

**SMITHTOWN CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

SMITHTOWN CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Smithtown Central School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Smithtown Central School District (the "District") as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the District, as of June 30, 2025, and the respective changes in financial position for the fiscal 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, during the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 the management's discussion and analysis, budgetary comparison information, schedule of District's proportionate share of the net pension asset/(liability), schedule of District's pension contributions, and schedule of changes in District's total other post-employment benefits liability and related ratios on pages 1 through 16 and 72 through 77, 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 District's basic financial statements. The other supplementary information as listed in the table of contents is 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 other supplementary financial information is 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 29, 2025 on our consideration of the 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 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 District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
September 29, 2025

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The following is a discussion and analysis of the Smithtown Central School District’s (the “District”) financial performance for the fiscal year ended June 30, 2025. This section is a summary of the District’s financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District’s financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

- On the District-Wide Financial Statements, revenues increased by 1.00% mainly due to increases in real property taxes and miscellaneous revenues, partially offset by decreases in operating grants and contributions, state sources, and use of money and property.
- On the District-Wide Financial Statements, expenses decreased by 1.76% primarily due to decreases in instruction and debt service-interest, partially offset by increases in general support, pupil transportation, and food service program. The decrease in instruction was primarily related to the pension systems and other post-employment benefits obligation actuarial valuations, with the majority of the associated expense being allocated to this function.
- The District’s total net deficit, as reflected in the District-Wide Financial Statements, increased by \$2,588,949 to a total deficit of \$208,539,640.
- On the Fund Financial Statements, the District’s fund balance in the general fund decreased by \$7,954,274 due to expenditures and other financing uses exceeding revenues and other financing sources based on the modified accrual basis of accounting.
- On May 20, 2025, the proposed 2025-2026 general fund budget in the amount of \$294,998,455 was authorized by the District’s residents. This is an increase of \$5,045,467 or 1.74% over the previous year’s budget. The increase was primarily due to an increase in personnel costs, employee benefits, instruction, and special education costs.
- The District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* (GASB 101), effective July 1, 2024. See the accompanying notes to financial statements for additional information.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management’s discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

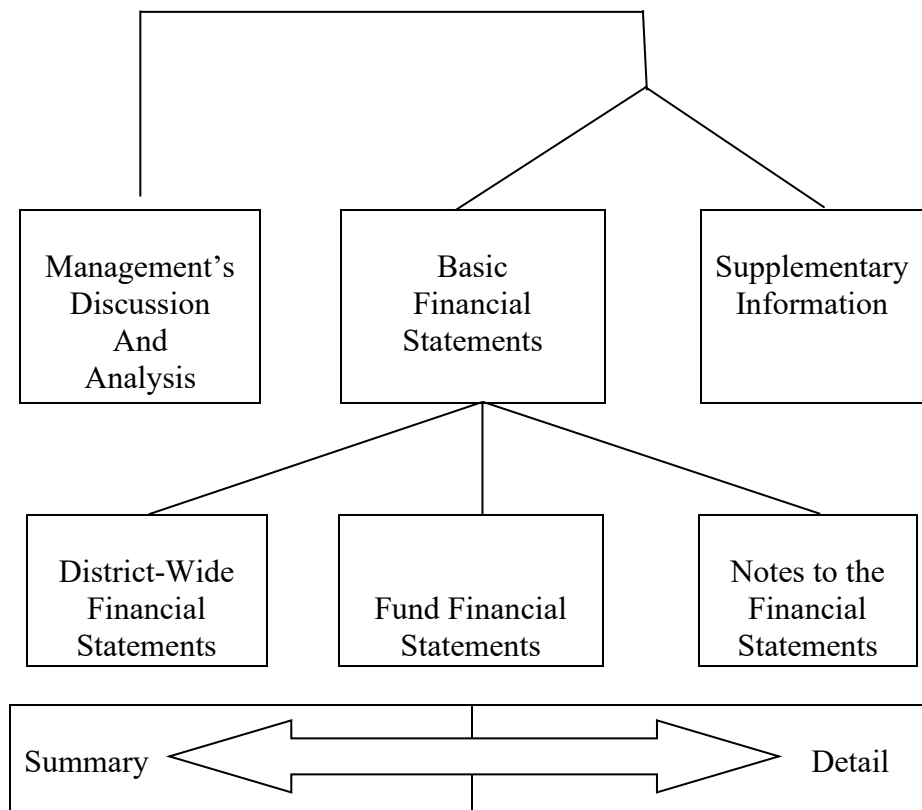
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
- *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others, including the employees of District.

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. The following Table shows how the various parts of this annual report are arranged and related to one another.

Organization of the District’s Annual Financial Report



The following Table summarizes the major features of the District’s basic financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets, intangible lease assets, or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any), both short-term and long-term; these funds do not currently contain capital assets or intangible lease assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

A) District-Wide Financial Statements:

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two District-Wide Financial Statements report the District's net position and how they have changed. Net position, the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the financial health or position of the District.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase, finance, or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation and amortization are not calculated as it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term debt are all accounted for in account groups and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation and amortization to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- *Unrestricted net position* includes net amounts that do not meet any of the above restrictions.

B) Fund Financial Statements:

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental Fund Financial Statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary fund:* The District is the trustee or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This fund reports certain retiree benefits offered to retirees through Section 41(j) of the New York Retirement and Social Security Law (RSSL), as well as employee flex spending accounts administered by a third party.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position:

The District's total net deficit increased by \$2,588,949 in the fiscal year ended June 30, 2025, as detailed below.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	Total Percentage Change
Current assets	\$84,726,216	\$116,534,765	(\$31,808,549)	(27.30%)
Non-current assets	210,802,019	180,067,409	30,734,610	17.07%
Total Assets	295,528,235	296,602,174	(1,073,939)	(0.36%)
Deferred outflows of resources	99,474,389	134,351,476	(34,877,087)	(25.96%)
Total Assets and Deferred Outflows of Resources	395,002,624	430,953,650	(35,951,026)	(8.34%)
Current liabilities	24,158,426	29,968,899	(5,810,473)	(19.39%)
Long-term liabilities	436,794,768	485,797,370	(49,002,602)	(10.09%)
Total Liabilities	460,953,194	515,766,269	(54,813,075)	(10.63%)
Deferred inflows of resources	142,589,070	121,138,072	21,450,998	17.71%
Total Liabilities and Deferred Inflows of Resources	603,542,264	636,904,341	(33,362,077)	(5.24%)
Net Position (deficit)				
Net investment in capital assets	129,604,896	117,036,287	12,568,609	10.74%
Restricted	71,238,999	38,728,190	32,510,809	83.95%
Unrestricted (deficit)	(409,383,535)	(361,715,168)	(47,668,367)	(13.18%)
Total Net Position (deficit)	(\$208,539,640)	(\$205,950,691)	(\$2,588,949)	(1.26%)

Current assets decreased by \$31,808,549 from prior year primarily due to a decrease in cash and cash equivalents in the capital fund due to capital outlay in the current year. Non-current assets increased by \$30,734,610. This was attributable to current year capital asset and intangible lease asset additions (primarily due to ongoing construction in progress on capital projects), as well as an increase in net pension asset – proportionate share – teachers' retirement system.

The change in deferred outflows of resources represents amortization of the deferred amounts on refundings as discussed in Note 14, amortization of pension-related items, as well as the amortization of deferred outflows for other post-employment benefits obligation, as discussed in the accompanying notes to financial statements.

Current liabilities decreased by \$5,810,473. This was primarily attributable to an decrease in accounts payable, partially offset by an increase in due to teachers' retirement system. Long-term liabilities decreased by \$49,002,602, which was primarily attributable to decreases in bonds payable and total other post-employment benefits obligation – SSEHP, as well as the net proportionate share of the Teachers' Retirement System, which changed from a liability to an asset in the current fiscal year.

The change in deferred inflows of resources represents current year lease principal revenue received, amortization of pension related items and the amortization of deferred inflows related to other post-employment benefits obligation, as discussed in the accompanying notes to financial statements.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The net investment in capital assets relates to the investment in capital assets (at cost) and intangible lease assets (at the present value of future lease payments remaining on the lease term) such as land, construction in progress, buildings and improvements, and furniture and equipment, net of accumulated depreciation, amortization, and related debt. This number increased from the prior year by \$12,568,609 due to the current year capital asset and intangible lease asset additions exceeding current year depreciation and amortization expense.

The restricted net position at June 30, 2025 increased by \$32,510,809, which was primarily due to the impact of the District's teachers' retirement system (TRS) proportionate share, which changed from a liability to an asset in the current fiscal year. The recognition of this asset, together with related deferred outflows and inflows, resulted in an increase to restricted fund balance of \$17,564,344. This increase was partially offset by decreases in the District's reserves, specifically the employee benefits accrued liability reserve, employees' retirement system (ERS) reserve, teachers' retirement system (TRS) reserve, workers' compensation reserve, and insurance reserve, which were utilized during the year.

The unrestricted net deficit at June 30, 2025 of \$409,383,535 relates to the balance of the District's net position. The unrestricted (deficit) increased by \$47,668,367.

B) Changes in Net Position:

The results of operations as a whole are reported in the Statement of Activities. A summary of this Statement for the years ended June 30, 2025 and 2024 is as follows:

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Change in Net Position from Operating Results

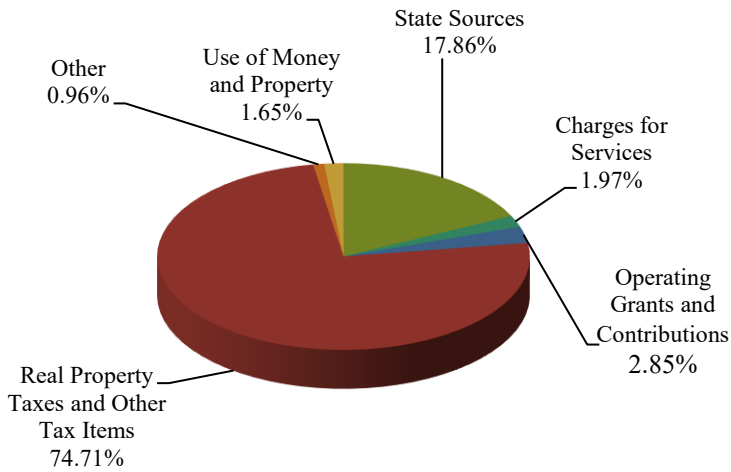
	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for services	\$5,829,009	\$5,706,944	\$122,065	2.14%
Operating grants and contributions	8,419,978	9,756,924	(1,336,946)	(13.70%)
General Revenues				
Real property taxes and other tax items	220,765,363	214,324,687	6,440,676	3.01%
State sources	52,778,919	54,220,597	(1,441,678)	(2.66%)
Use of money and property	4,873,159	6,619,618	(1,746,459)	(26.38%)
Other	2,838,132	1,964,202	873,930	44.49%
Total Revenues	<u>295,504,560</u>	<u>292,592,972</u>	<u>2,911,588</u>	1.00%
Expenses				
General support	35,212,515	34,661,461	551,054	1.59%
Instruction	234,008,033	241,158,315	(7,150,282)	(2.96%)
Pupil transportation	21,289,898	20,509,767	780,131	3.80%
Debt service - interest	3,986,729	4,182,777	(196,048)	(4.69%)
Food service program	3,596,334	2,923,018	673,316	23.03%
Total Expenses	<u>298,093,509</u>	<u>303,435,338</u>	<u>(5,341,829)</u>	(1.76%)
Total Change in Net Position	<u>(2,588,949)</u>	<u>(10,842,366)</u>	<u>\$8,253,417</u>	(76.12%)

The District's fiscal year 2025 revenues totaled \$295,504,560. Real property taxes (including other tax items) and state sources accounted for most of the District's revenue by contributing 74.71% and 17.86%, respectively of total revenues. The remainder came from fees charged for services, operating grants and contributions, use of money and property, and other miscellaneous sources. Total revenues increased by \$2,911,588 or 1.00%. This was attributable to increases in real property taxes and other tax items and other miscellaneous revenues, partially offset by a decrease in operating grants and contributions, state sources, and use of money and property.

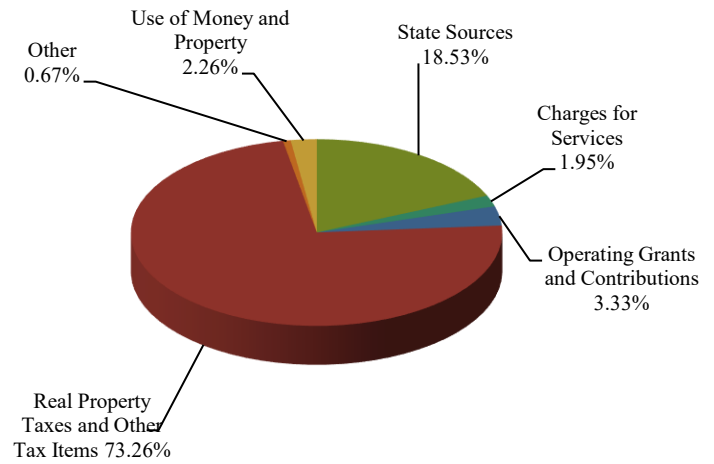
The cost of all programs and services totaled \$298,093,509 for fiscal year 2025. These expenditures are predominantly related to instruction, which account for 78.50% of District expenses. The District's general support activities accounted for 11.81% of total costs. Total expenses decreased by \$5,341,829, or 1.76%. This was primarily attributable to a decrease in instruction expenses, which was primarily the result of the current year's actuarial valuations for pensions and total other post-employment benefits obligation, which resulted in decreases to these long-term liabilities.

SMITHTOWN CENTRAL SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

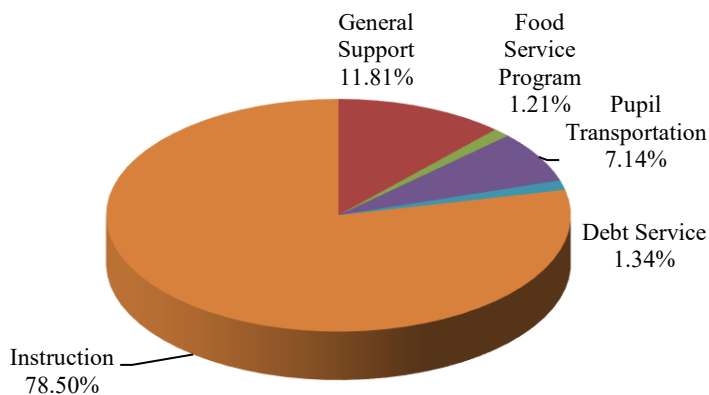
Revenues for Fiscal Year 2025



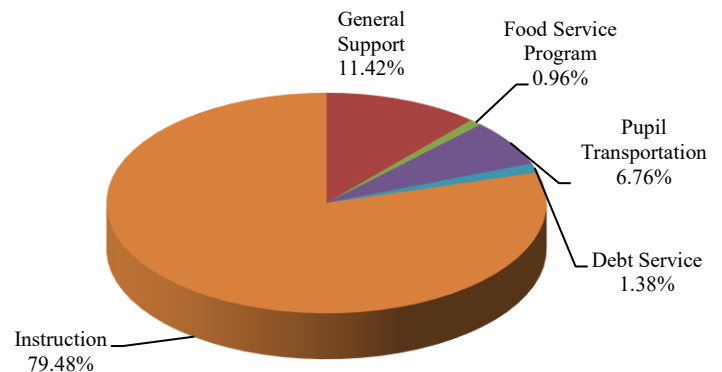
Revenues for Fiscal Year 2024



Expenses for Fiscal Year 2025



Expenses for Fiscal Year 2024



**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the Governmental Fund Financial Statements are not the same as variances between years for the District-Wide Financial Statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, intangible lease assets, and the current payments for debt.

As of June 30, 2025, the District's combined governmental funds reported a total fund balance of \$56,772,158, which is a decrease of \$26,021,174 from the prior year.

A summary of the changes in fund balance for all funds are as follows:

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	Total Percentage Change
General Fund				
Nonspendable	\$110,329	\$112,811	\$ (2,482)	(2.20%)
Restricted for employee benefit accrued liability	11,546,632	12,385,801	(839,169)	(6.78%)
Restricted for retirement contribution - ERS	7,497,115	10,212,023	(2,714,908)	(26.59%)
Restricted for retirement contribution - TRS	6,645,512	7,504,029	(858,517)	(11.44%)
Restricted for workers' compensation	1,722,290	2,093,167	(370,877)	(17.72%)
Restricted for liability	682,269	652,158	30,111	4.62%
Restricted for insurance	1,331,599	1,723,748	(392,149)	(22.75%)
Restricted for capital	1,558,453	1,489,671	68,782	4.62%
Restricted for unemployment insurance	36,970	47,035	(10,065)	(21.40%)
Assigned for general support	964,380	3,986,017	(3,021,637)	(75.81%)
Assigned for instruction	78,480	236,299	(157,819)	(66.79%)
Assigned - appropriated for subsequent years expenditures	1,500,000	1,500,000	-	0.00%
Unassigned	11,799,009	11,484,553	314,456	2.74%
Total Fund Balance - General Fund	<u>45,473,038</u>	<u>53,427,312</u>	<u>(7,954,274)</u>	(14.89%)
School Lunch Fund				
Nonspendable: inventory	77,914	92,002	(14,088)	(15.31%)
Assigned - unappropriated	985,819	1,440,387	(454,568)	(31.56%)
Total Fund Balance - School Lunch Fund	<u>1,063,733</u>	<u>1,532,389</u>	<u>(468,656)</u>	(30.58%)
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	109,235	107,558	1,677	1.56%
Assigned - extracurricular activities	454,657	374,999	79,658	21.24%
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>563,892</u>	<u>482,557</u>	<u>81,335</u>	16.86%
Capital Projects Fund				
Restricted for capital projects	2,439,728	2,513,000	(73,272)	(2.92%)
Unspent bond proceeds	7,431,201	24,838,074	(17,406,873)	(70.08%)
Unassigned (deficit)	(199,434)	-	(199,434)	N/A
Total Fund Balance - Capital Projects Fund	<u>9,671,495</u>	<u>27,351,074</u>	<u>(17,679,579)</u>	(64.64%)
Total Fund Balance - All Funds	<u>\$56,772,158</u>	<u>\$82,793,332</u>	<u>(\$26,021,174)</u>	(31.43%)

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The District can attribute changes to fund balances and reserves primarily due to operating results and Board and voter approved transfers.

A) General Fund:

The fund balance in the general fund decreased \$7,954,274, which is the result of expenditures and other financing uses of \$291,734,615 exceeding revenues and other financing sources of \$283,780,341.

A summary of changes in revenues, other financing sources, expenditures, and other financing uses for the general fund for the fiscal years ended June 30, 2025 and 2024 is as follows:

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	Total Percentage Change
Revenues				
Real property taxes	\$210,129,281	\$203,123,059	\$7,006,222	3.45%
Other tax items - including STAR	10,636,082	11,201,628	(565,546)	(5.05%)
Charges for services	2,603,164	2,489,155	114,009	4.58%
Use of money and property	4,799,869	6,525,705	(1,725,836)	(26.45%)
Forfeiture of deposits	14,623	100	14,523	14523.00%
Sale of property and compensation for loss	473,055	340,235	132,820	39.04%
Miscellaneous	1,751,805	1,144,196	607,609	53.10%
State sources	52,778,919	54,220,597	(1,441,678)	(2.66%)
Federal sources	173,623	187,714	(14,091)	(7.51%)
Total Revenues	<u>283,360,421</u>	<u>279,232,389</u>	<u>4,128,032</u>	1.48%
Other Financing Sources				
Premium on obligations	<u>419,920</u>	<u>291,816</u>	<u>128,104</u>	43.90%
Total Other Financing Sources	<u>419,920</u>	<u>291,816</u>	<u>128,104</u>	43.90%
Expenditures				
General support	28,904,566	27,210,203	1,694,363	6.23%
Instruction	162,081,593	156,203,099	5,878,494	3.76%
Pupil transportation	20,910,162	20,011,519	898,643	4.49%
Employee benefits	65,113,047	60,761,409	4,351,638	7.16%
Debt service - principal	8,982,353	9,172,762	(190,409)	(2.08%)
Debt service - interest	4,779,914	4,886,410	(106,496)	(2.18%)
Total Expenditures	<u>290,771,635</u>	<u>278,245,402</u>	<u>12,526,233</u>	4.50%
Other Financing Uses				
Operating transfers out	<u>962,980</u>	<u>3,339,459</u>	<u>(2,376,479)</u>	(71.16%)
Total Other Financing Uses	<u>962,980</u>	<u>3,339,459</u>	<u>(2,376,479)</u>	(71.16%)
Net Change in Fund Balances	<u>(\$7,954,274)</u>	<u>(\$2,060,656)</u>	<u>(\$5,893,618)</u>	286.01%

Revenues increased when compared to the prior year, primarily due to the following:

- Real property taxes increased due to a rise in the tax levy in accordance with the 2024-2025 voter approved budget.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- Miscellaneous other revenues increased primarily due to an increase in BOCES surplus revenue.
- Revenues from state sources decreased due to a decrease in general aid, partially offset by increases in excess cost aid and lottery aid.

Expenditures increased when compared to the prior year, primarily due to the following:

- Instruction increased due to salary increases.
- Employee benefits increased due to higher premium costs for medical insurance and increases in expenditures for employees' retirement system, teachers' retirement system, and workers' compensation.

The following is a summary of the general fund's restricted fund balance activity for the fiscal year ended June 30, 2025:

	Beginning Balance	Funding	Interest	Use	Ending Balance
Employee benefit accrued liability	\$12,385,801		\$571,889	(\$1,411,058)	\$11,546,632
Retirement contribution					
Employees' retirement system	10,212,023	\$450,000	471,520	(3,636,428)	7,497,115
Teachers' retirement system	7,504,029	1,560,000	346,483	(2,765,000)	6,645,512
Workers compensation	2,093,167	100,000	96,648	(567,525)	1,722,290
Liability	652,158		30,111		682,269
Insurance	1,723,748		79,590	(471,739)	1,331,599
Capital projects	1,489,671		68,782		1,558,453
Unemployment insurance	47,035		2,172	(12,237)	36,970
Total Restricted Fund Balance	<u>\$36,107,632</u>	<u>\$2,110,000</u>	<u>\$1,667,195</u>	<u>(\$8,863,987)</u>	<u>\$31,020,840</u>

B) Special Aid Fund:

The fund balance in the special aid fund remained at \$0, as revenues and expenditures are recognized in equal amounts each year. Expenditures consist primarily of reimbursable grant programs, as well as transfers from the general fund for summer school handicap non-aidable costs, and the basic contribution amount for Section 4201.

C) School Lunch Fund:

The fund balance in the school lunch fund decreased by \$468,656. This decrease is due to cost of sales of \$3,567,463 exceeding revenues and other financing sources of \$3,098,807. The cost of sales included expenditures in the amount of \$493,000 for the supply and install of serving line equipment at High School West. This purchase was a planned spend down of fund balance.

D) Miscellaneous Special Revenue Fund:

The fund balance in the miscellaneous special revenue fund increased by \$81,335. This increase is primarily due to revenues for extraclassroom activities and scholarship donations and interest earnings exceeding expenditures for extraclassroom activities and scholarship awards.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

E) Capital Projects Fund:

The fund balance in the capital projects fund decreased by \$17,679,579. This decrease is due to the current year's capital outlay. The capital fund expenditures were a planned spend down of fund balance, as bond proceeds are being utilized for approved projects in connection with a \$120 million bond referendum that was approved by voters on September 28, 2021.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2024-2025 Budget:

The District's general fund adopted budget for the year ended June 30, 2025 was \$289,952,988. This amount was increased by encumbrances carried forward from the prior year in the amount of \$4,222,316 and budget revisions in the amount of \$1,242,559, which resulted in a final budget of \$295,417,863. The majority of the funding was real property taxes and other tax items of \$220,463,112.

B) Change in General Fund's Unassigned Fund Balance (Budget to Actual):

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

Opening unassigned fund balance	\$11,484,553
Revenues and other financing sources over budget	2,948,781
Expenditures, other financing uses, and encumbrances under budget	2,640,388
Funding of reserves	(2,110,000)
Change in nonspendable	2,482
Interest allocated to reserves	(1,667,195)
Assigned, appropriated for June 30, 2026 budget	(1,500,000)
Closing unassigned fund balance	<u><u>\$11,799,009</u></u>

The opening unassigned fund balance of \$11,484,553 is the June 30, 2024 unassigned fund balance.

The revenues and other financing sources over budget in the amount of \$2,948,781 were primarily attributable to revenues over budget for use of money and property, miscellaneous revenues, and state sources (see Supplemental Schedule #1 for detail).

The expenditures, other financing uses, and encumbrances under budget in the amount of \$2,640,388 were primarily attributable to general support and instruction expenditures (see Supplemental Schedule #1 for detail).

The District funded the reserves in the amount of \$2,110,000 as detailed on page 12.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Interest of \$1,667,195 was allocated to the reserves as detailed on page 12.

The District had the following budget revisions approved for a net increase of \$1,242,559 to the 2024-2025 budget for the cost of expenditures from the related reserves: employee benefits accrued liability reserve in the amount of \$641,058, unemployment reserve for \$12,237, insurance reserve for \$21,739, and workers' compensation reserve for \$567,525. These budget revisions resulted in no net effect on ending unassigned fund balance.

The assigned, appropriated fund balance of \$1,500,000 at June 30, 2025 is the amount the District has chosen to use to partially fund its operating budget for 2025-2026.

The District closed the 2024-2025 fiscal year with \$11,799,009 in unassigned fund balance. NYS Real Property Tax Law § 1318 restricts this number to an amount not greater than 4% of the District's budget for the ensuing fiscal year. The District's unassigned fund balance is within the legal limit.

6. CAPITAL ASSETS, INTANGIBLE LEASE ASSETS, DEBT ADMINISTRATION, AND OTHER LONG-TERM LIABILITIES

A) Capital Assets and Intangible Lease Assets:

The District paid for furniture and equipment, vehicles, and various additions and renovations during fiscal year 2025. A summary of the District's capital assets, net of depreciation is as follows:

Category	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percentage Change
Land	\$1,079,177	\$1,079,177	\$ -	0.00%
Construction in progress	50,828,646	40,161,924	10,666,722	26.56%
Buildings and building improvements	261,252,412	254,239,556	7,012,856	2.76%
Land improvement	7,996,852	7,954,537	42,315	0.53%
Furniture and equipment	9,841,525	13,661,843	(3,820,318)	(27.96%)
Vehicles	2,137,906	2,095,097	42,809	2.04%
Subtotal	333,136,518	319,192,134	13,944,384	4.37%
Less: Accumulated Depreciation	143,528,107	142,608,986	919,121	0.64%
Total Net Capital Assets, Net	\$189,608,411	\$176,583,148	\$13,025,263	7.38%
Intangible Lease Assets, Net	\$3,207,711	\$2,655,371	\$552,340	20.80%

Depreciation expense and loss on disposals was \$5,019,505 and amortization expense was \$989,256 for fiscal year ended June 30, 2025. See the accompanying notes to financial statements for additional detail.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

B) Long-Term Debt:

At June 30, 2025, the District had bonds payable inclusive of premiums of \$56,131,580, lease liability of \$38,184, and energy performance contract payable of \$13,516,734. The decrease in serial bonds is due to principal payments made on all serial bonds throughout the fiscal year. The decreases in energy performance contract payable is due to principal payments made during the year. The decrease in lease liability is due to principal payments made on lease liability. More detailed information about the District's long-term debt is presented in the accompanying notes to financial statements.

A summary of outstanding debt at June 30, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease)
Serial bonds (inclusive of unamortized premiums)	\$56,131,580	\$64,031,241	(\$7,899,661)
Lease liability	38,184	88,275	(50,091)
Energy performance contract payable	13,516,734	15,378,996	(1,862,262)
Total	<u>\$69,686,498</u>	<u>\$79,498,512</u>	<u>(\$9,812,014)</u>

C) Other Long-Term Liabilities:

A summary of the other long-term liabilities at June 30, 2025 and 2024 is as follows:

	2025	As Restated 2024	Increase (Decrease)
Compensated absences payable	\$ 24,292,193	\$ 24,218,614	\$ 73,579
Retirement incentive payable	2,234,600	1,927,200	307,400
Workers' compensation claims payable	2,701,153	2,853,618	(152,465)
Net pension liabilities - proportionate share ERS employees' retirement system	11,533,865	11,397,318	
Net pension liabilities - proportionate share TRS teachers' retirement system	-	6,883,095	(6,883,095)
Total other post-employment benefits obligation	<u>326,346,459</u>	<u>359,019,013</u>	<u>(32,672,554)</u>
	<u>\$ 367,108,270</u>	<u>\$ 406,298,858</u>	<u>\$ (39,190,588)</u>

The decrease in other long-term liabilities is primarily due to changes in actuarial valuations for pensions and total other post-employment benefits obligation. More detailed information about the District's other long-term liabilities is presented in the accompanying notes to the financial statements.

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A) The general fund budget for the 2025-2026 school year was approved by the voters in the amount of \$294,998,455. This is an increase of \$5,045,467 or 1.74% over the previous year's budget. The increase was primarily due to an increase in personnel costs, employee benefits, instruction, and special education costs.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- B)** Future budgets may be negatively affected by certain trends impacting school districts. These factors include the following:
- Rising costs in employee salaries and health benefits, as well as contributions to pension programs.
 - Increased costs associated with meeting the requirements for instructional services.
 - Uncertainty with state and federal aid, including new state mandates that may bring changes to state aid formulas that could negatively impact school districts.
 - Rising inflation as well as interest rates, which can affect all areas of the budget.
 - The property tax cap as discussed below.
- C)** New York State law limits the increase in property taxes levied to the lesser of two percent, or the rate of inflation. The law does allow school districts to levy an additional amount for certain excludable expenditures. An override of the levy limit is also permitted. If the proposed tax levy is within the District's tax levy cap, then the budget is presented and approved by voters. If the proposed tax levy exceeds the District's tax levy cap, the threshold required for approval would be 60 percent of the vote.
- D)** The District plans to close on a \$55 million public improvement serial bond in November of 2025, but this timeline is subject to change. This will be the third borrowing related to a \$120 million bond referendum that was approved by voters on September 28, 2021 in connection with various District-wide capital improvements. The first borrowing, in the amount of \$37 million, occurred in October of 2022. The second borrowing, in the amount of \$28 million, in November of 2023. The bond referendum prioritizes safety and security, renovations and repairs to aging facilities, and continues to provide opportunities for student success.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Smithtown Central School District
Mr. Andrew Tobin
Assistant Superintendent for Finance & Operations
26 New York Avenue
Smithtown, New York 11787
(631) 382-2115

SMITHTOWN CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Current Assets

Cash and cash equivalents	
Unrestricted	\$28,842,125
Restricted	41,001,004
Receivables	
State and federal aid	8,577,278
Due from other governments	5,872,505
Accounts receivable	245,061
Prepaid expenditures	110,329
Inventory	77,914

Non Current Assets

Receivable within one year	
Lease receivable	407,337
Receivable after one year	
Lease receivable	14,216
Capital assets	
Not being depreciated	51,907,824
Being depreciated, net of accumulated depreciation	137,700,587
Intangible lease assets, net of accumulated amortization	3,207,711
Net pension asset - proportionate share - teachers' retirement system	17,564,344

TOTAL ASSETS

295,528,235

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on refundings	27,362
Pensions	49,243,912
Other post-employment benefits	50,203,115
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>99,474,389</u>

LIABILITIES

Payables

Accounts payable	5,061,047
Accrued liabilities	1,011,411
Due to other governments	2,941,164
Due to teachers' retirement system	12,329,834
Due to employees' retirement system	1,410,525
Due to fiduciary fund	27,166
Compensated absences payable	856,950
Other liabilities	64,580
Accrued interest payable	173,657

Unearned Credits

Collections in advance	282,092
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Long-term liabilities

Due and payable within one year	
Bonds payable (inclusive of premiums)	3,620,261
Lease liability	18,356
Energy performance contract payable	1,518,426
Compensated absences payable	577,355
Retirement incentive payable	819,400
Total other post-employment benefits obligation - NYSHIP	54,532
Total other post-employment benefits obligation - SSEHP	8,786,784
Due and payable after one year	
Bonds payable (inclusive of premiums)	52,511,319
Lease liability	19,828
Energy performance contract payable	11,998,308
Compensated absences payable	23,714,838
Retirement incentive payable	1,415,200
Workers' compensation claims payable	2,701,153
Net pension liability - proportionate share - employees' retirement system	11,533,865
Total other post-employment benefits obligation - NYSHIP	1,031,780
Total other post-employment benefits obligation - SSEHP	316,473,363

TOTAL LIABILITIES

460,953,194

DEFERRED INFLOWS OF RESOURCES

Leases	421,553
Pensions	22,790,676
Other post-employment benefits	119,376,841
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>142,589,070</u>

NET POSITION

Net investment in capital assets	129,604,896
Restricted	71,238,999
Unrestricted (deficit)	(409,383,535)

TOTAL NET POSITION (DEFICIT)

(\$208,539,640)

**SMITHTOWN CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

		Program Revenues		Net (Expense)
	Expenses	Charges for	Operating Grants	Revenue and
		Services	and Contributions	Changes in
FUNCTIONS / PROGRAMS				Net Position
General support	(\$35,212,515)			(\$35,212,515)
Instruction	(234,008,033)	\$3,900,974	\$6,244,217	(223,862,842)
Pupil transportation	(21,289,898)		1,114,253	(20,175,645)
Debt service-interest	(3,986,729)			(3,986,729)
Food service program	(3,596,334)	1,928,035	1,061,508	(606,791)
TOTAL FUNCTIONS AND PROGRAMS	<u>(\$298,093,509)</u>	<u>\$5,829,009</u>	<u>\$8,419,978</u>	<u>(283,844,522)</u>
GENERAL REVENUES				
Real property taxes				210,129,281
Other tax items - including STAR reimbursement				10,636,082
State sources				52,778,919
Use of money and property				4,873,159
Sale of property and compensation for loss				473,055
Miscellaneous				2,191,454
Medicaid reimbursement				173,623
TOTAL GENERAL REVENUES				<u>281,255,573</u>
CHANGE IN NET POSITION				(2,588,949)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				<u>(205,950,691)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR				<u>(\$208,539,640)</u>

**SMITHTOWN CENTRAL SCHOOL DISTRICT
BALANCE SHEET -- GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
ASSETS						
Cash and cash equivalents						
Unrestricted	\$25,856,116	\$340,343	\$1,326,832	\$454,657	\$864,177	\$28,842,125
Restricted	31,020,840			109,235	9,870,929	41,001,004
Receivables						
State and federal aid	5,847,555	2,674,789	54,934			8,577,278
Due from other governments	5,872,505					5,872,505
Due from other funds	3,116,236					3,116,236
Accounts receivable	243,069		1,992			245,061
Leases receivable	421,553					421,553
Prepaid expenditures	110,329					110,329
Inventory			77,914			77,914
TOTAL ASSETS	<u>\$72,488,203</u>	<u>\$3,015,132</u>	<u>\$1,461,672</u>	<u>\$563,892</u>	<u>\$10,735,106</u>	<u>\$88,264,005</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Payables						
Accounts payable	\$3,898,938	\$162,892	\$15,926		\$983,291	\$5,061,047
Accrued liabilities	1,009,280	0	2,131			1,011,411
Due to other governments	2,939,972	898	294			2,941,164
Due to other funds	27,166	2,851,342	184,574		80,320	3,143,402
Due to teachers' retirement system	12,329,834					12,329,834
Due to employees' retirement system	1,410,525					1,410,525
Compensated absences	856,950					856,950
Other liabilities	64,580					64,580
Unearned credits						
Collections in advance	87,870		194,222			282,092
TOTAL LIABILITIES	<u>22,625,115</u>	<u>3,015,132</u>	<u>397,147</u>	<u>-</u>	<u>1,063,611</u>	<u>27,101,005</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	3,968,497		792			3,969,289
Leases	421,553					421,553
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,390,050</u>	<u>-</u>	<u>792</u>	<u>-</u>	<u>-</u>	<u>4,390,842</u>
FUND BALANCES						
Nonspendable	110,329		77,914			188,243
Restricted						
Employee benefit accrued liability	11,546,632					11,546,632
Retirement contribution - ERS	7,497,115					7,497,115
Retirement contribution - TRS	6,645,512					6,645,512
Workers' compensation	1,722,290					1,722,290
Liability	682,269					682,269
Insurance	1,331,599					1,331,599
Capital projects	1,558,453				2,439,728	3,998,181
Unemployment insurance	36,970					36,970
Unspent bond proceeds					7,431,201	7,431,201
Scholarships and donations				\$109,235		109,235
Assigned						
Appropriated fund balance	1,500,000					1,500,000
Unappropriated fund balance	1,042,860		985,819	454,657		2,483,336
Unassigned	11,799,009				(199,434)	11,599,575
TOTAL FUND BALANCES	<u>45,473,038</u>	<u>-</u>	<u>1,063,733</u>	<u>563,892</u>	<u>9,671,495</u>	<u>56,772,158</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$72,488,203</u>	<u>\$3,015,132</u>	<u>\$1,461,672</u>	<u>\$563,892</u>	<u>\$10,735,106</u>	<u>\$88,264,005</u>

**SMITHTOWN CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Governmental Fund Balances	\$56,772,158
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred inflows of resources-The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method.

Unavailable revenue	3,969,289
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The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$333,136,519	
Accumulated depreciation	<u>(143,528,108)</u>	189,608,411

The cost of leasing assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those leased assets among the assets of the District as a whole, and their costs are amortized annually over their useful lives.

Cost of intangible lease assets	\$5,047,145	
Accumulated amortization	<u>(1,839,434)</u>	3,207,711

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and OPEB that will be recognized as expenditures in future periods amounted to

Deferred outflows related to pensions	\$49,243,912	
Deferred outflows related to total OPEB liability	<u>50,203,115</u>	99,447,027

Deferred inflows of resources- The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to pensions	(\$22,790,676)	
Deferred inflows related to total OPEB liability	<u>(119,376,841)</u>	(142,167,517)

Certain disbursements previously expended in the governmental funds relating to pensions are treated as long term assets and increase net position. The net pension asset-proportionate share at year-end for the teachers' retirement retirement system amounted to

17,564,344

The Statement of Net Position will amortize deferred amounts from bond refundings received over the life of the bond. Governmental funds record the deferred amounts in the year of issuance.

The balance on deferred charges from refundings at June 30, 2025 was

27,362

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of accrued interest on bonds and energy performance contracts.

(173,657)

Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of

Bonds payable (inclusive of premiums)	(\$56,131,580)	
Lease liability	(38,184)	
Energy performance contract payable	(13,516,734)	
Compensated absences payable	(24,292,193)	
Retirement incentive payable	(2,234,600)	
Workers' compensation claims payable	(2,701,153)	
Net pension liability - proportionate share (ERS)	(11,533,865)	
Total other post-employment benefits obligation	<u>(326,346,459)</u>	(436,794,768)

Total Net Position	<u><u>(\$208,539,640)</u></u>
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SMITHTOWN CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$210,129,281					\$210,129,281
Other tax items - including STAR reimbursement	10,636,082					10,636,082
Charges for services	2,603,164			\$1,332,049		3,935,213
Use of money and property	4,799,869		\$59,937	13,353		4,873,159
Forfeiture of deposits	14,623					14,623
Sale of property and compensation for loss	473,055					473,055
Miscellaneous	1,751,805		5,106	50,831		1,807,742
Local sources		\$1,200				1,200
State sources	52,778,919	\$4,409,847	30,376			57,219,142
Federal sources	173,623	2,896,592	822,763			3,892,978
Surplus food			208,369			208,369
Sales - school lunch			1,928,035			1,928,035
TOTAL REVENUES	283,360,421	7,307,639	3,054,586	1,396,233	-	295,118,879
EXPENDITURES						
General support	28,904,566					28,904,566
Instruction	162,081,593	8,226,398		1,314,898		171,622,889
Pupil transportation	20,910,162					20,910,162
Employee benefits	65,113,047					65,113,047
Debt service - principal	8,982,353					8,982,353
Debt service - interest	4,779,914					4,779,914
Cost of sales			3,567,463			3,567,463
Capital outlay					\$17,679,579	17,679,579
TOTAL EXPENDITURES	290,771,635	8,226,398	3,567,463	1,314,898	17,679,579	321,559,973
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,411,214)	(918,759)	(512,877)	81,335	(17,679,579)	(26,441,094)
OTHER FINANCING SOURCES AND (USES)						
Premium on obligations	419,920					419,920
Operating transfers in		918,759	44,221			962,980
Operating transfers (out)	(962,980)					(962,980)
TOTAL OTHER FINANCING SOURCES AND (USES)	(543,060)	918,759	44,221	-	-	419,920
NET CHANGE IN FUND BALANCES	(7,954,274)	-	(468,656)	81,335	(17,679,579)	(26,021,174)
FUND BALANCES - BEGINNING OF YEAR,	53,427,312	-	1,532,389	482,557	27,351,074	82,793,332
FUND BALANCES - END OF YEAR	\$45,473,038	\$ -	\$1,063,733	\$563,892	\$9,671,495	\$56,772,158

SMITHTOWN CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances (\$26,021,174)

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating expenses-compensated absences (vacation and sick days), are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences from June 30, 2024 to June 30, 2025 changed by (73,579)

Deferred inflows of resources - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. (34,239)

Workers' compensation claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Accrued workers' compensation claims payable from June 30, 2024 to June 30, 2025 changed by 152,465

Retirement incentive in the Statement of Activities is measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Retirement incentive payable from June 30, 2024 to June 30, 2025 changed by (307,400)

Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Other post-employment benefits obligation	(\$3,007,573)	
Employees' retirement system	1,471,696	
Teachers' retirement system	<u>1,877,714</u>	341,837

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

Capital outlays	\$18,044,768	
Depreciation expense and loss on disposals	<u>(5,019,505)</u>	13,025,263

Capital outlays related to leasing assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual amortization expense in the Statement of Activities.

Intangible lease capital outlays	\$1,541,596	
Amortization expense	<u>(989,256)</u>	552,340

Long-Term Debt Differences

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 7,070,000

Repayment of lease liability principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 50,091

Repayment of energy performance contract principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 1,862,262

Governmental funds may report premiums, discounts, and similar items on the refunded bonds as revenues or expenditures. These amounts are deferred and amortized in the Statement of Activities. Amortization for the fiscal year ended June 30, 2025 was

Amortization on bond premiums	\$829,661	
Amortization of deferred amounts on refundings	<u>(93,813)</u>	735,848

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statements of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2024 to June 30, 2025 changed by 57,337

Change in Net Position (\$2,588,949)

**SMITHTOWN CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025**

	<u>Custodial</u>
ASSETS	
Cash and cash equivalents - restricted	\$238,544
Due from governmental funds	27,166
TOTAL ASSETS	<u><u>\$265,710</u></u>
NET POSITION	
Restricted	\$265,710
TOTAL NET POSITION	<u><u>265,710</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$265,710</u></u>

**SMITHTOWN CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025**

	<u>Custodial</u>
ADDITIONS	
41J conversions for retiree benefits	\$117,963
Miscellaneous - flex benefits	373,880
TOTAL ADDITIONS	<u><u>491,843</u></u>
DEDUCTIONS	
41J disbursements for retiree benefits	102,479
Miscellaneous - flex benefits	380,171
TOTAL DEDUCTIONS	<u><u>482,650</u></u>
CHANGE IN NET POSITION	9,193
NET POSITION - BEGINNING OF YEAR	<u>256,517</u>
NET POSITION - END OF YEAR	<u><u>\$265,710</u></u>

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Smithtown Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

A) Reporting entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education (the “Board”) consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. The Board has authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District’s financial statements.

B) Joint venture:

The District is a component district in the Western Suffolk Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES is organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative, program, and capital costs is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

C) Basis of presentation:

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column includes capital-specific grants, if applicable.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Fund Financial Statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The District reports the following major governmental funds:

General Fund: This fund is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the activities of the District's food service operations. The school lunch operations are supported by federal and state grants and charges to participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations. Other activities included in this fund are extraclassroom activities.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund includes the custodial fund. This fund is custodial in nature. Assets are held by the District as a custodian. This fund reports certain retiree benefits offered to retirees through Section 41(j) of the New York Retirement and Social Security Law (RSSL), as well as employee flexible spending accounts administered by a third party.

D) Measurement focus and basis of accounting:

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 or economic resources. The basis of accounting indicates the timing of transaction or events for recognition in the financial statements.

The District-Wide and Fiduciary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on bonds payable, lease liability, energy performance contract payable, compensated absences payable, retirement incentive payable, claims and judgments, net pension liabilities, and total other post-employment benefits obligation, which are recognized as expenditures to the extent they have matured. Capital asset and intangible lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases with terms greater than one year are reported as other financing sources.

E) Real property taxes:

Calendar

Real property taxes are levied annually by the Board no later than October 1, and become a lien on December 1. The District's tax levy is collected by the town of Smithtown (the "Town") along with the respective Town and Suffolk County (the "County") levies. Tax collections are remitted to the District and Town comptrollers until their respective tax levies are satisfied in accordance with the Suffolk County Tax Act.

Enforcement

Uncollected real property taxes are subsequently enforced by the County. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G) Interfund transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flows. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the District-Wide Financial Statements, eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary fund.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds Balance Sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to the accompanying notes to financial statements for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, and disclosure of contingent items at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including lease receivable, useful life of capital assets and intangible lease assets, lease liability, compensated absences, retirement incentives, net pension asset/liability, total other post-employment benefits obligation, and other potential contingent liabilities, if applicable.

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Prepaid items and inventory:

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to prepay workers' compensation expenses reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market.

Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

A portion of fund balance has been classified as non-spendable to indicate that prepaids and inventory do not constitute available spendable resources.

L) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-party professionals, are used. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Financial Statements are as follows:

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building and building improvements	\$1,000	Straight-line	50 years
Land improvements	\$1,000	Straight-line	20 years
Furniture and equipment	\$1,000	Straight-line	5-20 years
Vehicles	\$1,000	Straight-line	8 years

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2025, the District has not recorded any such impairment losses.

M) Intangible lease assets:

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible lease assets reported in the District-Wide Financial Statements follow the same thresholds as noted above for capital assets.

N) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reported deferred outflows of resources relating to the unamortized amount of deferred amounts from prior years' refunding of bonds that is being amortized as a component of interest expense on a straight-line basis over the remaining life of the new debt, which is detailed further in the accompanying notes to financial statements. The District also reported deferred outflows of resources related to pensions and other post-employment benefits (OPEB) reported in the District-Wide Statement of Net Position, which are detailed further in the accompanying notes to financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported

SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

deferred inflows of resources related to pensions and OPEB reported in the District-Wide Statement of Net Position, and are detailed further in the accompanying notes to financial statements. The District also reported deferred inflows of resources related to lease receivable, which is reported in the District-Wide Statement of Net Position as well as in the general fund, and is detailed further in the accompanying notes to financial statements.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows are classified as revenues. The District recorded \$3,968,497 in general building aid restoration as unavailable revenue in the general fund and \$792 related to amounts receivable for school lunch sales. The District-Wide Financial Statements, however, report this deferred inflow as revenue in accordance with the accrual basis of accounting and economic resources measurement focus.

O) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as liabilities of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent liabilities that will be extinguished by the use of expendable, available resources of the fund.

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

The District has issued and redeemed \$58,000,000 in TANs in the fiscal year ended June 30, 2025. See the accompanying notes to financial statements for further detail.

P) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Collections in advance consist of amounts received in advance for drivers' education and rent in the general fund and grant advances as well as meals that have not yet been purchased in the school lunch fund. See the accompanying notes to financial statements for further detail.

Q) Employee benefits – compensated absences and retirement incentive:

Compensated absences:

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

In accordance with the provisions of GASB Statement No. 101, *Compensated Absences*, compensated absences are recognized as a liability when the obligation is attributable to services already rendered, the payment is probable, and the amount can be reasonably estimated. This includes both:

- Leave that is expected to be used in future periods, and
- Leave that will be paid out upon termination or retirement, per contractual agreements.

The liability is calculated based on employees' current pay rates and any additional salary-related costs that are directly associated with the payment of compensated absences.

In the Fund Financial Statements, only the amount of matured liabilities is accrued based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Retirement incentive:

The District entered into agreements with eligible retirees regarding retirement incentive plans in the fiscal years 2006-2010. The agreements called for retirees to choose between a lump sum death benefit or an option which incorporated a lump sum death benefit of a lower amount plus an income stream consisting of annual payments for 10 years, beginning the 11th year after retirement. The income stream payments for the covered employees who

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

retired from June 2006 through June 2010 were paid during the 2024-2025 school year. The District has contracted with a third party (the Hartford) to assume all liability for future payments to be made with regard to these policies, other than the income stream payments. The District has a liability for the retirement incentive income stream payments for the next 5 years, resulting in a total liability of \$1,300,000, which is reported in the District-Wide Statement of Net Position, and is detailed further in the accompanying notes to financial statements.

Beginning June 30, 2020, the District offered a retirement incentive for members of the Smithtown Teachers' Association (STA) bargaining unit which entitled eligible members of that bargaining unit who retired between June 30, 2020 – June 30, 2024, and who adhered to specific criteria defined in the collective bargaining unit, to a payment of between \$500 - \$1,000 for each completed year of service with the District. This agreement has been extended for the STA through June 2028. In addition, starting in 2024-2025, the Smithtown Schools Administrators' Association (SSAA) members who meet certain criteria are entitled to a retirement incentive of \$500 for each year the member worked in a full-time position for the District, not just as an administrator. This agreement sunsets in June 2028. The liability for this retirement incentive is calculated in accordance with GASB Statement No. 47, *Accounting for Termination Benefits*. The District recorded a liability of \$934,600 for this retirement incentive as of June 30, 2025, which is reported in the District-Wide Statement of Net Position, and is detailed further in the accompanying notes to financial statements.

In the Fund Financial Statements, a liability is reported only for payments due for unused retirement incentives for those employees who have obligated themselves to separate from service with the District by June 30th.

R) Other benefits:

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457(b).

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide

**SMITHTOWN CENTRAL SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting.

S) Long term debt

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be in the general fund.

In the Fund Financial Statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the District-Wide Financial Statements, premiums received on long-term debt issuances are netted with bonds payable and amortized over the life of the bonds.

T) Equity classifications:

District-Wide Financial Statements:

In the District-Wide Financial Statements, there are three classes of net position:

Net investment in capital assets consists of capital assets and intangible lease assets, net of accumulated depreciation and amortization reduced by outstanding balances of related debt obligations from the acquisition, constructions, or improvements of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, deferred amounts on refunding).

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted net position includes the net balance of the net pension asset for teachers' retirement system (TRS) - proportionate share, factoring in the balance of deferred outflows and deferred inflows.

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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As of June 30, 2025, the governmental activities reported a deficit in unrestricted net position of \$409,383,535. This deficit is primarily the result of unfunded liabilities such as the District recognizing its proportionate share of the net pension liabilities and total OPEB liabilities on the statement of net position. The accumulated effect of these required recognitions, coupled with the limitations from the state on funding the OPEB liabilities on a “pay as you go” basis, has resulted in a negative unrestricted net position.

Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements, there are four classifications of fund balance presented:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2025, the District has \$100,000 in the general fund for prepaid workers’ compensation expense, \$10,329 in the general fund for pre-funding of the District’s flexible spending account, and \$77,914 in non-spendable fund balance for inventory recorded in the school lunch fund.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

The District has classified the following reserves as restricted:

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due an employee upon termination of the employee’s service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.

Retirement Contribution

Retirement contribution reserve (GML§6-r), must be used for financing retirement contributions to the New York State and Local Employees’ Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers’ Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers’ Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
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Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the general fund.

Liability

According to Education Law §1709(8)(c), must be used to pay for liability claims incurred. Separate funds for liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. This reserve is accounted for in the general fund.

Insurance

According to General Municipal Law §6-n, must be used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000, or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the general fund.

Capital Projects

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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accounted for in the general fund and capital projects fund. Restricted for capital in the capital projects fund includes the fund balance for projects that are funded by the capital reserve.

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund.

Unspent bond proceeds

Unspent long-term debt proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

Restricted for scholarships and donations

Amounts restricted for scholarships and donations are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted in the miscellaneous special revenue fund.

Unrestricted Resources:

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (i.e., the Board). The District has no committed fund balances as of June 30, 2025.

Assigned fund balance – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District

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NOTES TO FINANCIAL STATEMENTS
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management through Board policies. Assigned fund balance includes encumbrances not classified as restricted or committed at the end of the year.

Unassigned fund balance –Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative fund balance.

The capital projects fund has a deficit unassigned fund balance of \$199,434, which is the result of the District not obtaining permanent financing on certain capital improvement projects. The deficit unassigned fund balance should be eliminated once permanent financing is obtained by the District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balances of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The District's unassigned fund balance in the general fund at June 30, 2025 is within the legal limit.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law, or by formal action of the Board if voter approval is not required. Amendments or modifications to the applied or transferred fund balance must be approved by formal action of the Board.

The Board shall designate the authority to assign fund balances, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

Order of Use of Fund Balances

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves), the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or Board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

U) New accounting pronouncement:

GASB has issued Statement No. 101, *Compensated Absences* (GASB Statement No. 101), effective for the District for the year ended June 30, 2025. This Statement establishes

**SMITHTOWN CENTRAL SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

updated recognition and measurement guidance for liabilities related to compensated absences. Under GASB Statement No. 101, liabilities for compensated absences are recognized when leave is attributable to services already rendered, payment is probable, and the amount can be reasonably estimated. This includes both accumulated leave expected to be used in future periods and leave payable upon an employee's separation from service. The liability is measured using current pay rates as of the financial statement date, including any applicable salary-related costs.

As disclosed in the accompanying notes to financial statements, the District evaluated the impact of adopting GASB Statement No. 101 as of July 1, 2024. The effect on beginning net position was determined to be immaterial to the Government-Wide Financial Statements as a whole; therefore, no restatement of prior year balance was deemed necessary.

V) Future accounting pronouncement:

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, to improve the key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for the fiscal year ended June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as intangible right-to-use assets, subscription assets, and assets held for sale. The requirements of this Statement are effective for the fiscal year ended June 30, 2026.

The Statements above are not an all-inclusive list of all future GASB statements impacting the District. The District will evaluate the impact and materiality of the Statements above and implement the provisions as applicable.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS:

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements and the District-Wide Financial Statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

A) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B) Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accruals basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-term debt differences:

Long-term debt differences occur because both interest and principal payments are recorded as expenditures in the Fund Financial Statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board for the following governmental funds for which legal (appropriated) budgets are adopted.

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #5.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B) Encumbrances:

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as assignments or restrictions of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Company (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Deposits are disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- A) Uncollateralized;
- B) Collateralized with securities held by the pledging financial institution; or
- C) Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

B) Restricted Cash and Cash Equivalents:

Restricted cash and cash equivalents represent cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2025 included \$41,001,004 within the governmental funds for general reserves and amounts restricted for capital projects and scholarships and donations, and \$238,544 in the fiduciary fund.

C) Investments:

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

D) Investment Pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2025, the District held \$24,156,553 in investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative at June 30, 2025, are \$13,530,190,970, which consisted of \$3,819,691,492 in repurchase agreements, and \$9,710,499,478 in U.S. Treasury Securities in U.S. Government Guaranteed Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2025 are \$591,627,356.

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 24,156,553	\$ 24,156,553
	<u>\$ 24,156,553</u>	<u>\$ 24,156,553</u>

The above amounts represent the cost of the investment pool shares and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. CLASS is rated AAAM by S&P Global ratings. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website www.newyorkclass.org or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver, CO 80202.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year, the District was billed \$18,549,674 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$4,151,688. Financial statements for the BOCES are available from the BOCES administrative office at: Western Suffolk Board of Cooperative Educational Services, 507 Deer Park Road, Dix Hills, New York 11746.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

State and federal aid receivables at June 30, 2025 consisted of the following:

General Fund

General aid - restored building aid	\$3,968,497
Excess cost aid	1,674,140
NYS workers' compensation	48,498
Medicaid	156,420
Total - General Fund	<u>5,847,555</u>

Special Aid Fund

Federal aid	602,662
State aid	2,072,127
Total - Special Aid Fund	<u>2,674,789</u>

School Lunch Fund

Federal breakfast	2,220
Federal lunch	46,657
State breakfast	269
State lunch	5,788
Total - School Lunch Fund	<u>54,934</u>

Total - All Funds	<u><u>\$8,577,278</u></u>
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District management has deemed the amounts to be fully collectible. See the accompanying notes to financial statements for further information on building aid restoration.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2025 consisted of the following:

BOCES aid	\$4,248,426
PILOT	563,462
Building use - Suffolk county	2,550
Tuition and health services - other school districts	1,058,067
Total	<u><u>\$5,872,505</u></u>

District management has deemed the amounts to be fully collectible.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 8 – LEASE RECEIVABLE:

The District recognized a lease receivable and deferred inflow of resources – leases, for an agreement whereby the District leases building space to another entity, with an interest rate of 0.46%, and an annual payment escalation of 3.00%. The lease receivable and associated deferred inflow of resources will be reduced as the lease revenue is earned in future periods.

Principal and interest income received for the District’s lease receivable amounted to \$407,337 and \$2,955, respectively, for the fiscal year ended June 30, 2025.

The following is a summary of the principal and interest requirements to maturity for the District’s lease receivable:

Fiscal Year Ended June 30,	Principal	Interest	Total
2026	\$421,553	\$1,051	\$422,604

District management has deemed the amounts to be fully collectible.

NOTE 9 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2025 consisted of the following:

General Fund	
Drivers education fees	\$55,200
Health/Dental insurance	4,043
Instrument rental	796
Other student deposits	2,463
Smithtown Teachers' Association - annual rent	25,368
Total - General Fund	<u>87,870</u>
School Lunch Fund	
Federal grants - supply chain assistance	91,110
Student prepaid meals	101,315
Adult prepaid meals	1,797
Total - School Lunch Fund	<u>194,222</u>
Total - All Funds	<u><u>\$282,092</u></u>

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 10 – CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$1,079,177			\$1,079,177
Construction in progress	40,161,924	\$17,679,579	\$ (7,012,856)	50,828,647
Total capital assets not being depreciated	<u>41,241,101</u>	<u>17,679,579</u>	<u>(7,012,856)</u>	<u>51,907,824</u>
Capital assets that are depreciated:				
Building & building improvements	254,239,556		7,012,856	261,252,412
Land improvements	7,954,537	42,315		7,996,852
Furniture & equipment	13,661,843	232,880	(4,053,198)	9,841,525
Vehicles	2,095,097	89,994	(47,185)	2,137,906
Total capital assets being depreciated	<u>277,951,033</u>	<u>365,189</u>	<u>2,912,473</u>	<u>281,228,695</u>
Less accumulated depreciation:				
Building & building improvements	123,596,126	4,311,191		127,907,317
Land improvements	7,219,744	65,577		7,285,321
Furniture & equipment	10,170,816	483,818	(4,038,855)	6,615,779
Vehicles	1,622,300	144,576	(47,185)	1,719,691
Total accumulated depreciation	<u>142,608,986</u>	<u>5,005,162</u>	<u>(4,086,040)</u>	<u>143,528,108</u>
Total capital assets being depreciated, net	<u>135,342,047</u>	<u>(4,639,973)</u>	<u>6,998,513</u>	<u>137,700,587</u>
Total capital assets, net	<u>\$176,583,148</u>	<u>\$13,039,606</u>	<u>(\$14,343)</u>	<u>\$189,608,411</u>

Depreciation expense and loss on disposals were charged to governmental functions as follows:

General support	\$342,738
Instruction	4,647,258
Pupil transportation	638
Food service program	28,871
	<u>\$5,019,505</u>

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

B) Intangible Lease Assets

The following schedule summarizes the District's intangible lease asset activity for the fiscal year ended June 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Intangible lease assets				
Furniture & equipment	\$3,609,741	\$1,541,596	(\$104,192)	\$5,047,145
Total intangible lease assets being amortized	<u>3,609,741</u>	<u>1,541,596</u>	<u>(104,192)</u>	<u>5,047,145</u>
Less accumulated amortization:				
Furniture & equipment	954,370	989,256	(104,192)	1,839,434
Total accumulated amortization	<u>954,370</u>	<u>989,256</u>	<u>(104,192)</u>	<u>1,839,434</u>
Total intangible lease assets, net	<u>\$2,655,371</u>	<u>\$552,340</u>	<u>\$ -</u>	<u>\$3,207,711</u>

Amortization expense was charged to governmental functions as follows:

General support	<u>\$989,256</u>
	<u>\$989,256</u>

NOTE 11 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$3,116,236	\$27,166		\$962,980
Special aid fund		2,851,342	\$918,759	
School lunch fund		184,574	44,221	
Capital projects fund		80,320		
Total government activities	<u>3,116,236</u>	<u>3,143,402</u>	<u>962,980</u>	<u>962,980</u>
Custodial fund	<u>27,166</u>			
Totals	<u><u>\$3,143,402</u></u>	<u><u>\$3,143,402</u></u>	<u><u>\$962,980</u></u>	<u><u>\$962,980</u></u>

The District typically transfers from the general fund to the special aid fund to fund the District's share of costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The District transferred from the general fund to the school lunch fund to cover negative student meal balances incurred during the year.

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The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

NOTE 12 – SHORT-TERM DEBT:

Transactions in short-term debt for the year are summarized below:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/26/25	4.00%	<u>\$ -</u>	<u>\$58,000,000</u>	<u>\$58,000,000</u>	<u>\$ -</u>

This debt was issued for the purpose of providing cash flow to the general fund in anticipation of revenues from property taxes.

Interest on short-term debt for the year was \$1,669,111.

NOTE 13 – LONG-TERM LIABILITIES:

Long-term liability balances and activity for the fiscal year are summarized below:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Long-term debt:					
Bonds payable					
Refunding bonds	\$59,605,000	\$ -	(\$7,070,000)	\$52,535,000	\$3,180,000
Add: Premium on obligations	<u>4,426,241</u>		<u>(829,661)</u>	<u>3,596,580</u>	<u>440,261</u>
Total Bonds payable, inclusive of unamortized premium on obligations	<u>64,031,241</u>	<u>-</u>	<u>(7,899,661)</u>	<u>56,131,580</u>	<u>3,620,261</u>
Other long-term liabilities:					
Lease liability	88,275		(50,091)	38,184	18,356
Energy performance contract payable	15,378,996		(1,862,262)	13,516,734	1,518,426
Compensated absences payable	24,218,614	73,579		24,292,193	577,355
Retirement incentive payable	1,927,200	1,355,900	(1,048,500)	2,234,600	819,400
Workers' compensation claims payable	2,853,618	985,127	(1,137,592)	2,701,153	
Net pension liability-proportionate share - ERS	11,397,318	3,180,864	(3,044,317)	11,533,865	
Net pension liability-proportionate share - TRS	6,883,095		(6,883,095)	-	
Total other post-employment benefits obligation	<u>359,019,013</u>	<u>24,762,463</u>	<u>(57,435,017)</u>	<u>326,346,459</u>	<u>8,841,316</u>
Total Long-term liabilities	<u>\$485,797,370</u>	<u>\$30,357,933</u>	<u>(\$79,360,535)</u>	<u>\$436,794,768</u>	<u>\$15,395,114</u>

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The general fund has typically been used to liquidate long-term liabilities such as bonds payable, lease liability, energy performance contract payable, compensated absences payable, retirement incentive payable, workers' compensation claims payable, net pension liabilities, and total other post-employment benefits obligation.

A) Bonds Payable

Bonds payable is composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2025
Serial bond	10/4/2022	6/30/2037	4.00-5.00%	\$29,035,000
Serial bond	11/16/2023	6/15/2038	4.00-5.00%	23,500,000
				<u>\$52,535,000</u>

Unissued Debt

On September 28, 2021 voters approved a bond authorization for a total estimated cost not to exceed \$120,000,000 to finance various districtwide capital improvement projects. On October 4, 2022 the District issued serial bonds in the amount of \$37,000,000 with a par amount of \$34,310,000 as part of this bond referendum approved by voters, which bears an interest rate of 4.00% - 5.00%, and included a net premium on issuance of \$2,694,805. On November 16, 2023 the District issued serial bonds in the amount of \$28,000,000 with a par amount of \$26,595,000 as part of this bond referendum approved by voters, which bears an interest rate of 4.00% - 5.00%, and included a net premium on issuance of \$1,407,443, leaving authorized but unissued debt of \$55,000,000 as of June 30, 2025.

The following is a summary of debt service requirements for bonds payable:

Fiscal Year Ended June 30,	Principal	Interest	Total
2026	\$3,180,000	\$2,395,050	\$5,575,050
2027	3,340,000	2,236,050	5,576,050
2028	3,505,000	2,069,050	5,574,050
2029	3,685,000	1,893,800	5,578,800
2030	3,865,000	1,709,550	5,574,550
2031-2035	22,320,000	5,562,850	27,882,850
2036-2038	12,640,000	900,200	13,540,200
	<u>\$52,535,000</u>	<u>\$16,766,550</u>	<u>\$69,301,550</u>

The bonds are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and remedies for enforcement of payment are

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not expressly included in the District's contract with such owners. Upon default in the payment of principal of or interest on the bonds at the suit of the owner, a court has the power, in proper and appropriate proceedings, to render judgment against the District. A court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy.

Section 99-b of the State Finance Law provides for a covenant between New York State and the purchasers and the holders and owners from time to time of the bonds issued by school districts in New York State. In the event a holder or owner of any bond issued by a school district for school purposes shall file with the Office of the New York State Comptroller (OSC), a verified statement describing such bond and alleging default in the payment thereof or the interest thereon or both. The OSC shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such state aid or assistance due to such school district such amount thereof as may be required to pay the principal of and interest on such bonds of such school district then in default. In the event such state aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the OSC shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such state aid or assistance due such school district such amount or amounts thereof as may be required to cure such default.

B) Premiums on Bonds:

Premiums on bonds, net of accumulated amortization, are reported as a component of bonds payable, and amounted to \$3,596,580 at June 30, 2025. This represents premiums received on the 2013 bond refunding, 2022 bond issuance, and 2023 bond issuance. These premiums are being amortized using the straight-line method over the respective lives of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities. As of June 30, 2025, the premiums recorded in the District-Wide Financial Statements consisted of:

	<u>2013 Refunding</u>	<u>2022 Issuance</u>	<u>2023 Issuance</u>	<u>Total</u>
Premium on bonds	\$6,825,960	\$2,690,000	\$1,405,000	\$10,920,960
Accumulated amortization	<u>(6,665,619)</u>	<u>(504,375)</u>	<u>(154,386)</u>	<u>(7,324,380)</u>
Premium on bonds, net of accumulated amortization	<u>\$160,341</u>	<u>\$2,185,625</u>	<u>\$1,250,614</u>	<u>\$3,596,580</u>

C) Lease Liability

The District recognizes a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements

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for various copiers and other equipment items with interest rates ranging from 0.00% to 3.549%.

Principal and interest expense paid on the District's lease liability amounted to \$50,091 and \$842, respectively, for the fiscal year ended June 30, 2025.

The following is a summary of the principal and interest requirements to maturity for the District's leases:

Fiscal Year Ended June 30,	Principal	Interest	Total
2026	\$18,356	\$493	\$18,849
2027	12,965	277	13,242
2028	6,863	73	6,936
	<u>\$38,184</u>	<u>\$843</u>	<u>\$39,027</u>

D) Energy Performance Contract Payable

Energy performance contract payable is composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2025
Energy performance contract	2/19/2019	6/15/2033	3.030%	<u>\$13,516,734</u>

The following is a summary of debt service requirements for energy performance contract:

Fiscal Year Ended June 30,	Principal	Interest	Total
2026	\$1,518,426	\$409,557	\$1,927,983
2027	1,564,434	363,549	1,927,983
2028	1,611,836	316,146	1,927,982
2029	1,660,675	267,308	1,927,983
2030	1,710,993	216,990	1,927,983
2031-2033	5,450,370	333,578	5,783,948
Total	<u>\$ 13,516,734</u>	<u>\$ 1,907,128</u>	<u>\$ 15,423,862</u>

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E) Long-Term Interest

Interest on long-term debt for the year was composed of:

Interest paid	\$3,110,803
Plus interest accrued in the current year	173,657
Less interest accrued in the prior year	(230,994)
Plus amortization of deferred amounts on refundings	93,813
Less amortization of premium	(829,661)
Total expense	<u><u>\$2,317,618</u></u>

NOTE 14 – DEFERRED AMOUNTS ON REFUNDINGS:

The deferred amounts on refundings recorded in the District-Wide Financial Statements as deferred outflow of resources at June 30, 2025 consisted of the following:

	<u>Total Years Amortized</u>	<u>Initial Amount at Refunding</u>	<u>Amortization To Date</u>	<u>Balance at June 30, 2025</u>
2013 Bond Refunding	13.5	<u>\$1,164,847</u>	<u>\$1,137,485</u>	<u>\$27,362</u>
Total Deferred amounts on refunding		<u><u>\$1,164,847</u></u>	<u><u>\$1,137,485</u></u>	<u><u>\$27,362</u></u>

The deferred amounts on the refundings are being amortized over the lives of the refunding bonds. Amortization is included as a component of interest expense on the District-Wide Financial Statements.

NOTE 15 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, 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. Additional information regarding the System may be obtained by

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writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the TRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, 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 District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire.

B) Funding Policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010, but before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

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2. New York State Employees' Retirement System

- a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
- b. Employees who joined the system on or after January 1, 2010, before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
- c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
 - ii.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2025, ranged from 11.4% to 23.5% of covered payroll.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2025, was 10.11% of covered payroll.

The District's contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's year end were:

	NYSERS	NYSTRS
2025	\$4,516,540	\$11,486,531
2024	\$3,907,260	\$10,970,499
2023	\$3,458,213	\$11,438,712

C) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:

At June 30, 2025, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2025 for ERS and June 30, 2024 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Net pension asset/(liability)	(\$11,533,865)	\$17,564,344
District's portion of the Plan's total net pension asset/(liability)	0.0672696%	0.588695%
Change in proportion since prior measurement date	-0.0001014%	-0.0131920%

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$9,673,159 for TRS and pension expense of \$3,044,317 for ERS. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$2,862,783	\$18,913,573	\$135,039	\$ -
Changes of assumptions	483,707	10,507,037	-	1,767,382
Net difference between projected and actual earnings on pension plan investments	904,915	-	-	19,515,483
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,877,514	797,327	1,056,021	316,751
District's contributions subsequent to the measurement date	1,410,525	11,486,531	-	-
	<u>\$7,539,444</u>	<u>\$41,704,468</u>	<u>\$1,191,060</u>	<u>\$21,599,616</u>

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District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Plan Year ended:		
2025	\$ -	(\$8,994,629)
2026	\$2,430,567	21,561,012
2027	3,230,149	(3,460,209)
2028	(842,569)	(3,826,176)
2029	119,712	2,398,338
Thereafter	-	939,985
Total	<u>\$4,937,859</u>	<u>\$8,618,321</u>

Actuarial Assumptions

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/(liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Investment rate of return (net of pension plan investment expense, including inflation)	5.90%	6.95%
Salary increases	4.30%	1.95% - 5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrement	April 1, 2015 - March 31, 2020	July 1, 2019 - June 30, 2023
	System's Experience	System's Experience
Inflation	2.90%	2.40%

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For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System'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.

For ERS, the actuarial assumptions used in the April 1, 2024, valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2023.

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 expense 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 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.

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Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2025</u>		<u>June 30, 2024</u>	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	25%	3.54%	33%	6.6%
International equity	14%	6.57%	15%	7.4%
Global equity			4%	6.9%
Private equity	15%	7.25%	9%	10.0%
Real estate	12%	4.95%	11%	6.3%
Opportunistic/ absolute return strategy	3%	5.25%		
Real assets	4%	5.55%		
Credit	4%	5.40%		
Cash	1%	0.25%		
Fixed income	22%	2.00%	16%	2.6%
Global bonds			2%	2.5%
High-yield bonds			1%	4.8%
Private debt			2%	5.9%
Real estate debt			6%	3.9%
Cash equivalents			1%	0.5%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.90% for ERS, and 2.40% for TRS.

Discount Rate

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

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Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) 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 Assumption (5.9%)	1% Increase (6.9%)
<u>ERS</u>			
District's proportionate share of the net pension asset/(liability)	<u>(\$33,380,458)</u>	<u>(\$11,533,865)</u>	<u>\$6,708,054</u>
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
<u>TRS</u>			
District's proportionate share of the net pension asset/(liability)	<u>(\$81,130,719)</u>	<u>\$17,564,344</u>	<u>\$100,569,540</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective measurement dates, were as follows:

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Employers' total pension (liability)	(\$247,600,239)	(\$142,837,827)
Plan Fiduciary Net Position	<u>230,454,512</u>	<u>145,821,435</u>
Employers' net pension asset/(liability)	<u>(\$17,145,727)</u>	<u>\$2,983,608</u>
Ratio of plan fiduciary net position to the		
Employers' total pension liability	93.08%	102.09%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2025 represent the

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projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$1,410,525.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amounted to \$12,329,834.

NOTE 16 – PENSION PLANS - OTHER:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2025 totaled \$856,949 and \$5,626,640, respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457(b) for some employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2025 totaled \$997,255.

NOTE 17 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

New York State Health Insurance Plan – Empire Plan (NYSHIP)

A) General Information about the OPEB Plan:

Plan Description

The District's OPEB Plan (the "OPEB Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and are administered by Emblem Health. Effective January 1, 2020, Empire Blue Cross Blue Shield was no longer offered. Article 37 of the Statutes of the State assigns

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust to pay related benefits.

Benefits Provided

The OPEB Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute 50% for individual or family coverage for the Smithtown Schools Administrators' Association, 74% of individual, and 59% of family coverage for other bargaining units, and 0% of the premiums for surviving spouses. The District recognizes the cost of the OPEB Plan annually as expenditures in the fund financial statements as payments are accrued. For measurement period ending June 30, 2025, the District contributed an estimated \$41,051 to the Plan, including \$41,051 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund the OPEB Plan by any other means than the "pay as you go" method.

Employees Covered by Benefit Terms

At June 30, 2024, the date of the last full valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	<u>3</u>
Total	<u><u>9</u></u>

B) Total OPEB Liability:

The District's total OPEB liability of \$1,086,312 was measured as of June 30, 2024 for the reporting period of July 1, 2024 through June 30, 2025, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Inflation	2.90%
Salary increases	4.40%, including inflation
Discount rate	3.93%
Healthcare cost trend rates	
Pre-65 medical/hospital/retiree contributions	7.00% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached
Post-65 medical/hospital/retiree contributions	
Medicare Part B	4.50%

The discount rate was based on the yield of the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index.

Mortality assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study done by the Office of the Actuary of New York State Employees' Retirement System, and used for the ERS 2023 actuarial valuation.

C) Changes in the Total OPEB Liability:

Balance at June 30, 2024	<u>\$1,140,344</u>
Changes for the fiscal year:	
Service cost	18,205
Interest	41,546
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(72,732)
Benefit payments	<u>(41,051)</u>
Net changes	<u>(54,032)</u>
Balance at June 30, 2025	<u><u>\$1,086,312</u></u>

There were no significant plan changes since the last valuation.

Changes of assumptions include the change in the discount rate from 3.65% as of June 30, 2023, to 3.93% as of June 30, 2024. The mortality improvement scale assumption used in this valuation was changed to match the 2023 NYS ERS actuarial valuation and review.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	<u>\$1,224,050</u>	<u>\$1,086,312</u>	<u>\$971,137</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$957,146</u>	<u>\$1,086,312</u>	<u>\$1,241,675</u>

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended June 30, 2025, the District recognized OPEB expense (credit) of (\$299,618). At June 30, 2025, the 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>
Payments subsequent to the measurement date	\$26,225	\$ -
Differences between expected and actual experience	-	18,072
Changes of assumptions or other inputs	-	56,858
	<u>\$26,225</u>	<u>\$74,930</u>

Benefit payments made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year ended June 30:	
2026	\$71,798
2027	3,132
2028	-
2029	-
Thereafter	-
	<u>\$74,930</u>

Suffolk School Employees Health Plan (SSEHP):

A) General Information about the OPEB Plan:

Plan Description

The District primarily provides post-employment hospital, medical and prescription drug benefit coverage to retired employees and their spouses and eligible dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

On January 1, 1992, the District joined together with other districts to form an employee health insurance consortium, the Suffolk School Employees Health Plan (the “Plan”). The Plan is a public entity risk pool currently operating as a common risk management and health insurance program and is considered an agent multiple-employer health plan. The Plan is administered by United Health Care. The District pays an annual premium to the pool for its health insurance coverage. The Plan has obtained stop-loss insurance to reduce its exposure to excessive losses resulting from large covered claims. Although stop-loss insurance permits recovery of a portion of such losses from the insurance carrier, it does not discharge the Plan’s responsibility for payment of the claim. The Plan also permits the assessment of additional contributions from the participating District employers in the form of supplemental assessments in the event of a plan shortfall in any fiscal year. The plan issues a publicly available financial report. The report may be obtained by writing to the New York State Insurance Department Life Insurance Companies Bureau, 160 West Broadway, New York, NY 10013. No assets are accumulated in a trust to pay related benefits.

The Plan established a liability for both reported and unreported insured events, which includes estimates of both future payments or losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Benefits Provided

The Plan provides medical, prescription and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 59% and 80% of premiums for retirees and for family coverage depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For measurement period ending December 31, 2024, the District contributed an estimated \$9,087,225 to the Plan, including \$9,087,225 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the “pay as you go” method.

Benefit changes

Effective January 1, 2024, the out-of-pocket limit was increased from \$9,100 individual/\$18,200 family for in-network providers and \$4,000 individuals/\$8,000 family for out-of-network providers to \$9,450 individual/\$18,900 family for both in-network and out-of-network providers.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Employees Covered by Benefit Terms

At December 31, 2023, the date of the last full valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,242
Active employees	<u>1,046</u>
Total	<u><u>2,288</u></u>

B) Total OPEB Liability:

The District's total OPEB liability of \$325,260,147 was measured as of December 31, 2024 for the reporting period of July 1, 2024 through June 30, 2025, and was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.90%, including inflation
Discount rate	4.08%
Healthcare cost trend rates	
Pre-65 medical/retiree contributions	5.75% decreasing by 0.25% per year to an ultimate trend of 4.5% is reached
Post-65 medical	4.5%
Prescription drug	6.75% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached
Administrative costs	3.0%

The discount rate was based on the yield on 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index as of December 31, 2024.

Mortality assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study done by the Office of the Actuary of the New York State

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Teachers' Retirement System as shown in its "Report on the 2022 Recommended Actuarial Assumptions" dated October 19, 2021 and used for the TRS valuation as of June 30, 2023.

C) Changes in the Total OPEB Liability:

Balance at December 31, 2023	<u>\$357,878,669</u>
Changes for the fiscal year:	
Service cost	12,766,610
Interest	11,936,102
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(48,234,009)
Benefit payments	<u>(9,087,225)</u>
Net changes	<u>(32,618,522)</u>
Balance at December 31, 2024	<u><u>\$325,260,147</u></u>

There were no significant plan changes since the last valuation.

The discount rate used for the valuation was changed from 3.26% as of December 31, 2023 to 4.08% as of December 31, 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current discount rate:

	1% Decrease (3.08%)	Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB liability	<u>\$378,363,406</u>	<u>\$325,260,147</u>	<u>\$282,316,821</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$276,810,287</u>	<u>\$325,260,147</u>	<u>\$387,292,442</u>

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended June 30, 2025, the District recognized OPEB expense (credit) of \$12,912,178. At June 30, 2025, the 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>
Contributions subsequent to the measurement date	\$5,536,488	\$ -
Differences between expected and actual experience	9,778,048	-
Changes of assumptions or other inputs	<u>34,862,354</u>	<u>119,301,911</u>
	<u>\$50,176,890</u>	<u>\$119,301,911</u>

Benefit payments made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year ended June 30:	
2026	(\$23,299,887)
2027	(27,909,201)
2028	(14,196,642)
2029	(2,602,810)
2030	<u>(6,652,969)</u>
	<u>(\$74,661,509)</u>

NOTE 18 – RESTRICTED FUND BALANCE – APPROPRIATED RESERVES:

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2025 restricted fund balances, to fund the budget and reduce taxes for the fiscal year ending June 30, 2026:

Workers' compensation	\$400,000
Retirement contribution	
Employees' retirement system	3,650,000
Teachers' retirement system	2,725,000
Employee benefit accrued liability	<u>770,000</u>
	<u>\$7,545,000</u>

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 19 – ASSIGNED: APPROPRIATED FUND BALANCE:

The amount of \$1,500,000 has been appropriated to reduce taxes for the year ending June 30, 2026.

NOTE 20 – RESTRICTED FOR CAPITAL RESERVE:

The following is a summary of the District’s restricted capital reserve activity since inception:

	<u>Capital Reserve</u>
Date created	2022
Number of Years to Fund	10
Maximum Funding	\$ 25,000,000 (plus investment income)

General Fund	<u>Total</u>
Funding Provided	\$3,800,000
Interest Earnings	271,453
Use of Reserve	<u>(2,513,000)</u>
Total General Fund	<u>1,558,453</u>

Capital Fund	
Funding Provided	2,513,000
Use of Reserve	<u>(73,272)</u>
Total Capital Fund	<u>2,439,728</u>

Balance as of June 30, 2025	<u><u>\$3,998,181</u></u>
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NOTE 21 – TAX ABATEMENTS:

The Suffolk County Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 911-A, entered into various property tax abatement programs for the purpose of economic development and general prosperity and economic welfare of the County. The District’s property tax revenue was reduced by \$1,857,177 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$1,109,956 for these programs during the fiscal year.

NOTE 22 – RISK MANAGEMENT

A) General:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

B) Consortiums and Self-Insured Plans:

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims which were incurred on or before year-end but not paid. Liabilities do not include an amount for claims which were incurred on or before year-end but not reported (IBNR). As of June 30, 2025, the District has estimated potential workers' compensation claims of \$2,701,153 and has a workers' compensation reserve balance of \$1,722,290. The program is accounted for in the general fund of the District.

Claims activity is summarized below:

	2025	2024
Unpaid claims at beginning of year	\$2,853,618	\$2,804,071
Incurred claims and claim adjustment expenses	985,127	1,130,061
Claims payments	(1,137,592)	(1,080,514)
Unpaid claims at year end	<u>\$2,701,153</u>	<u>\$2,853,618</u>

The District has chosen to establish a self-funded dental benefit program for its employees. The benefit programs administrator is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the general fund of the District.

C) Public Entity Risk Pool:

The District participates in New York Schools Insurance Reciprocal, a non-risk-retained public entity risk pool for its District property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

NOTE 23 – COMMITMENTS AND CONTINGENCIES

A) Grants:

The District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

B) Litigation:

The District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

C) Encumbrances:

The following encumbrances are classified as restricted or assigned in the governmental funds at June 30, 2025:

General Fund:	
General support	\$964,382
Instructional	78,480
Total General Fund	<u>\$1,042,862</u>
School Lunch Fund:	
Food service program	<u>\$6,187</u>
Capital Projects Fund:	
Capital Projects	<u>\$6,341,029</u>

D) Building aid restoration:

The District had a loss of building aid due to the District's late filing of the final building project reports for four capital projects with the State Education Department in previous years. Section 31 of Chapter 57 of the Laws of 2012 provides for amnesty for late filed final cost reports. Under this provision, rather than losing all building aid associated with these projects, a late filing penalty was assessed. The District has filed the necessary paperwork for building aid restoration. The estimated amount of aid to be restored, according to the State Education Department, is as follows:

Total aid	\$7,949,689
Penalty	<u>(304,044)</u>
Total aid, net of penalty	7,645,645
Total aid recognized as of June 30, 2025	<u>3,677,148</u>
Total building aid restoration receivable at June 30, 2025	<u>\$3,968,497</u>

NOTE 24 – SUBSEQUENT EVENTS:

Management of the District evaluated events through September 29, 2025 which is the date the financial statements were available to be issued, and noted the following:

- A)** On September 18, 2025, the District issued a tax anticipation note in the amount of \$65,000,000, which is due June 25, 2026, which bears an interest rate of 4.00%, and a premium of \$773,840.

SUPPLEMENTARY INFORMATION

**SMITHTOWN CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local sources				
Real property taxes	\$210,406,721	\$210,136,025	\$210,129,281	(\$6,744)
Other real property tax items	10,056,401	10,327,097	10,636,082	308,985
Charges for services	2,630,000	2,630,000	2,603,164	(26,836)
Use of money & property	3,667,717	3,667,717	4,799,869	1,132,152
Forfeiture of deposit	1,500	1,500	14,623	13,123
Sale of property and compensation for loss	286,000	286,000	473,055	187,055
Miscellaneous	965,000	965,000	1,751,805	786,805
State sources	52,298,221	52,298,221	52,778,919	480,698
Federal sources	<u>220,000</u>	<u>220,000</u>	<u>173,623</u>	<u>(46,377)</u>
OTHER FINANCING SOURCES				
Premium on obligations	<u>300,000</u>	<u>300,000</u>	<u>419,920</u>	<u>119,920</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>280,831,560</u>	<u>280,831,560</u>	<u>\$283,780,341</u>	<u>\$2,948,781</u>
APPROPRIATED FUND BALANCE AND RESERVES				
Appropriated fund balance	1,500,000	1,500,000		
Appropriated reserves	<u>11,843,744</u>	<u>13,086,303</u>		
TOTAL APPROPRIATED FUND BALANCE AND RESERVES	<u>13,343,744</u>	<u>14,586,303</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE, AND RESERVES	<u>\$294,175,304</u>	<u>\$295,417,863</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$225,522	\$250,742	\$226,706		\$24,036
Central administration	766,895	776,553	762,709		13,844
Finance	2,214,832	2,167,687	2,119,443		48,244
Staff	1,637,059	1,987,514	1,960,148	\$3,504	23,862
Central services	23,084,435	22,643,129	21,130,211	960,876	552,042
Special items	2,702,300	2,720,955	2,705,349		15,606
Total General Support	30,631,043	30,546,580	28,904,566	964,380	677,634
Instruction					
Instruction, adm. & imp.	17,772,381	17,096,253	16,730,006	449	365,798
Teaching - regular school	80,617,939	81,863,845	81,126,182	24,207	713,456
Programs for children with handicapping conditions	41,826,181	40,692,435	40,529,115	172	163,148
Occupational education	2,921,009	3,048,968	3,034,633	3,066	11,269
Teaching special schools	87,580	40,378	38,415		1,963
Instructional media	7,168,301	7,261,780	7,117,215	24,653	119,912
Pupil services	13,585,612	13,891,366	13,506,027	25,933	359,406
Total Instruction	163,979,003	163,895,025	162,081,593	78,480	1,734,952
Pupil Transportation	20,379,879	20,952,238	20,910,162		42,076
Community Services	2,250	2,250			2,250
Employee Benefits	64,905,378	65,296,521	65,113,047		183,474
Debt Service					
Debt service principal	8,932,263	8,982,354	8,982,353		1
Debt service interest	4,670,488	4,779,915	4,779,914		1
Total Debt Service	13,602,751	13,762,269	13,762,267	-	2
TOTAL EXPENDITURES	293,500,304	294,454,883	290,771,635	1,042,860	2,640,388
OTHER FINANCING USES					
Transfers to other funds	675,000	962,980	962,980		-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$294,175,304	\$295,417,863	291,734,615	\$1,042,860	\$2,640,388
NET CHANGE IN FUND BALANCES			(7,954,274)		
FUND BALANCES - BEGINNING OF YEAR			53,427,312		
FUND BALANCES- END OF YEAR			<u>\$45,473,038</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,**

NYSERS Pension Plan										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.0672696%	0.0774062%	0.0788351%	0.0781670%	0.0778518%	0.0817870%	0.0853507%	0.0852733%	0.0859617%	0.089255%
District's proportionate share of the net pension asset/(liability)	\$ (11,533,865)	\$ (11,397,318)	\$ (16,905,416)	\$ 6,389,824	\$ (77,520)	\$ (21,657,674)	\$ (6,047,358)	\$ (2,752,149)	\$ (8,077,155)	\$ (14,325,756)
District's covered payroll	\$ 33,229,396	\$ 31,266,741	\$ 31,631,565	\$ 31,429,312	\$ 29,418,602	\$ 29,655,093	\$ 28,736,184	\$ 29,101,404	\$ 28,101,660	\$ 27,988,998
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	34.71%	36.45%	53.44%	20.33%	0.26%	73.03%	21.04%	9.46%	28.74%	51.18%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%
NYSTRS Pension Plan										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.588695%	0.601887%	0.610501%	0.608677%	0.592318%	0.591576%	0.591777%	0.589709%	0.581748%	0.588488%
District's proportionate share of the net pension asset/(liability)	\$ 17,564,344	\$ (6,883,095)	\$ (11,714,856)	\$ 105,477,844	\$ (16,367,340)	\$ 15,369,194	\$ 10,700,896	\$ 4,482,376	\$ (6,230,768)	\$ 61,125,115
District's covered payroll	\$ 113,213,161	\$ 111,961,268	\$ 109,072,770	\$ 104,112,442	\$ 101,331,666	\$ 99,921,409	\$ 97,358,360	\$ 94,513,199	\$ 90,855,039	\$ 86,386,552
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.51%	6.15%	10.74%	101.31%	16.15%	15.38%	10.99%	4.74%	6.86%	70.76%
Plan fiduciary net position as a percentage of the total pension liability	102.09%	99.17%	98.60%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%
Discount rate	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%

Note to Required Supplementary Information

The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,**

NYSERS Pension Plan

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$4,516,540	\$3,907,260	\$3,458,213	\$3,965,047	\$4,188,409	\$3,986,074	\$3,974,845	\$3,883,522	\$3,854,446	\$4,443,231
Contributions in relation to the contractually required contribution	<u>4,516,540</u>	<u>3,907,260</u>	<u>3,458,213</u>	<u>3,965,047</u>	<u>4,188,409</u>	<u>3,986,074</u>	<u>3,974,845</u>	<u>3,883,522</u>	<u>3,854,446</u>	<u>4,443,231</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$33,204,001	\$31,013,911	\$31,782,735	\$31,203,667	\$30,087,334	\$30,266,799	\$28,930,943	\$26,368,195	\$26,278,333	\$26,150,541
Contributions as a percentage of covered payroll	13.60%	12.60%	10.88%	12.71%	13.92%	13.17%	13.74%	14.73%	14.67%	16.99%

NYSTRS Pension Plan

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$11,486,531	\$10,970,499	\$11,438,712	\$10,599,174	\$9,844,136	\$8,907,412	\$10,484,465	\$9,446,602	\$10,952,279	\$11,903,452
Contributions in relation to the contractually required contribution	<u>11,486,531</u>	<u>10,970,499</u>	<u>11,438,712</u>	<u>10,599,174</u>	<u>9,844,136</u>	<u>8,907,412</u>	<u>10,484,465</u>	<u>9,446,602</u>	<u>10,952,279</u>	<u>11,903,452</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	114,475,741	113,213,161	111,961,268	109,072,770	\$ 104,112,442	\$ 101,331,666	\$ 99,921,409	\$ 97,358,360	\$ 94,513,199	\$ 90,855,039
Contributions as a percentage of covered payroll	10.03%	9.69%	10.22%	9.72%	9.46%	8.79%	10.49%	9.70%	11.59%	13.10%

**SMITHTOWN CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS (SSEHP)
FOR THE FISCAL YEARS ENDED JUNE 30,**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>SSEHP</u>	<u>SSEHP</u>	<u>SSEHP</u>	<u>SSEHP</u>	<u>SSEHP</u>	<u>SSEHP</u>	<u>SSEHP</u>	<u>SSEHP</u>
Total OPEB Liability								
Service cost	\$12,766,610	\$9,550,348	\$15,132,431	\$16,831,110	\$13,910,435	\$8,514,302	\$10,677,547	\$9,390,580
Interest	11,936,102	11,186,829	7,662,135	9,536,964	10,576,440	11,538,189	10,365,657	11,664,594
Changes of benefit terms	-	(1,643,367)	-	-	-	-	-	-
Differences between expected and actual experience	-	5,720,213	8,588,159	4,803,837	-	15,199,668	-	15,687,325
Changes of assumptions or other inputs	(48,234,009)	46,175,694	(88,832,013)	(98,942,826)	45,041,874	63,289,967	(33,661,079)	(27,107,926)
Benefit payments	<u>(9,087,225)</u>	<u>(8,486,343)</u>	<u>(7,942,131)</u>	<u>(8,929,272)</u>	<u>(8,250,015)</u>	<u>(7,546,419)</u>	<u>(6,974,821)</u>	<u>(8,017,571)</u>
Net change in total OPEB liability	<u>(32,618,522)</u>	<u>62,503,374</u>	<u>(65,391,419)</u>	<u>(76,700,187)</u>	<u>61,278,734</u>	<u>90,995,707</u>	<u>(19,592,696)</u>	<u>1,617,002</u>
Total OPEB liability - beginning	<u>\$357,878,669</u>	<u>\$295,375,295</u>	<u>360,766,714</u>	<u>437,466,901</u>	<u>376,188,167</u>	<u>285,192,460</u>	<u>304,785,156</u>	<u>303,168,154</u>
Total OPEB liability - ending	<u><u>\$325,260,147</u></u>	<u><u>\$357,878,669</u></u>	<u><u>\$295,375,295</u></u>	<u><u>\$360,766,714</u></u>	<u><u>\$437,466,901</u></u>	<u><u>\$376,188,167</u></u>	<u><u>\$285,192,460</u></u>	<u><u>\$304,785,156</u></u>
Covered employee payroll	\$136,126,404	\$134,842,164	\$133,856,087	\$131,491,576	\$124,801,109	\$122,197,100	\$118,378,764	\$115,206,314
Total OPEB liability as a percentage of covered-employee payroll	238.94%	265.41%	220.67%	274.36%	423.44%	307.85%	240.92%	264.56%
Discount rate	4.08%	3.26%	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%

Notes to Schedule:

Trust Assets

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

Suffolk School Employees Health Plan - SSEHP

Effective January 1, 2024, the out-of-pocket limit was increased from \$9,100 individual/\$18,200 family for in-network providers and \$4,000 individual/\$8,000 family for out-of-network providers to \$9,450 individual/\$18,900 family for both in-network and out of-network providers.

Effective January 1, 2024, the pre-Medicare prescription drug copays for Tier 4 drugs were changed from \$75 retail/\$112.50 mailservice to a 50% coinsurance with \$500 maximum.

New York State Health Insurance Plan - NYSHIP (HMO)

The demographic assumptions used in the June 30, 2023 valuation (including mortality, turnover and retirement) were changed to match the 2023 NYS ERS Actuarial Valuation and Review.

The amounts presented for the fiscal years are as of the measurement dates of the Plans.

This schedule is intended to show information for 10 years; additional years will be disclosed as they become available.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS (NYSHIP)
FOR THE FISCAL YEARS ENDED JUNE 30,**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>NYSHIP</u>	<u>NYSHIP</u>	<u>NYSHIP</u>	<u>NYSHIP</u>	<u>NYSHIP</u>	<u>NYSHIP</u>	<u>NYSHIP</u>	<u>NYSHIP</u>
Total OPEB Liability								
Service cost	\$18,205	\$21,574	\$33,799	\$71,647	\$47,976	\$94,608	\$122,344	\$238,212
Interest	41,546	55,829	41,130	53,588	68,011	163,310	153,504	141,959
Changes of benefit terms	-	-	-	-	-	(1,541,103)	-	-
Differences between expected and actual experience	-	(419,650)	-	(384,096)	-	(796,400)	-	(285,459)
Changes of assumptions or other inputs	(72,732)	(38,613)	(321,877)	(157,021)	413,789	(143,627)	(221,576)	(685,177)
Benefit payments	<u>(41,051)</u>	<u>(68,012)</u>	<u>(67,957)</u>	<u>(65,918)</u>	<u>(77,512)</u>	<u>(126,067)</u>	<u>(117,286)</u>	<u>(89,180)</u>
Net change in total OPEB liability	(54,032)	(448,872)	(314,905)	(481,800)	452,264	(2,349,279)	(63,014)	(679,645)
Total OPEB liability - beginning	<u>\$1,140,344</u>	<u>\$1,589,216</u>	<u>\$1,904,121</u>	<u>2,385,921</u>	<u>1,933,657</u>	<u>4,282,936</u>	<u>4,345,950</u>	<u>5,025,595</u>
Total OPEB liability - ending	<u><u>\$1,086,312</u></u>	<u><u>\$1,140,344</u></u>	<u><u>\$1,589,216</u></u>	<u><u>\$1,904,121</u></u>	<u><u>\$2,385,921</u></u>	<u><u>\$1,933,657</u></u>	<u><u>\$4,282,936</u></u>	<u><u>\$4,345,950</u></u>
Covered employee payroll	\$256,575	\$244,054	\$249,588	\$437,929	\$642,072	\$943,371	\$1,137,053	\$1,011,023
Total OPEB liability as a percentage of covered-employee payroll	423.39%	467.25%	636.74%	434.80%	5.71%	204.97%	376.67%	429.86%
Discount rate	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%

Notes to Schedule:

Trust Assets

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

Suffolk School Employees Health Plan - SSEHP

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Effective January 1, 2024, the pre-Medicare prescription drug copays for Tier 4 drugs were changed from \$75 retail/\$112.50 mailservice to a 50% coinsurance with \$500 maximum.

New York State Health Insurance Plan - NYSHIP (HMO)

The demographic assumptions used in the June 30, 2023 valuation (including mortality, turnover and retirement) were changed to match the 2023 NYS ERS Actuarial Valuation and Review.

The amounts presented for the fiscal years are as of the measurement dates of the Plans.

This schedule is intended to show information for 10 years; additional years will be disclosed as they become available.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$289,952,988
Add: Prior year's encumbrances	<u>4,222,316</u>
Original Budget	294,175,304
Budget Revisions:	
Increase in appropriated employee benefit accrued liability reserve	641,058
Increase in appropriated unemployment reserve	12,237
Increase in appropriated insurance reserve	21,739
Increase in appropriated workers' compensation reserve	<u>567,525</u>
Final Budget	<u><u>\$295,417,863</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-2026 voter approved expenditure budget	<u>\$294,998,455</u>
Maximum allowed (4% of 2025-2026 budget)	<u><u>\$11,799,938</u></u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	
Assigned fund balance	2,542,860
Unassigned fund balance	<u>11,799,009</u>
Total unrestricted fund balance	<u>14,341,869</u>
Less:	
Appropriated fund balance	1,500,000
Encumbrances	<u>1,042,860</u>
Total adjustments	<u>2,542,860</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$11,799,009</u></u>
Actual percentage	4.00%

SMITHTOWN CENTRAL SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
AS OF JUNE 30, 2025

Project Title	Prior Year Appropriation	Current Appropriation	Expenditures and Transfers to Date			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2025
			Prior Year's	Current Year Capital Outlay	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Capital Reserve 2022											
Unassigned	\$2,513,000	\$385,922	\$ -	\$ -	\$ -	\$385,922	\$ -	\$ -	\$385,922	\$385,922	\$385,922
High School East-Lights & Boilers		2,127,078		73,272	73,272	2,053,806			2,127,078	2,127,078	2,053,806
Total Capital Reserve 2022	\$2,513,000	\$2,513,000	\$ -	\$73,272	\$73,272	\$2,439,728	\$ -	\$ -	\$2,513,000	\$2,513,000	\$2,439,728
Bond 2021 Phase 1											
Unassigned	\$176,937	\$86,341	\$ -	\$ -	\$ -	\$86,341	\$86,341	\$ -	\$ -	\$86,341	\$86,341
Smithtown Elementary	1,313,188	129,247	2,048,605	94,037	2,142,642	35,210	2,177,853			2,177,853	35,211
St. James Elementary I	162,327	241,314	331,537	218,095	549,632	23,219	572,851			572,851	23,219
St. James Elementary II	2,075,435	168,626	2,170,018	104,102	2,274,120	64,524	2,338,643			2,338,643	64,523
HSE Fieldhouse	190,744	(157,484)	1,634,697	(157,484)	1,477,213	-	1,477,213			1,477,213	-
High School East	5,017,849	1,201,647	4,549,208	839,162	5,388,370	362,485	5,750,856			5,750,856	362,486
Dogwood Elementary	768,900	117,954	772,032	66,254	838,286	51,700	889,986			889,986	51,700
Mt. Pleasant Elementary	796,079	116,336	806,046	61,939	867,985	54,397	922,382			922,382	54,397
Great Hollow MS	1,268,546	372,521	1,049,759	214,016	1,263,775	158,505	1,422,279			1,422,279	158,504
Mills Pond Elementary	814,856	114,354	825,141	62,644	887,785	51,710	939,495			939,495	51,710
Accompsett Elementary	995,174	150,454	989,297	71,263	1,060,560	79,191	1,139,751			1,139,751	79,191
Tackan Elementary	854,530	132,027	866,015	63,885	929,900	68,142	998,042			998,042	68,142
Nesquake MS	1,658,068	447,529	1,350,251	202,142	1,552,393	245,387	1,797,780			1,797,780	245,387
Accompsett MS	1,437,819	382,188	1,195,369	193,532	1,388,901	188,656	1,577,557			1,577,557	188,656
High School West I	3,803,552	5,639	4,020,330	5,639	4,025,969	-	4,025,969			4,025,969	-
High School West II	5,566,891	978,239	8,471,619	552,414	9,024,033	425,825	9,449,858			9,449,858	425,825
HSW Fieldhouse	181,656	(72,778)	1,193,206	(72,778)	1,120,428	-	1,120,428			1,120,428	-
HSW Grounds Storage	26,274	9,024	303,693	9,024	312,717	-	312,717			312,717	-
Total Bond 2021 Phase 1	\$27,108,825	\$4,423,178	\$32,576,823	\$2,527,886	\$35,104,709	\$1,895,292	\$37,000,001	\$ -	\$ -	\$37,000,001	\$1,895,292
Bond 2021 Phase 2											
To be allocated	\$3,413,350	\$2,646,406	\$ -	\$ -	\$ -	\$2,646,406	\$2,646,406	\$ -	\$ -	\$2,646,406	\$2,646,406
Smithtown Elementary	15,823	15,303	520	-	520	15,303	15,823			15,823	15,303
Smithtown Elementary	4,044,152	2,370,209	1,924,694	2,370,209	4,294,903	-	4,294,903			4,294,903	-
St. James Elementary	2,874,331	1,356,841	1,503,127	1,287,198	2,790,325	69,643	2,859,968			2,859,968	69,643
St. James Elementary II	2,601	2,601	6,800	-	6,800	2,601	9,401			9,401	2,601
HSE Fieldhouse	10,401	-	11,816	-	11,816	-	11,816			11,816	-
Commissary/Wrhse 2	-	-	3,250	-	3,250	-	3,250			3,250	-
High School East	31,822	-	28,626	-	28,626	-	28,626			28,626	-
High School East	8,606,449	7,352,151	1,643,067	7,116,890	8,759,957	235,261	8,995,218			8,995,218	235,261
Dogwood	3,733	3,213	520	-	520	3,213	3,733			3,733	3,213
Mt. Pleasant Elementary	3,733	3,213	520	-	520	3,213	3,733			3,733	3,213
Mt. Pleasant Elementary	39,255	3,193	65,911	3,193	69,104	-	69,104			69,104	-
Great Hollow MS	338,109	150,072	174,295	84,446	258,741	65,626	324,367			324,367	65,626
Great Hollow MS	6,794,384	6,316,250	1,258,225	3,965,799	5,224,024	2,350,451	7,574,475			7,574,475	2,350,451
Mills Pond El	14,491	13,971	520	-	520	13,971	14,491			14,491	13,971
Accompsett El	4,290	3,770	520	-	520	3,770	4,290			4,290	3,770
Tackan El	3,972	3,452	520	-	520	3,452	3,972			3,972	3,452
Nesquake MS	41,754	18,320	86,754	18,320	105,074	-	105,074			105,074	-
Accompsett MS	936,992	155,931	781,061	32,932	813,993	122,999	936,992			936,992	122,999
High School West	51,026	-	57,953	-	57,953	-	57,953			57,953	-
High School West II	29,643	-	29,643	-	29,643	-	29,643			29,643	-
HSW Fieldhouse	6,761	-	6,761	-	6,761	-	6,761			6,761	-
Total Bond 2021 Phase 2	\$27,267,072	\$20,414,896	\$7,585,103	\$14,878,987	\$22,464,090	\$5,535,909	\$27,999,999	\$ -	\$ -	\$27,999,999	\$5,535,909
Bond 2021 Phase 3											
To be allocated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St. James Elementary	-	-	-	4,950	4,950	(4,950)	-	-	-	-	(4,950) *
Dogwood	-	-	-	3,850	3,850	(3,850)	-	-	-	-	(3,850) *
Great Hollow MS	-	-	-	25,367	25,367	(25,367)	-	-	-	-	(25,367) *
Mills Pond El	-	-	-	2,400	2,400	(2,400)	-	-	-	-	(2,400) *
Accompsett El	-	-	-	3,250	3,250	(3,250)	-	-	-	-	(3,250) *
Tackan El	-	-	-	5,350	5,350	(5,350)	-	-	-	-	(5,350) *
Nesquake MS	-	-	-	27,538	27,538	(27,538)	-	-	-	-	(27,538) *
Accompsett MS	-	-	-	45,582	45,582	(45,582)	-	-	-	-	(45,582) *
Accompsett MS	-	-	-	8,359	8,359	(8,359)	-	-	-	-	(8,359) *
High School West	-	-	-	58,865	58,865	(58,865)	-	-	-	-	(58,865) *
High School West	-	-	-	13,923	13,923	(13,923)	-	-	-	-	(13,923) *
Total Bond 2021 Phase 3	\$ -	\$ -	\$ -	\$199,434	\$199,434	(\$199,434)	\$ -	\$ -	\$ -	\$ -	(\$199,434)
Total - All Projects	\$56,888,897	\$27,351,074	\$40,161,926	\$17,679,579	\$57,841,505	\$9,671,495	\$65,000,000	\$ -	\$2,513,000	\$67,513,000	\$9,671,495

*Deficit fund balance will be eliminated once permanent financing is obtained.

**SMITHTOWN CENTRAL SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Capital assets, net		\$189,608,411
Intangible lease assets, net		3,207,711
Add:		
Deferred amounts on refundings		27,362
Deduct:		
Capital fund accounts payable		983,291
Short-term bonds payable, inclusive of premium	\$3,620,261	
Long-term bonds payable, inclusive of premium	52,511,319	
Less: unspent bond proceeds	<u>(7,431,201)</u>	48,700,379
Short-term lease liability	\$18,356	
Long-term lease liability	<u>19,828</u>	38,184
Short-term energy performance payable	\$1,518,426	
Long-term energy performance payable	<u>11,998,308</u>	<u>13,516,734</u>
Net investment in capital assets		<u><u>\$129,604,896</u></u>

INDEPENDENT AUDITOR'S 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*

To the Board of Education
Smithtown Central School District

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 fiduciary fund of the Smithtown Central School District (the "District"), as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 29, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

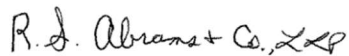
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "R.S. Abrams & Co., LLP". The signature is written in a cursive, flowing style.

R.S. Abrams & Co., LLP
Islandia, New York
September 29, 2025