

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

Financial Statements and
Supplementary Information

Year Ended June 30, 2023

South Orangetown Central School District, New York

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the South Orangetown Central School District, New York ("School District"), as of and for the year ended June 30, 2023, 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, 2023, and the respective changes in financial position and the respective 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.

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 and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* 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 and the schedule of expenditures of Federal awards 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 September 27, 2023 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

September 27, 2023

South Orangetown Central School District, New York

Management's Discussion and Analysis (MD&A)
June 30, 2023

Introduction

As management of the South Orangetown Central School District, we offer readers of the School District's financial statements this narrative overview and analysis of the School District's financial activities for the year ended June 30, 2023. It should be read in conjunction with the basic financial statements to enhance understanding of the School District's financial performance, which immediately follows this section.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- New York State Law limits the amount of committed, assigned and unassigned fund balance, exclusive of encumbrances and amounts designated for the subsequent year's budget, which can be retained by the General Fund to 4% of the ensuing year's budget. At the end of the current fiscal year, this amount for the General Fund was \$4,352,601 or 4%, and is therefore within the statutory limit.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded assets and deferred outflows of resources at the close of its most recent fiscal year by \$117,830,271. The School District's net position increased by \$4,048,415 for the year ended June 30, 2023. The increase in net position is largely the result of the increase in property taxes, operating grants and unrestricted use of money and property.
- During the year ended June 30, 2023, the School District's Other Postemployment Benefits Liability and associated expense that were recorded in the district-wide financial statements, decreased compared to the previous year. The liability as of June 30, 2023 was \$194,014,595, which was a decrease of \$1,705,657 compared to the previous year. The decrease is attributed to the change in actuarial assumptions, primarily an increase in the discount rate used by the actuary.

Overview of the Financial Statements

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

District-Wide Financial Statements

- The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.
- The *statement of net position* presents information on all of the School District's assets and liabilities and deferred inflows and outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as

a useful indicator as to whether the financial position of the School District is improving or deteriorating.

- The *statement of activities* presents information showing the changes in the School District's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Revenues and expenses are reported in this statement for some items that will result only in cash flows in future fiscal periods (for example, earned, but unused vacation leave, other post-employment benefit ("OPEB") obligations, and pension obligations).
- The *governmental activities* of the School District include instruction, pupil transportation, cost of food sales, other, interest and general administrative support. The district-wide financial statements distinguish functions of the district that are governmental activities (those principally supported by charges for services, operating grants and contributions).

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

Fund Financial Statements

- A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein. These accounts are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The School District maintains six individual governmental funds; General Fund, Capital Projects Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, and Debt Service Fund. The General, Special Aid, Capital Projects, and Debt Service funds are considered major funds and information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for these funds. The remaining funds are non-major and their

information is aggregated and presented in a single column as non-major governmental funds.

- The School District adopts an annual budget for its General Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund and Special Aid Fund within the basic financial statements to demonstrate compliance with the respective budgets.
- The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statements because the resources of these funds are *not* available to support the School District's programs.

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

Notes to Financial Statements

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

Other Information

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

This report also includes supplementary information (SI), which immediately follows RSI and gives the reader further detail on the information presented in the basic financial statements. Included in the SI are the individual fund financial statements and schedules; the project length schedule for the Capital Projects Fund and the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance") compliance audit of federal awards programs.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the South Orangetown Central School District, New York, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$117,830,271 at the close of the current fiscal year.

	June 30,	
	2023	2022
Current Assets	\$ 63,038,460	\$ 104,371,883
Capital Assets, net	63,192,011	60,691,062
Total Assets	126,230,471	165,062,945
Deferred Outflows of Resources	56,692,815	70,430,803
Current Liabilities	7,857,853	8,777,094
Long-term Liabilities	212,091,821	208,224,489
Total Liabilities	219,949,674	217,001,583
Deferred Inflows of Resources	80,803,883	140,665,773
Net Position		
Net Investment in Capital Assets	55,288,368	51,209,281
Restricted	41,482,347	41,481,429
Unrestricted	(214,600,986)	(214,864,318)
Total Net Position	\$ (117,830,271)	\$ (122,173,608)

By far, the largest component of the School District's net position reflects its investment in capital assets of \$55,288,368 (46.9% of the total). Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Those assets subject to external restrictions constitute 35.2% of total net assets or \$41,482,347. The remaining balance of net position is unrestricted net position of (\$214,600,986), which represents an increase of \$263,332 from 2022.

	June 30,	
	2023	2022
REVENUES		
Program Revenues		
Charges for Services	\$ 631,873	\$ 142,762
Operating Grants and Contributions	6,148,091	4,667,511
Capital Grants and Contributions	12,868	-
Total Program Revenues	<u>6,792,832</u>	<u>4,810,273</u>
General Revenues		
Real Property Taxes	81,990,700	79,330,447
Other Tax Items	4,051,900	4,369,032
Unrestricted Use of Money and Property	3,826,420	2,112,395
Sale of Property and Compensation from Loss	34,401	63,441
Unrestricted State Aid	13,927,673	14,104,985
Miscellaneous	866,737	373,277
Total General Revenues	<u>104,697,831</u>	<u>100,353,577</u>
Total Revenues	<u>111,490,663</u>	<u>105,163,850</u>
PROGRAM EXPENSES		
General Support	13,135,973	11,560,119
Instruction	87,143,307	77,328,997
Pupil Transportation	5,342,090	6,291,501
Community Service	111,181	114,399
Cost of Food Sales	1,132,236	1,436,532
Other	471,533	-
Interest	105,928	203,039
Total Expenses	<u>107,442,248</u>	<u>96,934,587</u>
Change in Net Position	<u>4,048,415</u>	<u>8,229,263</u>
Net Position - Beginning, as reported	(122,173,608)	(130,402,871)
Prior Period Adjustment	294,922	-
Net Position - Beginning, as restated	<u>(121,878,686)</u>	<u>(130,402,871)</u>
Net Position - Ending	<u>\$ (117,830,271)</u>	<u>\$ (122,173,608)</u>

Changes in Net Position

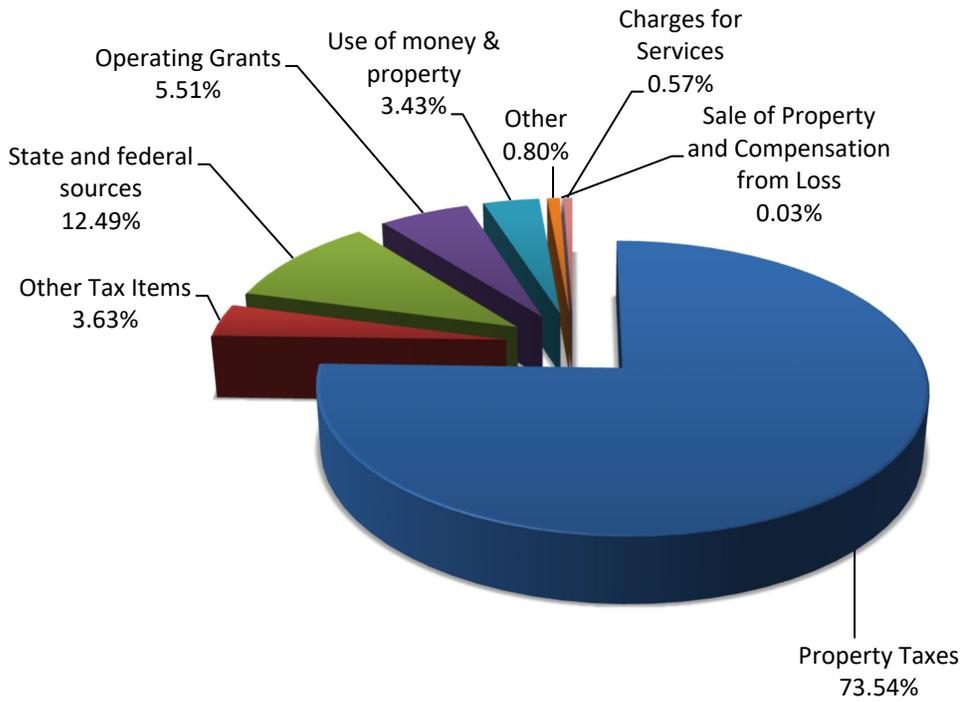
Revenues:

The School District's total fiscal year 2023 revenues totaled \$111,490,663, increasing \$6,326,813 from fiscal year 2022, primarily from the increase in property taxes, operating grants and unrestricted use of money and property which were 82.5% of the School District's total revenue.

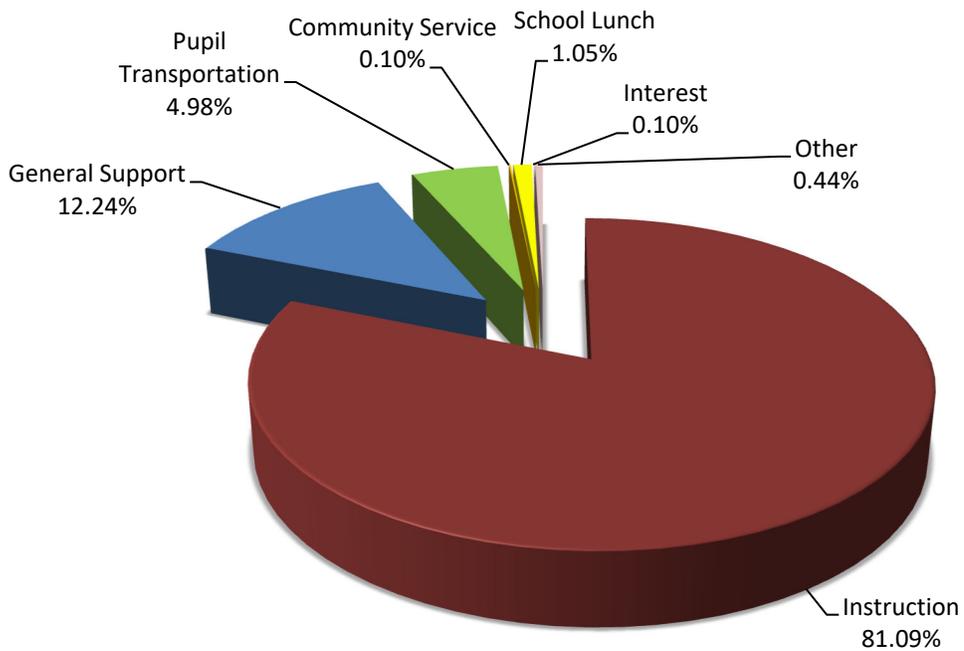
Expenses:

The total cost of all programs and services totaled \$107,442,248 for fiscal year 2023, increasing \$10,507,661 from fiscal year 2022. The 2023 expenses are predominantly related to the general instruction and caring for (pupil services) and transporting students which accounts for 86.1% of the School District's total expenses. The School District's general support activities account for 12.2% of total costs.

Sources of Revenues for Fiscal Year 2023



Expenses for Fiscal Year 2023



Financial Analysis of the School District's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of \$50,784,379, an increase of \$3,634,807 from the prior year. Total fund balance includes: Nonspendable fund balance of \$402,306, Restricted fund balance of \$42,770,136, Assigned fund balance of \$3,259,336, and Unassigned fund balance of \$4,352,601.

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$29,413,617, of which \$383,026 is Nonspendable, \$21,746,835 is Restricted, \$2,931,155 is Assigned for prior year encumbrances and designated for subsequent year's expenditures, and \$4,352,601 is Unassigned.

More detailed information about the School District's fund balance is presented in note 3 in the notes to the financial statements.

General Fund Budgetary Highlights

The difference between the original budget and the final budget was \$434,769. The adopted budget for the fiscal year 2022-2023 of \$101,554,865, was increased by \$1,018,669 as a result of prior year encumbrances. During the fiscal year, appropriation transfers within the budget were made to address the operational needs of the School District. The final adjusted budget for the fiscal year ending June 30, 2023 was \$103,071,303. The change is attributable to appropriations from the Tax Certiorari Reserve to pay for refunds and appropriation of the Unemployment Reserve to pay for unemployment expenses of former employees.

Capital Assets

At June 30, 2023, the School District had \$63,192,011 net of accumulated depreciation, invested in a broad range of capital assets, including buildings and improvements, machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below.

Class	June 30,	
	2023	2022
Land	\$ 616,672	\$ 616,672
Land Improvements	2,498,792	2,719,645
Buildings and Improvements	52,262,907	54,916,589
Furniture and equipment	856,602	968,520
Vehicles	221,605	93,354
Right-to-use Leased Equipment	493,216	784,242
Construction-in-Progress	6,242,217	1,376,282
Total Capital Assets, net of accumulated depreciation/amortization	\$ 63,192,011	\$ 61,475,304

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

Long-Term Liabilities

At June 30, 2023, the School District had \$212,091,821 in serial bonds and other long-term debt outstanding, as follows:

	June 30,	
	2023	2022
Bonds Payable	\$ 7,563,292	\$ 9,600,241
Leases Payable	442,597	797,475
Compensated Absences	1,644,349	1,574,759
Net Pension Liability	8,093,441	-
Workers' Compensation Claims Payable	333,547	531,762
Other Postemployment Benefits	194,014,595	195,720,252
Total	\$ 212,091,821	\$ 208,224,489

Detailed information pertaining to the School District's long-term liabilities is presented in Note 3D in the notes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

South Orangetown Central School District
 Greg Kern
 School Business Administrator
 160 Van Wyck Road
 Blauvelt, New York 10913
 (845) 680-1005

South Orangetown Central School District, New York

Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 10,277,720
Investments	43,974,576
Receivables	
Accounts	50,895
Leases	4,717,947
State and Federal aid	3,978,066
Due from other governments	19,976
Inventories	19,280
Capital assets	
Not being depreciated	6,858,889
Being depreciated/amortized, net	56,333,122
Total Assets	<u>126,230,471</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding bonds	102,246
Pension related	26,546,519
OPEB related	30,044,050
Total Deferred Outflows of Resources	<u>56,692,815</u>
LIABILITIES	
Accounts payable	2,186,179
Accrued liabilities	586,242
Due to other governments	100
Due to retirement systems	4,978,487
Deposits payable	3,342
Unearned revenues	70,010
Accrued interest payable	33,493
Non-current liabilities	
Due within one year	2,381,524
Due in more than one year	209,710,297
Total Liabilities	<u>219,949,674</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	2,351,583
OPEB related	74,117,379
Lease related	4,334,921
Total Deferred Inflows of Resources	<u>80,803,883</u>
NET POSITION	
Net investment in capital assets	55,288,368
Restricted	
Capital projects	19,387,395
Future capital projects	7,278,050
Debt service	1,564,881
Tax certiorari	8,668,737
Retirement contributions	4,221,442
Unemployment benefits	51,110
Special purposes	
Extraclassroom activities	169,112
Other	141,620
Unrestricted	<u>(214,600,986)</u>
Total Net Position	<u>\$ (117,830,271)</u>

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

South Orangetown Central School District, New York

Statement of Activities
Year Ended June 30, 2023

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	\$ 13,135,973	\$ -	\$ 594,299	\$ -	\$ (12,541,674)
Instruction	87,143,307	88,520	4,385,542	-	(82,669,245)
Pupil transportation	5,342,090	-	-	-	(5,342,090)
Community service	111,181	-	-	-	(111,181)
Cost of food sales	1,132,236	543,353	631,978	-	43,095
Other	471,533	-	487,343	-	15,810
Interest	105,928	-	48,929	12,868	(44,131)
Total Governmental Activities	\$ 107,442,248	\$ 631,873	\$ 6,148,091	\$ 12,868	(100,649,416)
General revenues					
Real property taxes					81,990,700
Other tax items					
School tax relief reimbursement					3,979,356
Payments in lieu of taxes					72,544
Unrestricted use of money and property					3,826,420
Sale of property and compensation for loss					34,401
Unrestricted State aid					13,927,673
Miscellaneous					866,737
Total General Revenues					104,697,831
Change in Net Position					4,048,415
NET POSITION					
Beginning of Year, as Reported					(122,173,608)
Prior Period Adjustment					294,922
Beginning of Year, as Restated					(121,878,686)
Ending					\$ (117,830,271)

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

South Orangetown Central School District, New York

Balance Sheet
 Governmental Funds
 June 30, 2023

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 7,965,174	\$ 2,412	\$ 4,342
Investments	24,392,200	-	19,582,376
Receivables			
Accounts	50,895	-	-
State and Federal aid	1,608,878	2,247,938	94,800
Due from other governments	16,218	-	-
Due from other funds	2,128,639	-	-
Leases	4,717,947	-	-
Inventories	-	-	-
Total Assets	<u>\$ 40,879,951</u>	<u>\$ 2,250,350</u>	<u>\$ 19,681,518</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,563,342	\$ 125,735	\$ 434,862
Accrued liabilities	586,242	-	-
Due to other funds	-	2,114,008	4,168
Due to other governments	-	-	-
Due to retirement systems	4,978,487	-	-
Deposits payable	3,342	-	-
Unearned revenues	-	10,607	-
Total Liabilities	<u>7,131,413</u>	<u>2,250,350</u>	<u>439,030</u>
Deferred inflows of resources			
Lease related	4,334,921	-	-
Unavailable revenues - State aid	-	-	94,800
Total deferred inflows of resources	<u>4,334,921</u>	<u>-</u>	<u>94,800</u>
Total Liabilities and Deferred Inflows of Resources	<u>11,466,334</u>	<u>2,250,350</u>	<u>533,830</u>
Fund balances			
Nonspendable	383,026	-	-
Restricted	21,746,835	-	19,147,688
Assigned	2,931,155	-	-
Unassigned	4,352,601	-	-
Total Fund Balances	<u>29,413,617</u>	<u>-</u>	<u>19,147,688</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 40,879,951</u>	<u>\$ 2,250,350</u>	<u>\$ 19,681,518</u>

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

Debt Service	Non-Major Governmental	Total Governmental Funds
\$ 1,564,881	\$ 740,911	\$ 10,277,720
-	-	43,974,576
-	-	50,895
-	26,450	3,978,066
-	3,758	19,976
-	-	2,128,639
-	-	4,717,947
-	19,280	19,280
<u>\$ 1,564,881</u>	<u>\$ 790,399</u>	<u>\$ 65,167,099</u>
\$ -	\$ 62,240	\$ 2,186,179
-	-	586,242
-	10,463	2,128,639
-	100	100
-	-	4,978,487
-	-	3,342
-	59,403	70,010
-	132,206	9,952,999
-	-	4,334,921
-	-	94,800
-	-	4,429,721
-	132,206	14,382,720
-	19,280	402,306
1,564,881	310,732	42,770,136
-	328,181	3,259,336
-	-	4,352,601
<u>1,564,881</u>	<u>658,193</u>	<u>50,784,379</u>
<u>\$ 1,564,881</u>	<u>\$ 790,399</u>	<u>\$ 65,167,099</u>

South Orangetown Central School District, New York

Reconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2023

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

Total Fund Balances - Governmental Funds	<u>\$ 50,784,379</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	6,858,889
Capital assets - depreciable/amortizable	117,905,988
Accumulated depreciation/amortization	<u>(61,572,866)</u>
	<u>63,192,011</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	26,546,519
Deferred outflows - OPEB related	30,044,050
Deferred inflows - pension related	(2,351,583)
Deferred inflows - OPEB related	<u>(74,117,379)</u>
	<u>(19,878,393)</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.	
Miscellaneous unavailable State aid	<u>94,800</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds payable	(6,810,000)
Leases payable	(442,597)
Claims payable	(333,547)
Compensated absences	(1,644,349)
Net pension liability - ERS	(3,607,602)
Net pension liability - TRS	(4,485,839)
Total OPEB liability	(194,014,595)
Accrued interest payable	<u>(33,493)</u>
	<u>(211,372,022)</u>
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred charge on refunding bonds	102,246
Premium on general obligation bonds	<u>(753,292)</u>
	<u>(651,046)</u>
Net Position of Governmental Activities	<u>\$ (117,830,271)</u>

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

South Orangetown Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2023

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 81,990,700	\$ -	\$ -
Other tax items	4,051,900	-	-
Charges for services	88,520	-	-
Use of money and property	3,644,690	-	668,900
Sale of property and compensation for loss	34,401	-	-
State aid	14,283,286	848,437	(94,800)
Federal aid	95,108	3,184,988	-
Food sales	-	-	-
Miscellaneous	875,262	-	-
Total Revenues	105,063,867	4,033,425	574,100
EXPENDITURES			
Current			
General support	10,307,578	184,661	-
Instruction	56,076,762	3,030,723	-
Pupil transportation	5,130,346	136,072	-
Community services	111,181	-	-
Employee benefits	23,481,237	344,568	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	354,878	-	-
Interest	13,098	-	-
Capital outlay	-	-	4,876,208
Total Expenditures	95,475,080	3,696,024	4,876,208
Excess (Deficiency) of Revenues Over Expenditures	9,588,787	337,401	(4,302,108)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	90,898	2,436,273
Transfers out	(4,163,273)	(436,273)	-
Total Other Financing Sources (Uses)	(4,163,273)	(345,375)	2,436,273
Net Change in Fund Balances	5,425,514	(7,974)	(1,865,835)
FUND BALANCES			
Beginning of Year, as Reported	23,988,103	7,974	21,013,523
Prior Period Adjustment	-	-	-
Beginning of Year, as Restated	23,988,103	7,974	21,013,523
End of Year	\$ 29,413,617	\$ -	\$ 19,147,688

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

Debt Service	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 81,990,700
-	-	4,051,900
-	-	88,520
61,797	1,712	4,377,099
-	-	34,401
-	13,647	15,050,570
-	618,313	3,898,409
-	543,353	543,353
-	485,649	1,360,911
61,797	1,662,674	111,395,863
-	-	10,492,239
-	-	59,107,485
-	-	5,266,418
-	-	111,181
-	-	23,825,805
-	1,132,236	1,132,236
-	471,533	471,533
1,820,000	-	2,174,878
289,975	-	303,073
-	-	4,876,208
2,109,975	1,603,769	107,761,056
(2,048,178)	58,905	3,634,807
2,067,525	4,850	4,599,546
-	-	(4,599,546)
2,067,525	4,850	-
19,347	63,755	3,634,807
1,545,534	299,516	46,854,650
-	294,922	294,922
1,545,534	594,438	47,149,572
\$ 1,564,881	\$ 658,193	\$ 50,784,379

South Orangetown Central School District, New York

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2023

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

Net Change in Fund Balances - Total Governmental Funds	\$ 3,634,807
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	
Capital outlay expenditures	5,209,040
Depreciation/amortization expense	<u>(3,450,724)</u>
	<u>1,758,316</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
State aid revenues	<u>94,800</u>
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized on the statement of activities.	
Principal paid on general obligation bonds	1,820,000
Principal paid on leases	<u>354,878</u>
	<u>2,174,878</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(69,590)
Changes in pension liabilities and related deferred outflows and inflows of resources	(2,116,816)
Claims payable	198,215
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(1,781,731)
Accrued interest	9,643
Amortization of premium and loss on refunding bonds	<u>145,893</u>
	<u>(3,614,386)</u>
Change in Net Position of Governmental Activities	<u>\$ 4,048,415</u>

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

South Orangetown Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual

General Fund

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 85,935,120	\$ 81,955,764	\$ 81,990,700	\$ 34,936
Other tax items	72,544	4,051,900	4,051,900	-
Charges for services	42,750	42,750	88,520	45,770
Use of money and property	1,731,651	1,731,651	3,644,690	1,913,039
Sale of property and compensation for loss	-	-	34,401	34,401
State aid	13,637,140	13,637,140	14,283,286	646,146
Federal aid	-	-	95,108	95,108
Miscellaneous	135,660	135,660	875,262	739,602
Total Revenues	101,554,865	101,554,865	105,063,867	3,509,002
EXPENDITURES				
Current				
General support	10,926,167	11,246,736	10,307,578	939,158
Instruction	58,105,871	57,523,492	56,076,762	1,446,730
Pupil transportation	4,994,307	5,190,392	5,130,346	60,046
Community services	122,258	121,342	111,181	10,161
Employee benefits	24,277,956	24,453,840	23,481,237	972,603
Debt service				
Principal	-	354,878	354,878	-
Interest	-	13,098	13,098	-
Total Expenditures	98,426,559	98,903,778	95,475,080	3,428,698
Excess of Revenues Over Expenditures	3,128,306	2,651,087	9,588,787	6,937,700
OTHER FINANCING USES				
Transfers out	(4,209,975)	(4,167,525)	(4,163,273)	4,252
Net Change in Fund Balances	(1,081,669)	(1,516,438)	5,425,514	6,941,952
FUND BALANCES				
Beginning of Year	1,081,669	1,516,438	23,988,103	22,471,665
End of Year	\$ -	\$ -	\$ 29,413,617	\$ 29,413,617

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

South Orangetown Central School District, New York

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year Ended June 30, 2023

	Private Purpose Trust Fund	Custodial
ADDITIONS	\$ -	\$ -
DEDUCTIONS	-	-
Change in Net Position	-	-
Net Position - Beginning, as Reported	99,277	195,645
Prior Period Adjustment	(99,277)	(195,645)
Net Position - Beginning, as Restated	-	-
Net Position - Ending	\$ -	\$ -

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

South Orangetown Central School District, New York

Notes to Financial Statements
June 30, 2023

Note 1 - Summary of Significant Accounting Policies

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

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

A. Financial Reporting Entity

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

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

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

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

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

Fund Categories

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Special Revenue Funds:

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

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

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

- b. Fiduciary Fund (Not Included in District-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the School District on behalf of others. In accordance with the provisions of GASB Statement No. 84, "*Fiduciary Activities*", the School District had no such activity to report in this fund category other than the prior period adjustment as described in Note 2F.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liabilities and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

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

Cash and Equivalents, Investments and Risk Disclosure

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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, 2023 of \$43,974,576 is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days.

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

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

Risk Disclosure

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, *"Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3"*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2023.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable on September 1st. The various towns which are included in the levy are responsible for the billing and collection of the taxes through November 1st of the tax year at which time collection responsibility is transferred to the County of Rockland, New York ("County"). The County guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

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, 2023, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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 \$10,607 for State and Federal aid received in advance in the Special Aid Fund and \$59,403 for student meal monies received in advance in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Leases - The School District is a lessee for noncancellable leases of equipment. The School District recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the district-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$10,000 or more.

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

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

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

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

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation or sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

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

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

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

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

F. Encumbrances

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 September 27, 2023.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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

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

B. Limitation on Fund Balance

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

C. Property Tax Limitation

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

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

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 2 - Stewardship, Compliance and Accountability (Continued)

D. New Accounting Pronouncement

GASB Statement No. 96, “*Subscription-Based Information Technology Arrangements (SBITA’s)*”, established a single model for SBITA accounting based on the concept that SBITA’s are a financing of a “right-to-use” underlying asset. This statement requires a subscriber to recognize a subscription liability and an intangible right-to-use subscription asset and a subscriber to recognize a subscription receivable and a deferred inflow of resources. The requirements of GASB Statement No. 96 are effective for the School District’s fiscal year ended June 30, 2023. The School District has completed its evaluation of the financial impact of GASB Statement No. 96 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

E. Capital Projects Fund Project Deficit

The deficit in the 2021-22 Minor Capital Project and Smart School Bond capital project arises because of expenditures exceeding current financing on the project. This deficit will be eliminated with the subsequent receipt of State aid and interfund transfers.

F. Prior Period Adjustment

Beginning fund balance of the School District as of June 30, 2022 was restated for a prior period adjustment increasing Special Purpose Fund and district-wide by \$294,922 and decreasing the Private Purpose Trust Fund and Custodial Net Position by \$99,277 and \$195,645, respectively. The activities within the Private Purpose Trust Fund and custodial fund reported in the prior year do not meet the provisions of GASB No. 84.

Note 3 - Detailed Notes on All Funds

A. Interfund Receivables/Payables

The composition of due from/to other funds at June 30, 2023 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 2,128,639	\$ -
Capital Projects	-	4,168
Special Aid	-	2,114,008
Non-Major Governmental	-	10,463
	<u>\$ 2,128,639</u>	<u>\$ 2,128,639</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.

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

B. Capital Assets

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

Class	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets, not being depreciated:				
Land	\$ 616,672	\$ -	\$ -	\$ 616,672
Construction-in-progress	1,376,282	4,865,935	-	6,242,217
Total Capital Assets, not being depreciated	\$ 1,992,954	\$ 4,865,935	\$ -	\$ 6,858,889
Capital Assets, being depreciated/amortized:				
Land improvements	\$ 7,341,434	\$ 141,188	\$ 20,750	\$ 7,461,872
Buildings and Improvements	105,625,274	-	-	105,625,274
Furniture and equipment	2,541,737	30,887	35,287	2,537,337
Vehicles	456,164	171,030	22,983	604,211
Right-to-use Leased Equipment	2,176,593	-	499,299	1,677,294
Total Capital Assets, being depreciated/amortized	118,141,202	343,105	578,319	117,905,988
Less Accumulated Depreciation/Amortization for:				
Land improvements	4,621,789	362,041	20,750	4,963,080
Buildings and Improvements	50,708,685	2,653,682	-	53,362,367
Furniture and equipment	1,573,217	142,805	35,287	1,680,735
Vehicles	362,810	42,779	22,983	382,606
Right-to-use Leased Equipment	1,392,351	249,417	457,690	1,184,078
Total Accumulated Depreciation/Amortization	58,658,852	3,450,724	536,710	61,572,866
Total Capital Assets, being depreciated/amortized, net	\$ 59,482,350	\$ (3,107,619)	\$ 41,609	\$ 56,333,122
Capital Assets, net	\$ 61,475,304	\$ 1,758,316	\$ 41,609	\$ 63,192,011

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

General support	\$ 418,738
Instruction	3,031,986
Total Depreciation Expense	\$ 3,450,724

C. Accrued Liabilities

Accrued liabilities at June 30, 2023 were as follows:

	General Fund
Payroll and Employee Benefits	\$ 264,164
Other	322,078
	\$ 586,242

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

D. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2023:

	Balance July 1, 2022	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2023	Due Within One-Year
General Obligation Bonds Payable	\$ 8,630,000	\$ -	\$ 1,820,000	\$ 6,810,000	\$ 1,945,000
Plus - Unamortized Premium on Bonds	970,241	-	216,949	753,292	-
	9,600,241	-	2,036,949	7,563,292	1,945,000
Leases Payable	797,475	-	354,878	442,597	238,524
Other Non-current Liabilities:					
Claims Payable	531,762	117,155	315,370	333,547	33,000
Compensated Absences	1,574,759	226,590	157,000	1,644,349	165,000
Net Pension Liability - ERS	-	3,607,602	-	3,607,602	-
Net Pension Liability - TRS	-	4,485,839	-	4,485,839	-
Other Postemployment Benefit Liability	195,720,252	4,762,039	6,467,696	194,014,595	-
Total Other Non- current Liabilities	197,826,773	13,199,225	6,940,066	204,085,932	198,000
Total Long-Term Liabilities	\$ 208,224,489	\$ 13,199,225	\$ 9,331,893	\$ 212,091,821	\$ 2,381,524

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

General Obligation Bonds Payable

General obligation bonds payable at June 30, 2023 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at June 30, 2023
Serial Bonds	2008	\$ 2,000,000	December, 2023	4.35 %	\$ 175,000
Serial Bonds	2011	3,750,000	August, 2026	5.00	1,140,000
Refunding Bonds	2016	13,530,000	December, 2026	2.00 - 5.00	5,495,000
					<u>\$ 6,810,000</u>

Interest expenditures of \$289,975 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$92,830 was recorded in the district-wide financial statements.

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

Leases Payable

Leases payable at June 30, 2023 are comprised of the following individual agreements:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding at June 30, 2023</u>
Equipment	2019	\$ 443,627	October, 2023	2.83 %	\$ 38,915
Equipment	2021	399,804	November, 2024	1.90	145,082
Equipment	2022	344,479	February, 2026	2.19	232,986
Equipment	2022	47,290	August, 2025	0.00	25,614
					<u>\$ 442,597</u>

Interest expenditures/expense of \$13,098 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonded and leases as of June 30, 2023 including interest payments of \$386,194 are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>			<u>Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,945,000	\$ 202,356	\$ 2,147,356	\$ 238,524	\$ 6,346	\$ 244,870
2025	1,835,000	113,225	1,948,225	142,578	2,552	145,130
2026	1,930,000	47,975	1,977,975	61,495	490	61,985
2027	1,100,000	13,250	1,113,250	-	-	-
	<u>\$ 6,810,000</u>	<u>\$ 376,806</u>	<u>\$ 7,186,806</u>	<u>\$ 442,597</u>	<u>\$ 9,388</u>	<u>\$ 451,985</u>

<u>Year Ending June 30,</u>	<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,183,524	\$ 208,702	\$ 2,392,226
2025	1,977,578	115,777	2,093,355
2026	1,991,495	48,465	2,039,960
2027	1,100,000	13,250	1,113,250
	<u>\$ 7,252,597</u>	<u>\$ 386,194</u>	<u>\$ 7,638,791</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.

Note 3 - Detailed Notes on All Funds (Continued)

Workers' Compensation Claims Payable

The School District participates in a risk sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The School District's share of the liability for unbilled and open claims is \$333,547. Claims activity is summarized below:

	<u>2022-23</u>
Unpaid claims at beginning of year	\$ 531,762
Incurred claims and claim adjustment expenses	117,155
Claim payments	<u>(315,370)</u>
Unpaid claims at year end	<u>\$ 333,547</u>

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.

Compensated Absences

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

Pension Plans

New York State and Local Retirement System and Teachers' Retirement System

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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 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, 2023 and TRS plan year ended June 30, 2023 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	17.5 %
	3 A14	13.1
	4 A15	13.1
	5 A15	11.2
	6 A15	8.3
TRS	1-6	10.29 %

At June 30, 2023, the School District reported the following for its proportionate share of the net pension liability for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ 3,607,602	\$ 4,485,839
School Districts' proportion of the net pension liability	0.0168233 %	0.233772 %
Change in proportion since the prior measurement date	0.0004832 %	(0.003727) %

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

The net pension liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension liability for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2023, the School District recognized its proportionate share of pension expense in the district-wide financial statements of \$7,183,988, (\$1,373,736 for ERS and \$5,810,252 for TRS). Pension expenditures for ERS of \$613,119 and \$35,493 were recorded in the fund financial statements and were charged to the General and Special Aid respectively. Pension expenditures for TRS of \$4,379,614 and \$38,946 were reported in the fund financial statements and were charged to the General and Special Aid funds, respectively.

At June 30, 2023, 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	\$ 384,238	\$ 101,315	\$ 4,700,592	\$ 89,888
Changes of assumptions	1,752,084	19,364	8,701,769	1,807,023
Net difference between projected and actual earnings on pension plan investments	-	21,195	5,796,130	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	212,266	8,923	369,275	303,875
School District contributions subsequent to the measurement date	203,824	-	4,426,341	-
	<u>\$ 2,552,412</u>	<u>\$ 150,797</u>	<u>\$ 23,994,107</u>	<u>\$ 2,200,786</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 5,084,830	\$ 191,203		
Changes of assumptions	10,453,853	1,826,387		
Net difference between projected and actual earnings on pension plan investments	5,796,130	21,195		
Changes in proportion and differences between School District contributions and proportionate share of contributions	581,541	312,798		
School District contributions subsequent to the measurement date	4,630,165	-		
	<u>\$ 26,546,519</u>	<u>\$ 2,351,583</u>		

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

\$203,824 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the plan's year ended March 31, 2024. The \$4,426,341 reported as deferred outflows of resources related to TRS will be recognized as a decrease of the net pension liability in the plan's year ended June 30, 2023. 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, ERS	June 30, TRS
2023	\$ -	\$ 3,376,945
2024	551,419	1,729,154
2025	(124,319)	(722,945)
2026	772,538	11,425,682
2027	998,153	1,468,840
Thereafter	-	89,304
	\$ 2,197,791	\$ 17,366,980

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

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return	5.9% *	6.95% *
Salary scale	4.4%	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.

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

Asset Type	ERS March 31, 2023		TRS June 30, 2022	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	4.30 %	33 %	6.5 %
International Equity	15	6.85	16	7.2
Private Equity	10	7.50	8	9.9
Real Estate	9	4.60	11	6.2
Domestic Fixed Income Securities	-	-	16	1.1
Global Bonds	-	-	2	0.6
High Yield Bonds	-	-	1	3.3
Global Equities	-	-	4	6.9
Private Debt	-	-	2	5.3
Real Estate Debt	-	-	6	2.4
Opportunistic/ARS Portfolio	3	5.38	-	-
Credit	4	5.43	-	-
Real Assets	3	5.84	-	-
Fixed Income	23	1.50	-	-
Cash	1	-	1	(0.3)
	<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

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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:

	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)	<u>\$ 8,718,027</u>	<u>\$ 3,607,602</u>	<u>\$ (662,752)</u>
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 41,361,539</u>	<u>\$ 4,485,839</u>	<u>\$ (26,526,383)</u>

The components of the collective net pension liability as of the March 31, 2023 ERS measurement date and the June 30, 2022 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 232,627,259,000	\$ 133,883,473,797
Fiduciary net position	<u>211,183,223,000</u>	<u>131,964,582,107</u>
Employers' net pension liability	<u>\$ 21,444,036,000</u>	<u>\$ 1,918,891,690</u>
Fiduciary net position as a percentage of total pension liability	<u>90.78%</u>	<u>98.57%</u>

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, 2023 represent the projected employer contribution for the period April 1, 2023 through June 30, 2023 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, 2023 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, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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, 2023 were \$203,824 to ERS and \$4,774,663 to TRS (including employee contributions of \$348,322).

Voluntary Defined Contribution Plan

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

Other Postemployment Benefit Liability ("OPEB")

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

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	386
Active employees	<u>440</u>
	<u><u>826</u></u>

The School District's total OPEB liability of \$194,014,595 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.0%, average, including inflation
Discount rate	4.00%
Healthcare cost trend rates	7.0% for 2024, decreasing 0.25% per year to an ultimate rate of 4.00% for 2035 and later years
Retirees' share of benefit-related costs	Retiree contribution rates vary by employee class and date of retirement

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

The discount rate was based on an average of two 20-year bond indices (e.g. S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GO AA 20 Years as of June 30, 2023).

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

The School District's change in the total OPEB liability for the year ended June 30, 2023 is as follows:

Total OPEB Liability - Beginning of Year	\$ 195,720,252
Service cost	4,427,255
Interest	7,699,456
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(7,364,672)
Benefit payments	<u>(6,467,696)</u>
 Total OPEB Liability - End of Year	 <u><u>\$ 194,014,595</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 (3.00%) or 1 percentage point higher (5.00%) than the current discount rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	<u><u>\$ 228,794,488</u></u>	<u><u>\$ 194,014,595</u></u>	<u><u>\$ 166,730,461</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 healthcare cost trend rates that are 1 percentage point lower (5.00% decreasing to 3.50%) or 1 percentage point higher (8.00% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease (5.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	<u><u>\$ 161,685,462</u></u>	<u><u>\$ 194,014,595</u></u>	<u><u>\$ 236,609,710</u></u>

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

For the year ended June 30, 2023, the School District recognized OPEB expense of \$8,249,427 in the district-wide financial statements. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 30,044,050	\$ 74,117,379
Differences between expected and actual experience	<u>-</u>	<u>-</u>
	<u>\$ 30,044,050</u>	<u>\$ 74,117,379</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>	
2024	\$ (3,877,284)
2025	(2,693,022)
2026	(12,279,152)
2027	(15,208,497)
2028	(9,361,108)
Thereafter	<u>(654,266)</u>
	<u>\$ (44,073,329)</u>

F. 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>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ 90,898	\$ 2,000,000	\$ 2,067,525	\$ 4,850	\$ 4,163,273
Special Aid Fund	<u>-</u>	<u>436,273</u>	<u>-</u>	<u>-</u>	<u>436,273</u>
	<u>\$ 90,898</u>	<u>\$ 2,436,273</u>	<u>\$ 2,067,525</u>	<u>\$ 4,850</u>	<u>\$ 4,599,546</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

G. Net Position

The components of net position are detailed below:

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

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

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

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

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

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

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

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

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

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

South Orangetown Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Inventories	\$ -	\$ -	\$ -	\$ 19,280	\$ 19,280
Leases	383,026	-	-	-	383,026
Total Nonspendable	<u>383,026</u>	<u>-</u>	<u>-</u>	<u>19,280</u>	<u>402,306</u>
Restricted:					
Tax certiorari	8,668,737	-	-	-	8,668,737
Unemployment benefits	51,110	-	-	-	51,110
ERS retirement contributions	1,954,438	-	-	-	1,954,438
TRS retirement contributions	2,267,004	-	-	-	2,267,004
Employee benefits	1,527,496	-	-	-	1,527,496
Future capital projects	7,278,050	-	-	-	7,278,050
Capital projects	-	19,147,688	-	-	19,147,688
Debt service	-	-	1,530,381	-	1,530,381
Debt service - for subsequent year's expenditures	-	-	34,500	-	34,500
Special purposes - extraclassroom activities	-	-	-	169,112	169,112
Special purposes - other	-	-	-	141,620	141,620
Total Restricted	<u>21,746,835</u>	<u>19,147,688</u>	<u>1,564,881</u>	<u>310,732</u>	<u>42,770,136</u>
Assigned:					
Purchases on order:					
General government support	471,649	-	-	-	471,649
Instruction	759,506	-	-	-	759,506
	1,231,155	-	-	-	1,231,155
For subsequent year's expenditures -					
General Fund	1,700,000	-	-	-	1,700,000
School Lunch Fund	-	-	-	328,181	328,181
Total Assigned	<u>2,931,155</u>	<u>-</u>	<u>-</u>	<u>328,181</u>	<u>3,259,336</u>
Unassigned	<u>4,352,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,352,601</u>
Total Fund Balances	<u>\$ 29,413,617</u>	<u>\$ 19,147,688</u>	<u>\$ 1,564,881</u>	<u>\$ 658,193</u>	<u>\$ 50,784,379</u>

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.

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

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

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

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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

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

B. Contingencies

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

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Risk Management

The School District and other school districts have formed a self-funded insurance company ("Company") to be owned by these districts. There are presently 340 New York State school districts who subscribe to the Company. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, school board legal liability, auto liability and auto physical damage coverage, excess insurance, equipment floaters, boilers and machinery insurance and all risk building and contents. In addition, as part of the reciprocal program, 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 general liability insurance coverage with policy limits of \$1 million per occurrence and unlimited general aggregate and an excess liability policy which provides coverage up to \$25 million. The School District also maintains liability for school board members with policy limits of \$1 million. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

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

Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 101, "*Compensated Absences*", provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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.

South Orangetown Central School District, New York

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	\$ 4,427,255	\$ 4,622,731	\$ 8,803,744	\$ 7,573,030	\$ 6,892,711	\$ 6,691,952
Interest	7,699,456	10,428,567	5,235,961	4,412,983	5,878,622	5,656,457
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	(479,419)
Changes of assumptions or other inputs	(7,364,672)	(92,783,283)	18,346,955	63,917,221	(15,324,355)	-
Benefit payments	(6,467,696)	(6,335,181)	(6,247,364)	(6,230,164)	(5,029,410)	(4,304,359)
Net Change in Total OPEB Liability	(1,705,657)	(84,067,166)	26,139,296	69,673,070	(7,582,432)	7,564,631
Total OPEB Liability – Beginning of Year	195,720,252	279,787,418	253,648,122	183,975,052	191,557,484	183,992,853 (3)
Total OPEB Liability – End of Year	<u>\$ 194,014,595</u>	<u>\$ 195,720,252</u>	<u>\$ 279,787,418</u>	<u>\$ 253,648,122</u>	<u>\$ 183,975,052</u>	<u>\$ 191,557,484</u>
School District's covered-employee payroll	<u>\$ 42,572,062</u>	<u>\$ 42,572,062</u>	<u>\$ 42,591,388</u>	<u>\$ 42,591,388</u>	<u>\$ 38,922,412</u>	<u>\$ 38,922,412</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>456%</u>	<u>460%</u>	<u>657%</u>	<u>596%</u>	<u>473%</u>	<u>492%</u>
Discount Rate	<u>4.00%</u>	<u>3.77%</u>	<u>2.09%</u>	<u>2.44%</u>	<u>3.50%</u>	<u>3.70%</u>

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

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

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

South Orangetown Central School District, New York

Required Supplementary Information
 New York State Teachers' Retirement System
 Last Ten Fiscal Years (1)

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (2)									
	2023 (3)	2022 (4)	2021 (3)	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	0.233772%	0.237499%	0.229918%	0.232837%	0.231326%	0.230187%	0.235136%	0.246339%	0.238380%
School District's proportionate share of the net pension liability (asset)	\$ 4,485,839	\$ (41,156,304)	\$ 6,353,249	\$ (6,049,128)	\$ (4,182,987)	\$ (1,749,649)	\$ 2,518,400	\$ (25,587,000)	\$ (26,554,073)
School District's covered payroll	\$ 41,469,417	\$ 41,469,417	\$ 40,311,199	\$ 39,073,117	\$ 38,983,729	\$ 37,824,904	\$ 36,633,540	\$ 36,572,105	\$ 37,075,915
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	10.82%	(99.24%)	15.76%	(15.48%)	(10.73%)	(4.63%)	6.87%	(69.96%)	(71.62%)
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount Rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Schedule of Contributions									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,058,515	\$ 3,841,657	\$ 3,836,978	\$ 4,127,391	\$ 3,692,683	\$ 4,275,109	\$ 4,811,000	\$ 4,824,686	\$ 6,411,090
Contributions in relation to the contractually required contribution	(4,058,515)	(3,841,657)	(3,836,978)	(4,127,391)	(3,692,683)	(4,275,109)	(4,811,000)	(4,824,686)	(6,411,090)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 41,831,900	\$ 41,469,417	\$ 40,311,199	\$ 39,073,117	\$ 38,983,729	\$ 37,824,904	\$ 36,633,540	\$ 36,385,262	\$ 36,572,105
Contributions as a percentage of covered payroll	10.29%	9.26%	9.52%	10.56%	9.47%	11.30%	13.13%	13.26%	17.53%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

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

(3) 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.

(4) 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.

South Orangetown Central School District, New York

Required Supplementary Information
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (2)									
	2023 (3)	2022 (4)	2021 (4)	2020 (3)	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.0168233%</u>	<u>0.0163401%</u>	<u>0.0159793%</u>	<u>0.0150100%</u>	<u>0.0157293%</u>	<u>0.0140296%</u>	<u>0.0159894%</u>	<u>0.0159926%</u>	<u>0.0163551%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 3,607,602</u>	<u>\$ (1,335,737)</u>	<u>\$ 15,911</u>	<u>\$ 3,974,746</u>	<u>\$ 1,114,469</u>	<u>\$ 452,798</u>	<u>\$ 1,502,402</u>	<u>\$ 2,566,800</u>	<u>\$ 552,514</u>
School District's covered payroll	<u>\$ 5,474,983</u>	<u>\$ 5,196,914</u>	<u>\$ 5,041,043</u>	<u>\$ 4,835,525</u>	<u>\$ 4,749,517</u>	<u>\$ 4,456,780</u>	<u>\$ 4,644,510</u>	<u>\$ 4,274,918</u>	<u>\$ 4,578,013</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>65.89%</u>	<u>(25.70%)</u>	<u>0.32%</u>	<u>82.20%</u>	<u>23.46%</u>	<u>10.16%</u>	<u>32.35%</u>	<u>60.04%</u>	<u>12.07%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.78%</u>	<u>103.65%</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>97.90%</u>
Discount Rate	<u>5.90%</u>	<u>5.90%</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>7.50%</u>

Schedule of Contributions									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 612,157</u>	<u>\$ 802,309</u>	<u>\$ 699,035</u>	<u>\$ 690,743</u>	<u>\$ 692,612</u>	<u>\$ 685,994</u>	<u>\$ 725,000</u>	<u>\$ 718,989</u>	<u>\$ 932,003</u>
Contributions in relation to the contractually required contribution	<u>(612,157)</u>	<u>(802,309)</u>	<u>(699,035)</u>	<u>(690,743)</u>	<u>(692,612)</u>	<u>(685,994)</u>	<u>(725,000)</u>	<u>(718,989)</u>	<u>(932,003)</u>
Contribution excess	<u>\$ -</u>								
School District's covered payroll	<u>\$ 5,876,467</u>	<u>\$ 5,196,914</u>	<u>\$ 5,041,043</u>	<u>\$ 4,835,525</u>	<u>\$ 4,749,517</u>	<u>\$ 4,456,780</u>	<u>\$ 4,644,510</u>	<u>\$ 4,458,880</u>	<u>\$ 4,676,079</u>
Contributions as a percentage of covered payroll	<u>10.42%</u>	<u>15.44%</u>	<u>13.87%</u>	<u>14.28%</u>	<u>14.58%</u>	<u>15.39%</u>	<u>15.61%</u>	<u>16.12%</u>	<u>19.93%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

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

(3) 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.

(4) 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.

South Orangetown Central School District, New York

General Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
REVENUES					
Real property taxes	\$ 85,935,120	\$ 81,955,764	\$ 81,990,700	\$ -	\$ 34,936
Other tax items	72,544	4,051,900	4,051,900	-	-
Charges for services	42,750	42,750	88,520	-	45,770
Use of money and property	1,731,651	1,731,651	3,644,690	-	1,913,039
Sale of property and compensation for loss	-	-	34,401	-	34,401
State aid	13,637,140	13,637,140	14,283,286	-	646,146
Federal aid	-	-	95,108	-	95,108
Miscellaneous	135,660	135,660	875,262	-	739,602
Total Revenues	101,554,865	101,554,865	105,063,867	-	3,509,002
EXPENDITURES					
Current					
General support					
Board of education	83,861	123,044	113,122	480	9,442
Central administration	384,376	425,964	418,046	-	7,918
Finance	1,006,532	1,006,929	947,773	35,500	23,656
Staff	876,851	999,291	959,723	447	39,121
Central services	7,490,791	7,126,988	6,386,190	390,222	350,576
Special items	1,083,756	1,564,520	1,482,724	45,000	36,796
Total General Support	10,926,167	11,246,736	10,307,578	471,649	467,509
Instruction					
Instruction, administration and improvement	4,278,157	3,901,046	3,797,323	21,007	82,716
Teaching - Regular school Programs for students with disabilities	28,379,242	27,728,132	27,361,262	120,639	246,231
Programs for english and dual language learners	14,009,703	13,941,280	13,911,327	400	29,553
Occupational education	1,267,979	1,334,546	1,331,373	-	3,173
Teaching - Special schools	509,092	439,092	399,092	-	40,000
Instructional media	83,994	83,452	46,111	-	37,341
Pupil services	4,463,796	4,777,751	4,049,970	617,460	110,321
	5,113,908	5,318,193	5,180,304	-	137,889
Total Instruction	58,105,871	57,523,492	56,076,762	759,506	687,224
Pupil transportation	4,994,307	5,190,392	5,130,346	-	60,046
Community services	122,258	121,342	111,181	-	10,161
Employee benefits	24,277,956	24,453,840	23,481,237	-	972,603
Debt service					
Principal	-	354,878	354,878	-	-
Interest	-	13,098	13,098	-	-
Total Expenditures	98,426,559	98,903,778	95,475,080	1,231,155	2,197,543
Excess of Revenues Over Expenditures	3,128,306	2,651,087	9,588,787	(1,231,155)	5,706,545
OTHER FINANCING USES					
Transfers out	(4,209,975)	(4,167,525)	(4,163,273)	-	4,252
Net Change in Fund Balance	(1,081,669)	(1,516,438)	5,425,514	\$ (1,231,155)	\$ 5,710,797
FUND BALANCE					
Beginning of Year	1,081,669	1,516,438	23,988,103		
End of Year	\$ -	\$ -	\$ 29,413,617		

See independent auditors' report.

South Orangetown Central School District, New York

General Fund
 Schedule of Revenues Compared to Budget
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	\$ 85,935,120	\$ 81,955,764	\$ 81,990,700	\$ 34,936
OTHER TAX ITEMS				
School tax relief reimbursement	-	3,979,356	3,979,356	-
Payments in lieu of taxes	72,544	72,544	72,544	-
	<u>72,544</u>	<u>4,051,900</u>	<u>4,051,900</u>	<u>-</u>
CHARGES FOR SERVICES				
Day school tuition - Other districts	-	-	16,218	16,218
Continuing education tuition - Individuals	37,500	37,500	48,130	10,630
Admissions	5,250	5,250	23,931	18,681
Other charges for services	-	-	241	241
	<u>42,750</u>	<u>42,750</u>	<u>88,520</u>	<u>45,770</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	45,000	45,000	1,982,098	1,937,098
Rental of real property	1,686,651	1,686,651	1,662,592	(24,059)
	<u>1,731,651</u>	<u>1,731,651</u>	<u>3,644,690</u>	<u>1,913,039</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of equipment	-	-	8,151	8,151
Insurance recoveries	-	-	21,801	21,801
Other	-	-	4,449	4,449
	<u>-</u>	<u>-</u>	<u>34,401</u>	<u>34,401</u>

STATE AID

Basic formula	10,332,266	10,332,266	9,490,208	(842,058)
BOCES	1,628,809	1,628,809	2,208,982	580,173
Lottery aid	1,423,055	1,423,055	2,071,456	648,401
Textbook aid	174,742	174,742	168,343	(6,399)
Computer software aid	62,736	62,736	62,410	(326)
Library aid	15,532	15,532	17,731	2,199
NYS Emergency Disaster Aid	-	-	107,129	107,129
Other	-	-	157,027	157,027
	<u>13,637,140</u>	<u>13,637,140</u>	<u>14,283,286</u>	<u>646,146</u>

FEDERAL AID

Medical assistance	-	-	95,108	95,108
	<u>-</u>	<u>-</u>	<u>95,108</u>	<u>95,108</u>

MISCELLANEOUS

Other	-	-	4,434	4,434
Gifts and donations	-	-	8,525	8,525
Refund of prior year's expenditures	135,660	135,660	862,303	726,643
	<u>135,660</u>	<u>135,660</u>	<u>875,262</u>	<u>739,602</u>

TOTAL REVENUES

	<u>\$ 101,554,865</u>	<u>\$ 101,554,865</u>	<u>\$ 105,063,867</u>	<u>\$ 3,509,002</u>
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See independent auditors' report.

South Orangetown Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 28,282	\$ 61,577	\$ 57,186	\$ 480	\$ 3,911
District clerk	37,539	43,427	40,004	-	3,423
District meeting	18,040	18,040	15,932	-	2,108
Total Board of Education	<u>83,861</u>	<u>123,044</u>	<u>113,122</u>	<u>480</u>	<u>9,442</u>
CENTRAL ADMINISTRATION					
Chief school administrator	384,376	425,964	418,046	-	7,918
FINANCE					
Business administration	805,811	800,208	783,038	-	17,170
Accounting and auditing	95,000	101,000	61,250	35,500	4,250
Treasurer	11,760	11,760	11,225	-	535
Purchasing	93,961	93,961	92,260	-	1,701
Total Finance	<u>1,006,532</u>	<u>1,006,929</u>	<u>947,773</u>	<u>35,500</u>	<u>23,656</u>
STAFF					
Legal	140,000	130,000	110,953	447	18,600
Personnel	516,687	538,127	523,723	-	14,404
Records management	14,404	14,404	11,552	-	2,852
Public information and services	205,760	316,760	313,495	-	3,265
Total Staff	<u>876,851</u>	<u>999,291</u>	<u>959,723</u>	<u>447</u>	<u>39,121</u>

CENTRAL SERVICES

Operation and maintenance of plant	7,167,977	6,880,901	6,240,468	357,522	282,911
Central data processing	322,814	246,087	145,722	32,700	67,665
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Central Services	7,490,791	7,126,988	6,386,190	390,222	350,576

SPECIAL ITEMS

Unallocated insurance	399,952	356,319	355,319	-	1,000
Judgment and claims	16,000	151,000	92,500	45,000	13,500
Assessments on school property	108,337	109,649	109,649	-	-
Refunds on real property taxes	-	384,769	362,473	-	22,296
Administrative charge - BOCES	559,467	562,783	562,783	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Special Items	1,083,756	1,564,520	1,482,724	45,000	36,796
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Support	10,926,167	11,246,736	10,307,578	471,649	467,509

INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	1,894,942	1,560,452	1,494,364	16,755	49,333
Supervision - Regular school	2,383,215	2,340,594	2,302,959	4,252	33,383
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Instruction, Administration and Improvement	4,278,157	3,901,046	3,797,323	21,007	82,716
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TEACHING - REGULAR SCHOOL	28,379,242	27,728,132	27,361,262	120,639	246,231
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
PROGRAMS FOR STUDENTS WITH DISABILITIES	14,009,703	13,941,280	13,911,327	400	29,553
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
PROGRAMS FOR ENGLISH AND DUAL LANGUAGE LEARNERS	1,267,979	1,334,546	1,331,373	-	3,173
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
OCCUPATIONAL EDUCATION	509,092	439,092	399,092	-	40,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TEACHING - SPECIAL SCHOOLS	83,994	83,452	46,111	-	37,341

(Continued)

South Orangetown Central School District, New York

General Fund

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

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
INSTRUCTION (Continued)					
<i>INSTRUCTIONAL MEDIA</i>					
School library and audiovisual	\$ 709,503	\$ 697,013	\$ 685,483	\$ -	\$ 11,530
Computer assisted instruction	3,754,293	4,080,738	3,364,487	617,460	98,791
Total Instructional Media	4,463,796	4,777,751	4,049,970	617,460	110,321
<i>PUPIL SERVICES</i>					
Guidance - Regular school	1,382,953	1,493,075	1,482,141	-	10,934
Health services - Regular school	649,205	655,684	577,594	-	78,090
Psychological services - Regular school	857,083	869,366	861,726	-	7,640
Social work services - Regular school	315,761	321,794	321,794	-	-
Co-curricular activities - Regular school	447,543	489,260	466,443	-	22,817
Interscholastic athletics - Regular school	1,461,363	1,489,014	1,470,606	-	18,408
Total Pupil Services	5,113,908	5,318,193	5,180,304	-	137,889
Total Instruction	58,105,871	57,523,492	56,076,762	759,506	687,224
PUPIL TRANSPORTATION					
District transportation services	178,353	192,078	181,847	-	10,231
Transportation from BOCES	850,000	826,430	816,430	-	10,000
Contract and public carrier transportation	3,965,954	4,171,884	4,132,069	-	39,815
Total Pupil Transportation	4,994,307	5,190,392	5,130,346	-	60,046
COMMUNITY SERVICES					
Teachers	122,258	121,342	111,181	-	10,161

EMPLOYEE BENEFITS

State retirement	810,855	810,855	613,119	-	197,736
Teachers' retirement	4,453,306	4,453,306	4,379,614	-	73,692
Social security	3,685,028	3,685,028	3,488,828	-	196,200
Hospital, medical and dental insurance	14,908,947	14,871,290	14,560,396	-	310,894
Workers' compensation benefits	127,609	127,609	119,533	-	8,076
Life insurance	30,000	26,558	16,524	-	10,034
Unemployment benefits	25,000	75,000	3,163	-	71,837
Disability insurance	20,000	19,923	11,750	-	8,173
Union welfare benefits	115,111	115,111	85,315	-	29,796
Other benefits	102,100	269,160	202,995	-	66,165
Total Employee Benefits	24,277,956	24,453,840	23,481,237	-	972,603

DEBT SERVICE

Principal					
Leases	-	354,878	354,878	-	-
Interest					
Leases	-	13,098	13,098	-	-
Total Debt Service	-	367,976	367,976	-	-

TOTAL EXPENDITURES

98,426,559	98,903,778	95,475,080	1,231,155	2,197,543
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OTHER FINANCING USES

Transfers out					
School Lunch Fund	-	5,000	4,850	-	150
Special Aid Fund	100,000	95,000	90,898	-	4,102
Debt Service Fund	2,109,975	2,067,525	2,067,525	-	-
Capital Projects Fund	2,000,000	2,000,000	2,000,000	-	-
TOTAL OTHER FINANCING USES	4,209,975	4,167,525	4,163,273	-	4,252

**TOTAL EXPENDITURES AND
OTHER FINANCING USES**

\$ 102,636,534	\$ 103,071,303	\$ 99,638,353	\$ 1,231,155	\$ 2,201,795
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See independent auditors' report.

South Orangetown Central School District, New York

Capital Projects Fund
 Project-Length Schedule
 Inception of Project Through June 30, 2023

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
2018-19 Minor Capital Project	\$ 1,455,739	\$ 718,369	\$ -	\$ 718,369
2021-22 Minor Capital Project	4,185,472	1,049,711	2,989,734	4,039,445
Smart School Bond	1,029,143	94,800	-	94,800
2022-23 District Wide Renovations	49,932,000	221,500	1,458,385	1,679,885
2022-23 Minor Capital Project	2,061,413	-	310,870	310,870
2022-23 Playground Project Elementary School	<u>310,496</u>	<u>-</u>	<u>117,219</u>	<u>117,219</u>
Totals	<u>\$ 58,974,263</u>	<u>\$ 2,084,380</u>	<u>\$ 4,876,208</u>	<u>\$ 6,960,588</u>

See independent auditors' report.

Unexpended Balance	Methods of Financing			Fund Balance (Deficit) at June 30, 2023
	Interfund Transfers	Other	Total	
\$ 737,370	\$ 1,455,739	\$ -	\$ 1,455,739	\$ 737,370
146,027	3,866,418	28,120	3,894,538	(144,907)
934,343	-	-	-	(94,800)
48,252,115	18,000,000	579,367	18,579,367	16,899,482
1,750,543	2,000,000	61,413	2,061,413	1,750,543
<u>193,277</u>	<u>117,219</u>	<u>-</u>	<u>117,219</u>	<u>-</u>
<u>\$ 52,013,675</u>	<u>\$ 25,439,376</u>	<u>\$ 668,900</u>	<u>\$ 26,108,276</u>	<u>\$ 19,147,688</u>

South Orangetown Central School District, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2023

	School Lunch	Special Purpose	Total Non-Major Governmental Funds
ASSETS			
Cash and equivalents	\$ 427,605	\$ 313,306	\$ 740,911
Receivables			
State and Federal aid	26,450	-	26,450
Due from other governments	3,758	-	3,758
	<u>30,208</u>	<u>-</u>	<u>30,208</u>
Inventories	19,280	-	19,280
Total Assets	<u>\$ 477,093</u>	<u>\$ 313,306</u>	<u>\$ 790,399</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 60,252	\$ 1,988	\$ 62,240
Due to other funds	9,877	586	10,463
Due to other governments	100	-	100
Unearned revenues	59,403	-	59,403
Total Liabilities	<u>129,632</u>	<u>2,574</u>	<u>132,206</u>
Fund balances			
Nonspendable	19,280	-	19,280
Restricted	-	310,732	310,732
Assigned	328,181	-	328,181
Total Fund Balances	<u>347,461</u>	<u>310,732</u>	<u>658,193</u>
Total Liabilities and Fund Balances	<u>\$ 477,093</u>	<u>\$ 313,306</u>	<u>\$ 790,399</u>

See independent auditors' report.

South Orangetown Central School District, New York

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	School Lunch	Special Purpose	Total Non-Major Governmental Funds
REVENUES			
Use of money and property	\$ -	\$ 1,712	\$ 1,712
State aid	13,647	-	13,647
Federal aid	618,313	-	618,313
Food sales	543,353	-	543,353
Miscellaneous	18	485,631	485,649
	<u>1,175,331</u>	<u>487,343</u>	<u>1,662,674</u>
EXPENDITURES			
Current			
Cost of food sales	1,132,236	-	1,132,236
Other	-	471,533	471,533
	<u>1,132,236</u>	<u>471,533</u>	<u>1,603,769</u>
	<u>43,095</u>	<u>15,810</u>	<u>58,905</u>
OTHER FINANCING SOURCES			
Transfers in	4,850	-	4,850
	<u>47,945</u>	<u>15,810</u>	<u>63,755</u>
FUND BALANCES			
Beginning of Year, as Reported	299,516	-	299,516
Prior Period Adjustment	-	294,922	294,922
Beginning of Year, as Restated	<u>299,516</u>	<u>294,922</u>	<u>594,438</u>
End of Year	<u>\$ 347,461</u>	<u>\$ 310,732</u>	<u>\$ 658,193</u>

See independent auditors' report.

South Orangetown Central School District, New York

General Fund
Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2023

Adopted Budget	\$ 101,554,865
Additions - Encumbrances	<u>1,081,669</u>
Original Budget	102,636,534
Budget Amendments	<u>434,769</u>
Final Budget	<u><u>\$ 103,071,303</u></u>

General Fund
Section 1318 of Real Property Tax Law Limit Calculation

2023-24 Expenditure Budget \$ 108,815,021

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

Unrestricted fund balance

Assigned fund balance \$ 2,931,155

Unassigned fund balance 4,352,601

Total Unrestricted Fund Balance 7,283,756

Less

Appropriated for subsequent year's budget 1,700,000

Encumbrances 1,231,155

Total Adjustments 2,931,155

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

\$ 4,352,601

Actual Percentage

4.00%

See independent auditors' report.

South Orangetown Central School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2023

Capital Assets, net		\$ 63,192,011
Less		
Bonds payable	\$ (6,810,000)	
Leases payable	(442,597)	
Unamortized portion of issuance premium on bonds	<u>(753,292)</u>	(8,005,889)
Plus		
Unamortized portion of loss on refunding bonds		<u>102,246</u>
Net Investment in Capital Assets		<u>\$ 55,288,368</u>

See independent auditors' report.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the South Orangetown Central School District, New York ("School District") as of and for the year ended June 30, 2023, 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 September 27, 2023.

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

September 27, 2023



**Report on Compliance For Each Major Federal Program and Report
on Internal Control Over Compliance Required by
the Uniform Guidance**

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the South Orangetown Central School District, New York's ("School District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a

material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 27, 2023

South Orangetown Central School District, New York

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 34,561
National School Lunch Program - Commodities	10.555	N/A	-	116,214
National School Lunch Program - Cash	10.555	N/A	-	467,538
Subtotal Child Nutrition Cluster			-	618,313
Total U.S. Department of Agriculture			-	618,313
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-0770	-	643,886
Special Education - Grants to States (ARP Supplemental 611)	84.027X	5532-22-0770	-	116,744
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-23-0770	-	35,000
Special Education - Preschool Grants (ARP Supplemental 619)	84.173X	5533-22-0770	-	15,587
Subtotal Special Education Cluster			-	811,217
Title I Grants to Local Educational Agencies	84.010	0021-22-2550	-	10,904
Title I Grants to Local Educational Agencies	84.010	0021-23-2550	-	296,844
			-	307,748
Title II, Improving Teacher Quality State Grants	84.367	0147-22-2550	-	53,682
Title II, Improving Teacher Quality State Grants	84.367	0147-23-2550	-	19,223
			-	72,905
Title III Part A, LEP	84.365	0293-23-2550	-	16,216
Title III Immigrant Children and Youth	84.365A	0149-22-2250	-	4,808
Supporting Effective Instruction State Grant	84.367	0204-22-2550	-	4,943
Supporting Effective Instruction State Grant	84.367	0204-23-2550	-	5,601
			-	10,544
Governor's Emergency Education Relief (GEER) Fund Coronavirus Resonse and Relief Supplemental App Elementary and Secondary School Emergency Relief (CRRSA ESSER)	84.425C	5896-21-2250	-	91,605
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425D	5891-21-2550	-	1,306,804
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	5880-21-2550	-	226,093
American Rescue Plan Homeless Children and Youth Fund	84.425W	5218-21-2250	-	5,500
			-	1,630,002
Total U.S. Department of Education			-	2,853,440
<u>U.S. Department of Health and Human Services</u>				
Indirect Programs - Passed through Rockland County				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	N/A	-	331,548
Total Expenditures of Federal Awards			\$ -	\$ 3,803,301

N/A - Information not available

The accompanying notes are an integral part of this schedule.

South Orangetown Central School District, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the South Orangetown Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2023. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

South Orangetown Central School District, New York

Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ Yes X No
 ___ Yes X None reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ Yes X No
 ___ Yes X None reported

Type of auditors' report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

___ Yes X No

Identification of major federal programs:

Assistance

Listing Number(s)

Name of Federal Program or Cluster

<u>Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Special Education Cluster (IDEA):
84.027	Special Education – Grants to States
84.027X	Special Education – Grants to States (ARP Supplemental 611)
84.173	Special Education – Preschool Grants
84.173X	Special Education – Preschool Grants (ARP Supplemental 619)
84.425C	Governor's Emergency Education Relief (GEER) Fund Coronavirus Response and Relief Supplemental App
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund (CARES)
84.425U	American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund
84.425W	American Rescue Plan Homeless Children and Youth Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X Yes ___ No

South Orangetown Central School District, New York

Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2023

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

South Orangetown Central School District, New York

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

None