- Business office was very cooperative during the audit.

Management Letter

- A report on the District's internal control over financial reporting was issued and did not identify any areas in which the District's internal controls can be improved.
- No current year or prior year findings or recommendations.

Required Auditor Communications

- Our responsibility under generally accepted auditing standards and *Government Auditing Standards*.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, was implemented during the fiscal year.
- Accounting estimates affecting financials.
 - Lease receivable and deferred inflows of resources
 - Useful life of capital assets and intangible lease assets
 - Compensated absences payable
 - Net pension asset/liability
 - Other post-employment benefits obligation

Required Auditor Communications

- There were no:
 - Disagreements with management.
 - Difficulties encountered in performing the audit.
- Corrected misstatements (none identified that were material, individually or in the aggregate, to the financial statements as a whole).
- Management representations.

New Governmental Accounting Standard

- GASB Statement No. 103, *Financial Reporting Model Improvements*, was issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement was effective for the District for the fiscal year ended June 30, 2026. There were no restatements of opening balances in connection with the implementation of this Statement.

New Governmental Accounting Standard

- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosure, such as intangible lease assets, subscription assets, and assets held for sale. The Statement was effective for the fiscal year ended June 30, 2026. The implementation of this Statement was not material to the financial statements as a whole. There were no restatements of opening balances in connection with the implementation of this Statement.

Financial Highlights – Governmental Funds

	2026	2025	Increase/ (Decrease)	Total Percentage Change
General Fund				
Nonspendable	\$ 39,202	\$ 37,353	\$ 1,849	4.95%
Restricted for unemployment insurance	950,873	856,526	94,347	11.02%
Restricted for retirement contribution				
Employees' retirement system	14,885,349	10,510,753	4,374,596	41.62%
Teachers' retirement system	7,804,255	7,282,649	521,606	7.16%
Restricted for employee benefit accrued liability	9,782,616	9,128,784	653,832	7.16%
Restricted for repair	-	223,269	(223,269)	(100.00%)
Restricted for capital	22,500,000	15,471,290	7,028,710	45.43%
Assigned - general support	3,857,418	2,901,207	956,211	32.96%
Assigned - instruction	507,273	807,807	(300,534)	(37.20%)
Unassigned reserve for tax reduction	2,437,473	3,644,434	(1,206,961)	(33.12%)
Unassigned	8,231,859	7,896,172	335,687	4.25%
Total Fund Balance - General Fund	<u>\$ 70,996,318</u>	<u>\$ 58,760,244</u>	<u>\$ 12,236,074</u>	<u>20.82%</u>

Financial Highlights – Governmental Funds

	2026	2025	Increase/ (Decrease)	Total Percentage Change
Special Revenue Child Care				
Assigned - unappropriated	\$ 493,831	\$ 334,722	\$ 159,109	47.53%
Total Fund Balance - Special Revenue Child Care	<u>\$ 493,831</u>	<u>\$ 334,722</u>	<u>\$ 159,109</u>	<u>47.53%</u>
School Lunch Fund				
Nonspendable	\$ 4,537	\$ 11,062	\$ (6,525)	(58.99%)
Assigned - unappropriated	1,679,626	1,199,804	479,822	39.99%
Total Fund Balance - School Lunch Fund	<u>\$ 1,684,163</u>	<u>\$ 1,210,866</u>	<u>\$ 473,297</u>	<u>39.09%</u>
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	\$ 159,811	\$ 169,125	\$ (9,314)	(5.51%)
Assigned - unappropriated	494,581	418,513	76,068	18.18%
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>\$ 654,392</u>	<u>\$ 587,638</u>	<u>\$ 66,754</u>	<u>11.36%</u>
Debt Service Fund				
Restricted for debt service	<u>\$ 682,146</u>	<u>\$ 671,322</u>	<u>\$ 10,824</u>	<u>1.61%</u>
Capital Projects Fund				
Restricted - capital reserve	\$ 11,139,464	\$ 7,877,259	\$ 3,262,205	41.41%
Restricted - repair reserve	223,269	-	223,269	N/A
Restricted - unspent energy performance contract debt proceeds	2,743,647	-	2,743,647	N/A
Assigned - unappropriated	6,258,475	6,374,118	(115,643)	(1.81%)
Total Fund Balance - Capital Projects Fund	<u>\$ 20,364,855</u>	<u>\$ 14,251,377</u>	<u>\$ 6,113,478</u>	<u>42.90%</u>
Total Fund Balance - All Funds	<u>\$ 94,875,705</u>	<u>\$ 75,816,169</u>	<u>\$ 19,059,536</u>	<u>25.14%</u>

Review of the Financial Statements

The following is a summary of the major changes in the general fund that resulted in revenues increasing over the prior fiscal year:

	Fiscal Year 2026	Fiscal Year 2025	Increase/ (Decrease)	Total Percentage Change
Revenues				
Real property taxes	\$ 142,586,806	\$ 138,173,447	\$ 4,413,359	3.19%
Other tax items - including STAR	10,250,448	10,052,738	197,710	1.97%
Charges for services	518,330	450,707	67,623	15.00%
Use of money and property	3,652,533	3,325,224	327,309	9.84%
Sale of property and compensation for loss	3,714	5,022	(1,308)	(26.05%)
Miscellaneous	866,782	700,264	166,518	23.78%
State sources	42,275,638	39,401,886	2,873,752	7.29%
Federal sources	50,254	6,998	43,256	618.12%
Total Revenues	<u>200,204,505</u>	<u>192,116,286</u>	<u>8,088,219</u>	4.21%

Review of the Financial Statements

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

	Fiscal Year 2026	Fiscal Year 2025	Increase/ (Decrease)	Total Percentage Change
Expenditures				
General support	19,225,437	18,602,985	622,452	3.35%
Instruction	101,067,859	97,239,340	3,828,519	3.94%
Pupil transportation	10,665,114	9,652,356	1,012,758	10.49%
Community service	198,790	188,307	10,483	5.57%
Employee benefits	41,161,756	41,212,798	(51,042)	(0.12%)
Debt service - principal	2,773,736	829,752	1,943,984	234.28%
Debt service - interest	264,467	96,057	168,410	175.32%
Total Expenditures	<u>175,357,159</u>	<u>167,821,595</u>	<u>7,535,564</u>	4.49%
Other Financing Uses				
Operating transfers out	<u>12,611,272</u>	<u>9,442,025</u>	<u>3,169,247</u>	33.57%
Total Other Financing Uses	<u>12,611,272</u>	<u>9,442,025</u>	<u>3,169,247</u>	33.57%
Net Change in Fund Balances	<u>\$ 12,236,074</u>	<u>\$ 14,852,666</u>	<u>\$ (2,616,592)</u>	(17.62%)

Review of Financial Statements

- Revenues in the general fund increased when compared to the prior fiscal year, primarily due to the following:
 - Real property taxes increased in accordance with the District's voter approved tax levy increase.
 - State sources increased due to the District receiving more general aid and lottery aid.

Review of Financial Statements

- Expenditures and other financing uses in the general fund increased when compared to the prior fiscal year, primarily due to the following:
 - Instruction increased primarily due to higher special education contractual and tuition costs (BOCES, applied behavior analysis services, out-of-district placements) along with contractual salary increases.
 - Pupil transportation increased primarily due to higher contracted transportation costs.
 - Debt service principal increased due to a one-time, non-recurring lease payoff.
 - Operating transfers out increased primarily due to additional monies appropriated from the capital reserve and repair reserve and transferred to the capital projects fund as approved by the voters.

Review of the Financial Statements

- Special aid fund - The fund balance in the special aid fund remained at \$0, as revenues and expenditures are recognized in equal amounts each year. Expenditures consist primarily of reimbursable grant programs, as well as a transfer from the general fund for the District's share of costs for the summer program for students with disabilities and state supported section 4201 schools.
- Special revenue child care fund - The fund balance in the special revenue child care fund increased, which was due to the favorable operations of the child care program due to increased enrollment in the program.

Review of the Financial Statements

- School lunch fund - The fund balance in the school lunch fund increased due to the food service program's operating surplus, largely resulting from the State's Universal School Meals Program, which increased state aid funding for meals reimbursements.
- Miscellaneous special revenue fund - The fund balance in the miscellaneous special revenue fund increased due to revenues exceeding expenditures for extraclassroom activities, partially offset by scholarships awarded exceeding donations received and interest earnings for scholarships and donations.

Review of the Financial Statements

- Debt service fund - The fund balance in the debt service fund increased due to interest earnings in the current fiscal year.
- Capital projects fund - The fund balance in the capital projects fund increased due to other financing sources relating to the energy performance contract of \$23,420,215 and leases of \$1,062,473, budgeted transfers from the general fund of \$2,500,000, and voter-approved appropriations from the capital and repair reserves of \$6,223,269 exceeding capital outlays of \$27,092,479.

Review of the Financial Statements

The following is a summary of the District's general fund restricted fund balance activity:

	Beginning Balance	Funding	Interest	Use	Ending Balance
Unemployment insurance	\$ 856,526	\$ 33,000	\$ 61,347	\$ -	\$ 950,873
Retirement contribution					
Employees' retirement system	10,510,753	3,621,783	752,813		14,885,349
Teachers' retirement system	7,282,649		521,606		7,804,255
Employee benefit accrued liability reserve	9,128,784		653,832		9,782,616
Repair	223,269			(223,269)	-
Capital	15,471,290	12,350,346	678,364	(6,000,000)	22,500,000
Total Restricted Fund Balance	<u>\$ 43,473,271</u>	<u>\$ 16,005,129</u>	<u>\$ 2,667,962</u>	<u>\$ (6,223,269)</u>	<u>\$ 55,923,093</u>

The use of the capital reserve (\$6,000,000) and repair reserve (\$223,269) represents voter-approved appropriations transferred to the capital projects fund.

Change in the Unassigned Fund Balance – General Fund

Opening unassigned fund balance	\$ 7,896,172
Revenues over budget	4,170,050
Expenditures, other financing uses, and encumbrances under budget	15,003,488
Funding of reserves	(16,005,129)
Change in nonspendable	(1,849)
Interest allocated to reserves	(2,667,962)
Interest allocated to tax reduction reserve	(162,911)
Closing unassigned fund balance	<u><u>\$ 8,231,859</u></u>

Change in the Unassigned Fund Balance – General Fund

- The opening unassigned fund balance of \$7,896,172 is the June 30, 2025, unassigned fund balance.
- The total revenues over budget were primarily related to use of money and property, miscellaneous revenues, and other tax items exceeding budgeted amounts.
- The expenditures, other financing uses, and encumbrances under budget reflected savings across the budget, but were predominantly in employee benefits and instruction.
- The District funded \$33,000 to the unemployment insurance reserve, \$3,621,783 to the retirement contribution – employees' retirement system reserve, and \$12,350,346 to the capital reserve.
- The District allocated interest of \$2,830,873 to the reserves and the unassigned reserve for tax reduction.

Change in the Unassigned Fund Balance – General Fund

- The change in nonspendable fund balance relates to the long-term lease receivable (excess of lease receivable over deferred inflows of resources – leases) .
- The closing unassigned fund balance of \$8,231,859 represents the fund balance retained by the District that is not restricted or assigned for subsequent fiscal years' taxes. This amount is limited to 4% of the 2026-2027 budget of \$205,796,480. The District's unassigned fund balance is 4.00% and is in compliance with NYS Real Property Tax Law §1318.

Importance of Financial Health

- Assists in the computation of District's tax levy.
- Cash flow.
- Improves credit rating.
- Reduces borrowing and interest costs.
- Funds unbudgeted contingent expenses.
- Funds state aid shortfalls.
- Preserve existing programs and opportunities for the students.

Future Governmental Accounting Standard

- GASB Statement No. 105, *Subsequent Events*, was issued to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for the fiscal year ended June 30, 2027.

Plainview-Old Bethpage Central School District

QUESTIONS?

Christopher Schneider, CPA, Partner

Thomas Lake, CPA, Manager