MONTICELLO CENTRAL SCHOOL DISTRICT

GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2026

MONTICELLO CENTRAL SCHOOL DISTRICT
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Cooper Arias, LLP
Accounting & Accountability

INDEPENDENT AUDITORS' REPORT

To The Board of Education of the
Monticello Central School District
Monticello, New York

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Monticello Central School District, New York, as of and for the year ended June 30, 2026, 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 aggregate remaining fund information of the Monticello Central School District, New York, as of June 30, 2026, and the respective changes in financial position for the year then ended in conformity 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 Monticello Central School District, New York, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 Monticello Central School District, New York'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 Monticello Central School District, New York'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 and other required supplementary information on pages 5 through 16 and 56 through 63, respectively, 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 Monticello Central School District, New York's financial statements as a whole. The accompanying combining non-major fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements and other supplementary information are fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

The prior year summarized comparative information was derived from the District's June 30, 2025 financial statements and, in our report dated September 23, 2025, we expressed an unmodified opinion on the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2026 on our consideration of the Monticello Central School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 Monticello Central School District, New York's internal control over financial reporting and compliance.

Cooper Arias, LLP

Mongaup Valley, New York
October 9, 2026

MONTICELLO CENTRAL SCHOOL DISTRICT
MONTICELLO, N.Y.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2026
UNAUDITED

The discussion and analysis of Monticello Central School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2026. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999.

Financial Highlights

Key financial highlights for the District-wide statements are as follows:

For fiscal year 2025-26 total revenues for all categories was $119,665,210. General revenues accounted for $107,725,699 of revenue or 90.0% of all revenues. Program specific revenues in the form of operating grants, charges for services, contributions and capital grants accounted for $11,939,511 or 10.0% of total revenues.

The District had $114,115,096 in expenses. Of this amount, expenses of $11,939,511 were offset by program specific charges for services or grants.

Key financial highlights for the governmental funds are as follows:

The Worker's Compensation Reserve has a year-end balance of $3,222,126. The reserve continues to be monitored on an annual basis. Improved effectiveness in the monitoring of this potential liability is expected to continue via utilization of the Third Party Administrator for the District program.

The District has an Employees Retirement System Reserve in the amount of $1,719,317. The purpose of the reserve fund is to fund employer retirement contributions. The District created a Teachers Retirement System Reserve sub fund in the amount of $2,701,897. The purpose of the reserve fund is to fund employer retirement contributions.

The District also has a Capital Reserve totaling $4,358,269. The purpose of the reserve is to fund future capital improvement.

Board action on creating and adjusting these reserves demonstrates effective fund balance management which is important for fiscal stability.

The General Fund had $107,215,816 in revenues and $100,963,569 in expenses. This resulted in an increase in fund balance of $6,252,247. See page 58 for a detailed description of the budget variances that resulted in the increase.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Monticello Central School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Monticello Central School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions to ask the question, "How did we do financially in the current year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the method of accounting used by most private-sector businesses. This basis of accounting considers all of the current year revenues and expenses, regardless of when cash is received or paid.

These two statements report District-wide net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, if financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current New York State legislation regarding State Aid, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports the following activities:

Governmental Activities:

All of the School District's programs and services are recorded here, including instruction, support services, operation and maintenance of plant facilities, pupil transportation, and cafeteria.

Reporting the School District's Most Significant Funds
Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Aid Fund, School Lunch Fund, Capital Fund, Miscellaneous Special Revenue Fund and the Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationships, or differences, between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

Notes to the Financial Statements

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve, over time, as a useful indicator of a government's financial position.

The District's financial position is the product of many financial transactions, including the net result of all activities, payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a comparison of the School District's net position as of June 30, 2026 and June 30, 2025.

Table 1
Net Position

Assets	June 30, 2025	June 30, 2026
Current and Other Assets	51,941,301	57,661,623
Non-Current Assets	98,192,785	113,554,822
Total Assets	**150,134,086**	**171,216,445**
Pensions	14,719,553	14,616,934
OPEB Liability	22,844,063	26,907,890
Total Deferred Outflows of Resources	**37,563,616**	**41,524,824**
Liabilities		
Current Liabilities	9,716,885	21,840,062
Long Term Liabilities	146,960,513	157,939,901
Total Liabilities	**156,677,398**	**179,779,963**
Pensions	6,264,196	10,893,396
OPEB Liability	46,182,253	37,943,941
Total Deferred Inflows of Resources	**52,446,449**	**48,834,337**
Net Position		
Net Investment in Capital Assets	47,029,218	53,685,299
Restricted	11,457,885	17,027,274
Unrestricted	(79,913,248)	(86,588,604)
Total Net Position	**(21,426,145)**	**(15,876,031)**

Table 2 shows changes in net position for fiscal year 2025-2026. Comparative data is presented for fiscal year end June 30, 2025.

Table 2
Changes in Net Position

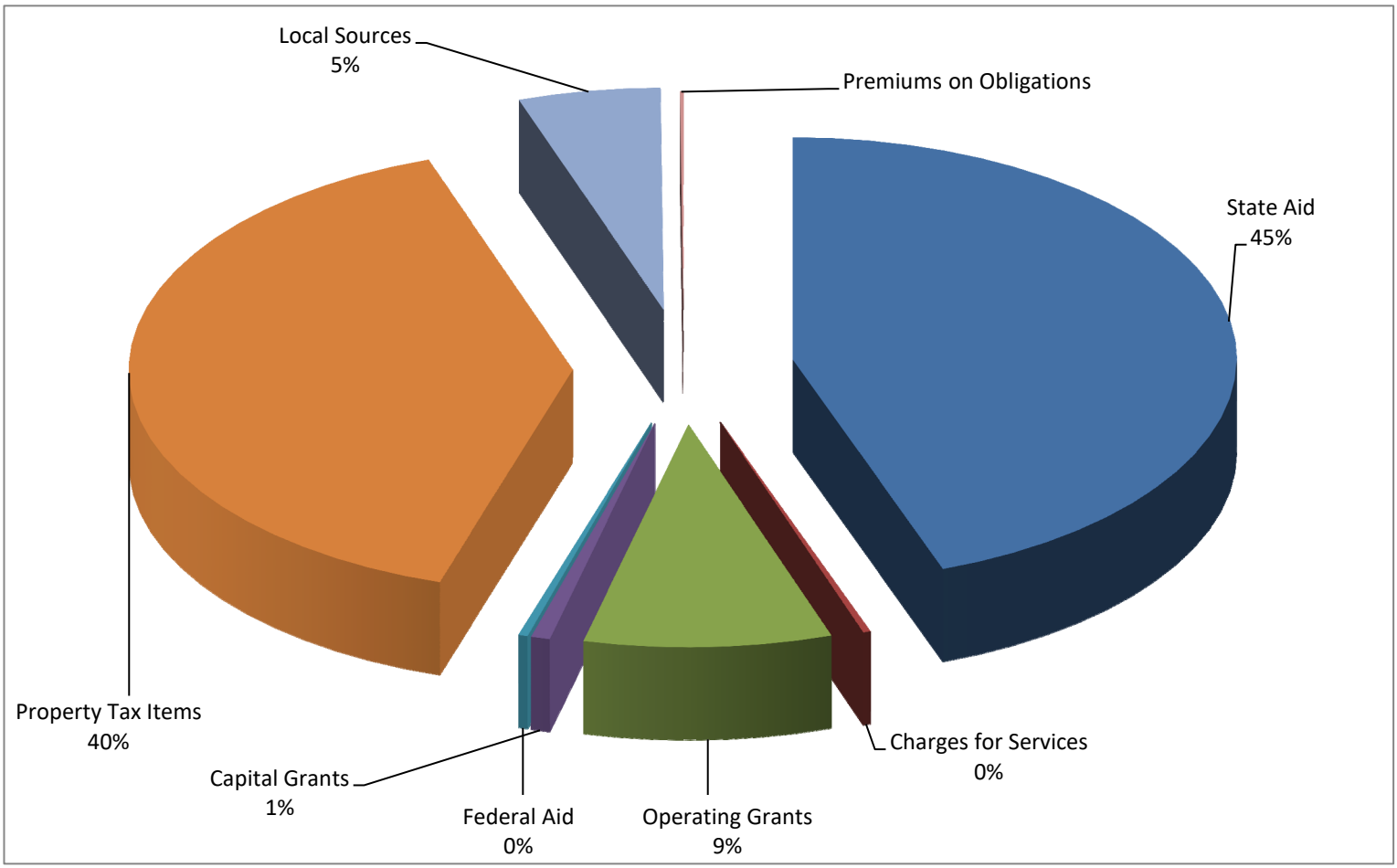
REVENUES	6/30/2025	6/30/2026
Program Revenues:		
Charges for Services	299,760	320,490
Operating Grants and Contributions	12,697,594	10,787,742
Capital Grants and Contributions	7,165,847	831,279
General Revenues:		
Property Tax Items	46,278,778	47,727,720
State Aid	52,088,307	53,273,764
Federal Aid	231,320	405,461
Local Sources	4,742,415	6,185,462
Premiums on Obligations	0	133,292
Total Revenues	**123,504,021**	**119,665,210**
EXPENSES		
Instruction	98,929,160	88,823,955
General Support	13,620,001	12,877,070
Pupil Transportation	8,046,873	8,138,905
Debt Service	2,076,291	1,826,724
School Lunch Program	2,786,703	2,401,289
Community Service	47,218	47,153
Total Expenses	**125,506,246**	**114,115,096**
Change in Net Position – Increase/(Decrease)	**(2,002,225)**	**5,550,114**

One of the main reasons for the increase in net position was capitalized costs of $15,038,344, which exceeded depreciation expense by $10,564,105. Other differences between the change in governmental funds fund balance and net position are detailed on pages 24-25.

Governmental Activities

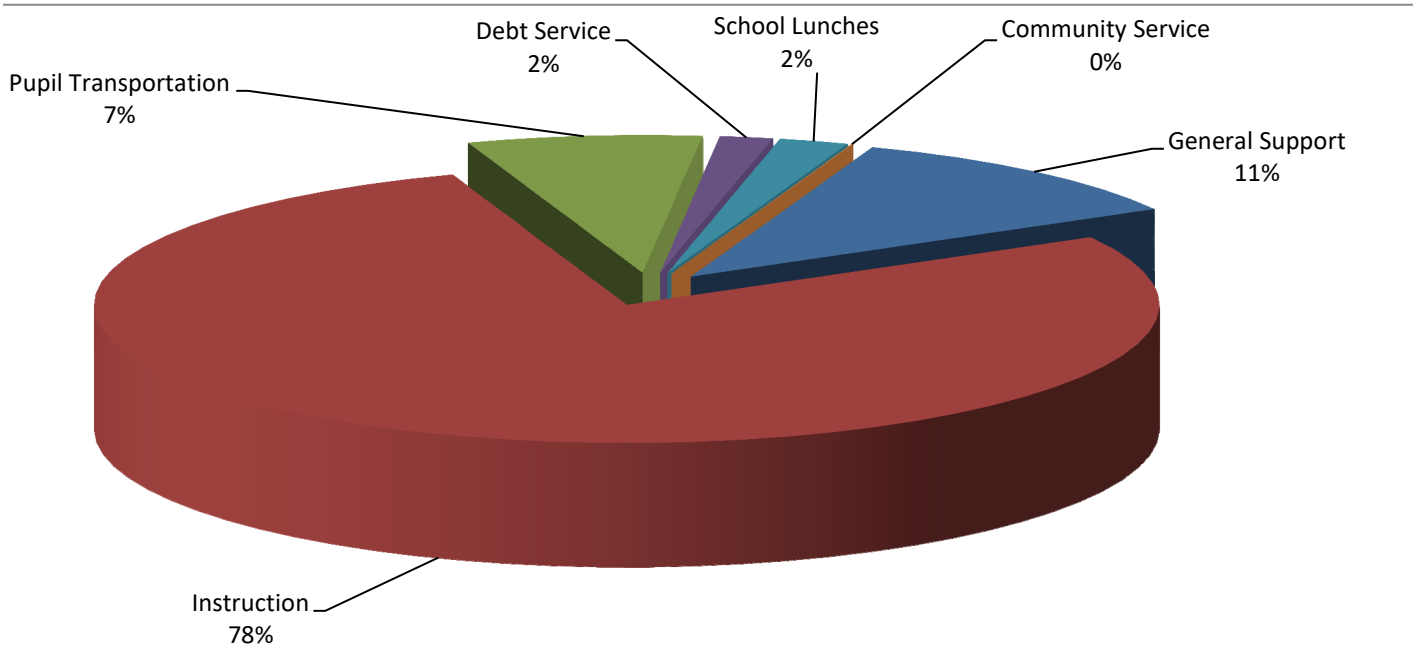
School district revenue sources are similar throughout the state. The nature of property taxes in New York creates the legal requirement to annually seek voter approval for School District operations. Property taxes and other tax items made up 39.88% percent of revenues for governmental activities for fiscal year 2026. State Aid, Federal Aid and Local Sources, exclusive of amounts reported as program revenues, accounted for another 60.12 percent of revenue. The District's total revenue for the year ended June 30, 2026 was $119,665,210. Please refer to the Statement of Activities for additional detail.

Sources of Revenue 2025-26



The total cost of all programs and services was $114,115,096. Instruction comprises 78.82 percent of District expenses. The District strives to focus its resources to improve the instructional program for our students. Please refer to the Statement of Activities for additional detail.

Expenses for 2025-2026



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these expenses. Table 3 shows the total cost of services and the net cost of services. The net cost shows financial burden that was placed upon the District's taxpayers by each of these functions. Information presented compares the current fiscal year end to June 30, 2026.

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Table 3
Cost of Services

	Total Cost 2026	Net Cost 2026	Total Cost 2025	Net Cost 2025
Instruction	88,823,955	80,178,798	98,929,160	82,405,992
General Support	12,877,070	11,954,671	13,620,001	12,316,588
Pupil Transportation	8,138,905	8,032,948	8,046,873	7,971,162
Debt Service	1,826,724	1,826,724	2,076,291	2,076,291
School Lunch Program	2,401,289	135,291	2,786,703	525,794
Community Service	47,153	47,153	47,218	47,218
Total Expenses	**114,115,096**	**102,175,585**	**125,506,246**	**105,343,045**

Instructional expenses include activities dealing directly with the teaching of pupils, and the interaction between teacher and student, including extracurricular activities and technology to support classroom instruction.

General support includes all departments not directly connected to classroom instruction or transportation, and included school administration, business office, maintenance and operation of plant.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities and special programs.

Debt service, unallocated depreciation and amortization, and the school lunch program include all identifiable expenses relevant to these areas.

The School District's Funds

All governmental funds (i.e., general fund, special aid fund, school lunch fund, capital projects fund, miscellaneous special revenue fund and the debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and expenditures for the year ended June 30, 2026, exclusive of interfund transfers, amounted to $119,860,566 and $126,268,595, respectively. The net change in fund balance for the year ended June 30, 2026 for all governmental funds was a decrease of $6,408,029.

The General Fund had a fund balance increase of $6,252,247. This increase indicates that current year revenues were in excess of current year expenditures. The main factor contributing to the increase in fund balance was revenues in excess of budgeted amounts and expenditures below budgeted amounts, which are detailed and explained in the Notes to the Budgetary Comparison Schedule.

The Cafeteria had a decrease in fund balance of $4,574. The decrease in cafeteria fund balance reflects revenues less than current year expenses. The District continues to take steps to maximize revenues by closely monitoring of expenditures and improving menu selection to increase program participation. With the introduction of the Community Eligibility Provision (CEP) in all buildings, the District anticipates an increase in participation and growth in fund balance to continue a healthy self-sustaining program.

The Capital Projects Fund had a fund balance decrease of $12,854,688**,** which was primarily caused by the beginning of the 2024 capital project which had been funded in previous years. Those prior year revenues were expended in the current year.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2026, and the amount and percentage of increases and decreases in relation to prior year's revenues. This table excludes other financing sources.

	Revenue 2026	Revenue 2025	$ Increase/ (Decrease)	Percentage Inc/(Dec)
Local Sources	55,523,926	53,697,126	1,826,800	3.4%
State Sources	57,017,466	56,466,464	551,002	9.8%
Federal Sources	7,025,882	13,358,485	(6,332,663)	(47.4%)
Total	**119,567,274**	**123,522,075**	**(3,954,801)**	**(3.2%)**

The increase in Local sources of revenue in the amount of $1,826,800 is mainly due to an increase in the BOCES refund and interest income. The increase in State sources of revenue in the amount of $551,002 was mainly due to an increase in State Aid. The decrease in Federal sources of revenue in the amount of $6,332,663 was mainly due to the expiration of COVID relief funding. Remaining items are detailed in the supplementary information section of the financial statements. Similar to other entities, economic conditions continue to be a factor on the District's investment and revenues generated.

The following schedule represents a summary of general fund, special aid fund, school lunch fund, capital projects, miscellaneous special revenue and debt service fund expenditures for the fiscal year ended June 30, 2026, and the percentage increases and decreases in relation to prior year amounts. This table excludes interfund transfers.

	Expenses 2026	Expenses 2025	$ Increase/ (Decrease)	Percentage Inc/(Dec)
Instruction	65,442,983	73,695,491	(8,252,508)	(11.2%)
General Support	9,824,242	10,705,045	(880,803)	(8.2%)
Pupil Transportation	5,894,670	5,842,527	52,143	0.9%
Employee Benefits	24,028,162	24,127,265	(99,103)	(0.4%)
Debt Service	4,944,358	4,975,565	(31,207)	(0.6%)
Cost of Sales	1,898,391	2,490,942	(592,551)	(23.8%)
Capital Outlay	14,207,555	2,683,433	11,524,122	429.5%
Community Services	28,234	27,097	1,137	4.2%
Total	**126,268,595**	**124,547,365**	**1,721,230**	**1.4%**

Changes in expenditures were mainly the result of capital project work starting and unfilled positions.

General Fund Budget Highlights

The School District's budget is prepared in accordance with New York State Law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund for the District is the General Fund.

Budget adjustments were made during the course of the fiscal year, within general ledger functions. In accordance with District policy, all transfers over the amount of $5,000 from any one line item were approved by the Board of Education, prior to being processed.

The budget status was reviewed monthly to monitor budget allocations with recorded expenditures to ensure accurate reporting. This practice provides oversight at the next level to the payroll and accounts payable process.

Capital Assets

At the end of fiscal year 2026, the District had $134,439,582 invested in land, buildings, furniture and equipment and vehicles, net of $43,501,369 in accumulated depreciation. Table 4 shows fiscal year 2026 balances compared to fiscal 2025.

Table 4
Capital Assets (Net of Depreciation)

	6/30/2026	6/30/2025
Land	135,333	135,333
Construction in Progress	12,514,243	2,011,270
Building and Improvements	86,339,751	86,354,678
Furniture and Equipment	1,198,419	1,322,740
Vehicles	2,924,794	2,759,770
Leased Office Space	475,249	608,811
Total	**103,587,789**	**93,192,602**

Overall, net capital assets increased by $10,395,187. The increase is due to the current year acquisitions for construction, vehicles, furniture and equipment exceeding depreciation and disposals. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2026, the School District had $45,765,639 of outstanding long-term debt, net of Total OPEB liability. Table 5 represents fiscal year 2026 balances compared to fiscal year 2025.

Table 5
Outstanding Debt

	6/30/2026	6/30/2025
Serial Bonds (includes unamortized bond premium)	41,134,403	43,572,366
Energy Performance Contract	2,497,738	2,878,673
Compensated Absences	1,658,249	1,582,168
Total OPEB Liability	110,576,050	93,629,263
Installment Purchase Debt	0	0
Leases Payable	475,249	608,811
Total	**156,341,689**	**142,271,281**

Serial bonds decreased overall by $2,437,963 due to repayment of debt related to the capital project. In addition, a increase in compensated absences in the amount of $76,081 and a net increase in total other post-employment benefits in the amount of $16,946,787.

For the Future

The Monticello Central School District continues to be in good financial condition. As stated previously given the challenges facing the local, state and federal budgets the future finances of the District will be subject to pressure. The District is faced with budget increases such as salaries, health costs and retirement system contributions, while dealing with the limits of the Tax Cap legislation. The management of the District continues to aggressively pursue pro-active in house expense reduction. The focus of this pursuit is to analyze expenditure trends, where possible, phase in increases and to reduce or eliminate expenses.

Our overall goal is to limit the burden on the taxpayers of the District as much as possible, while balancing the educational needs of the students and trying to maintain the majority of programs in place. Any and all alternative sources of funding are looked at for our District wide programs as we hope to access new resources. Again, we are not alone in our fiscal struggle. The District faces similar issues with other local municipalities; rising costs and declining revenues. We will continue to explore new partnerships to provide mutual benefit for all who participate. As a district community we are committed to providing a quality education for our students to prepare them for the global world that awaits them.

NYS fully funded Foundation Aid over the past 2 years. There is concern that state aid will be limited or decrease in the next several years due to the current economy.

The community is poised to revitalize itself. Currently, the racetrack, Bethel Woods and Resorts World Catskills are becoming significant attractions. The District is seeking to improve its facilities and the voters approved a $31,800,000 capital improvement project that includes a new Athletic Stadium, classroom renovations at all three elementary schools, repairs to the façade at our St. Johns Street Building. Part of that process is a review of the 5-year capital improvement plan and the Building Condition Survey, which will be completed in 2026-27. The District is committed to bring our students into the 21st Century with increased infrastructure, technology and enhanced security.

Contacting the School District's Financial Management

This financial report is designed to provide our taxpayers, citizens, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report, or need additional information, contact Mrs. Lisa A. Failla, Assistant Superintendent for Business, Monticello Central School District Administration Building, 60 Jefferson Street, Suite #3, Monticello, NY 12701

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	2026	2025
ASSETS		
Current Assets:		
Cash	$ 21,045,347	$ 27,869,072
Cash - Restricted	23,909,421	12,610,941
Accounts Receivable	15,772	20,581
State and Federal Aid Receivable	10,712,572	8,790,562
Due From Other Governments	1,947,396	2,611,721
Inventory	31,115	38,424
Total Current Assets	57,661,623	51,941,301
Non-Current Assets:		
Net Pension Asset	9,967,033	5,000,183
Right to Use Asset, net	475,249	608,811
Capital Assets, net	103,112,540	92,583,791
Total Non-Current Assets	113,554,822	98,192,785
TOTAL ASSETS	171,216,445	150,134,086
DEFERRED OUTFLOW OF RESOURCES		
Pensions	14,616,934	14,719,553
OPEB Liability	26,907,890	22,844,063
TOTAL DEFERRED OUTFLOW OF RESOURCES	41,524,824	37,563,616

SEE ACCOMPANYNG NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	2026	2025
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 2,524,001	$ 1,443,534
Accrued Liabilities	899,858	1,344,082
Bond Anticipation Note	11,840,000	-
Due To Other Governments	2,292,657	2,485,569
Due To TRS	3,715,406	3,935,034
Due To ERS	516,156	480,117
Unearned Revenues	51,984	28,549
Total Current Liabilities	21,840,062	9,716,885
Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	2,000,000	2,195,000
Unamortized Bond Premium	242,963	242,990
Energy Performance Contract	209,265	380,935
Lease Payable	137,625	133,562
Total OPEB Liability	3,000,000	3,000,000
Compensated Absences	88,876	37,605
Due Beyond One Year:		
Serial Bonds	34,775,000	36,775,000
Unamortized Bond Premium	4,116,440	4,359,376
Energy Performance Contract	2,288,473	2,497,738
Lease Payable	337,624	475,249
Total OPEB Liability	107,576,050	90,629,263
Compensated Absences	1,569,373	1,544,563
Net Pension Liability	1,598,212	4,689,232
Total Non-Current Liabilities	157,939,901	146,960,513
TOTAL LIABILITIES	179,779,963	156,677,398
DEFERRED INFLOWS OF RESOURCES		
Pensions	10,893,396	6,264,196
OPEB Liability	37,943,941	46,182,253
TOTAL DEFERRED INFLOWS OF RESOURCES	48,837,337	52,446,449
NET POSITION		
Net Investment in Capital Assets	53,685,299	47,029,218
Restricted	17,027,274	11,457,885
Unrestricted	(86,588,604)	(79,913,248)
TOTAL NET POSITION	$ (15,876,031)	$ (21,426,145)

SEE ACCOMPANYNG NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026
(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2025)

		PROGRAM REVENUES				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION 2026	2025
FUNCTIONS/PROGRAMS						
General Support	$ 12,877,070	$ 22,883	$ 100,003	$ 799,513	$ (11,954,671)	$ (12,316,588)
Instruction	88,823,955	218,656	8,394,735	31,766	(80,178,798)	(82,405,992)
Pupil Transportation	8,138,905	-	105,957	-	(8,032,948)	(7,971,162)
Community Service	47,153	-	-	-	(47,153)	(47,218)
School Lunch Program	2,401,289	78,951	2,187,047	-	(135,291)	(525,794)
Debt Service	1,826,724	-	-	-	(1,826,724)	(2,076,291)
TOTAL FUNCTIONS/PROGRAMS	114,115,096	320,490	10,787,742	831,279	(102,175,585)	(105,343,045)
GENERAL REVENUES						
Real Property Tax					44,763,749	43,461,675
Other Tax Items					2,963,971	2,817,103
Investment Earnings					1,589,683	2,101,545
Sale Of Property and Compensation For Loss					127,386	33,637
Premium on Obligations					133,292	-
Miscellaneous Local Sources					4,468,393	2,607,233
State Sources					53,273,764	52,088,307
Federal Sources					405,461	231,320
TOTAL GENERAL REVENUES					107,725,699	103,340,820
CHANGE IN NET POSITION					5,550,114	(2,002,225)
TOTAL NET POSITION- Beginning of Year					(21,426,145)	(19,423,920)
TOTAL NET POSITION- End of Year					$ (15,876,031)	$ (21,426,145)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2025)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	2025
ASSETS							
Cash	$ 9,541,048	$ 151,588	$ 335,639	$ 9,549,593	$ 1,467,479	$ 21,045,347	$ 27,869,072
Cash - Restricted	16,945,001	-	-	6,882,147	82,273	23,909,421	12,610,941
Accounts Receivable	15,473	-	299	-	-	15,772	20,581
Due From Other Funds	6,349,164	-	-	-	306,534	6,655,698	4,156,159
State and Federal Aid Receivable	3,685,580	4,320,095	202,788	2,504,109	-	10,712,572	8,790,562
Due From Other Governments	1,476,956	470,440	-	-	-	1,947,396	2,611,721
Inventories	-	-	31,115	-	-	31,115	38,424
TOTAL ASSETS	$ 38,013,222	$ 4,942,123	$ 569,841	$ 18,935,849	$ 1,856,286	$ 64,317,321	$ 56,097,460

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2025)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	2025
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	$ 1,644,105	$ 97,574	$ 84,180	$ 698,142	$ -	$ 2,524,001	$ 1,443,534
Accrued Liabilities	775,818	14,766	28,312	2,363	-	821,259	1,260,309
Bond Anticipation Notes Payable	-	-	-	11,840,000	-	11,840,000	-
Due To Other Governments	2,177,344	107,130	8,183	-	-	2,292,657	2,485,569
Due To Other Funds	-	4,673,607	-	1,982,091	-	6,655,698	4,156,159
Due To Teachers' Retirement System	3,715,406	-	-	-	-	3,715,406	3,935,034
Due To Employees' Retirement System	516,156	-	-	-	-	516,156	480,117
Unearned Revenues	-	49,046	2,938	-	-	51,984	28,549
TOTAL LIABILITIES	8,828,829	4,942,123	123,613	14,522,596	-	28,417,161	13,789,271
FUND BALANCES							
Non-spendable:							
Inventory	-	-	31,115	-	-	31,115	38,424
Restricted:							
Tax Certiorari	3,581,902	-	-	-	-	3,581,902	2,336,398
Unemployment Insurance	328,031	-	-	-	-	328,031	315,943
Workers' Compensation	3,222,126	-	-	-	-	3,222,126	3,100,019
Employee Benefit Accrued Liability	1,033,459	-	-	-	-	1,033,459	992,768
Capital	580,594	-	-	-	-	580,594	559,199
Capital	760,264	-	-	-	-	760,264	732,248
Capital	3,017,411	-	-	-	-	3,017,411	-
Retirement Contributions - ERS	1,719,317	-	-	-	-	1,719,317	1,367,015
Retirement Contributions - TRS	2,701,897	-	-	-	-	2,701,897	1,973,579
Capital Projects	-	-	-	1,594,707	-	1,594,707	3,211,341
Scholarships	-	-	-	-	82,273	82,273	80,716
Assigned:							
Encumbrances	693,786	-	-	-	-	693,786	316,914
Appropriated	1,225,342	-	-	-	-	1,225,342	1,250,000
Unappropriated	-	-	415,113	2,819,277	1,774,013	5,008,403	16,045,562
Unassigned	10,320,264	-	-	(731)	-	10,319,533	9,988,063
TOTAL FUND BALANCES	29,184,393	-	446,228	4,413,253	1,856,286	35,900,160	42,308,189
TOTAL LIABILITIES AND FUND BALANCES	$ 38,013,222	$ 4,942,123	$ 569,841	$ 18,935,849	$ 1,856,286	$ 64,317,321	$ 56,097,460

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE STATEMENT OF POSITION
JUNE 30, 2026
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2025)

		2026	2025
Total Governmental Fund Balances		$ 35,900,160	$ 42,308,189
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2026 are $146,391,764 and $43,279,224, respectively.		103,112,540	92,583,791
Leased assets used in governmental activities are expensed in the initial year of the lease term in the governmental funds. In the full accrual financials, the assets are capitalized and amortized over the term of the lease. The cost of leased assets and accumulated amortization at June 30, 2026 are $697,394 and $222,145, respectively.		475,249	608,811
Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.			
Net Pension Asset	9,967,033		
Deferred Outflows of Resources	14,616,934		
Net Pension Liability	(1,598,212)		
Deferred Inflows of Resources	(10,893,396)	12,092,359	8,766,308
Long-term asset and liability associated with the Total OPEB Liability are not current financial resources or obligations and are not reported in the governmental funds.			
Deferred Outflows of Resources	26,907,890		
Total OPEB Liability	(110,576,050)		
Deferred Inflows of Resources	(37,943,941)	(121,612,101)	(116,967,453)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Serial Bonds	(36,775,000)		
Unamortized Bond Premium	(4,359,403)		
Energy Performance Contract	(2,497,738)		
Compensated Absences	(1,658,249)		
Leases Payable	(475,249)	(45,765,639)	(48,642,018)
Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.		(78,599)	(83,773)
Net Position Of Governmental Activities		$ (15,876,031)	$ (21,426,145)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2025)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	2025
REVENUES							
Real Property Taxes	$ 44,763,749	$ -	$ -	$ -	$ -	$ 44,763,749	$ 43,461,675
Other Tax Items	2,963,971	-	-	-	-	2,963,971	2,817,103
Charges For Services	218,656	-	-	-	-	218,656	197,433
Use of Money and Property	1,167,969	-	731	393,354	50,512	1,612,566	2,124,428
Sale of Property and Compensation For Loss	162,742	-	-	-	-	162,742	51,691
Miscellaneous Local Sources	4,259,504	1,231,148	1,674	-	230,965	5,723,291	4,965,352
State Sources	53,273,764	2,904,523	39,666	799,513	-	57,017,466	56,466,464
Federal Sources	405,461	4,473,040	2,147,381	-	-	7,025,882	13,358,485
Sales	-	-	78,951	-	-	78,951	79,444
TOTAL REVENUES	107,215,816	8,608,711	2,268,403	1,192,867	281,477	119,567,274	123,522,075
OTHER FINANCING SOURCES							
Interfund Transfers In	-	561,086	-	-	-	561,086	386,357
BAN's Redeemed From Appropriations	-	-	-	160,000	-	160,000	-
Premium on Obligations	-	-	-	-	133,292	133,292	-
Proceeds of Long Term Debt	-	-	-	-	-	-	697,394
TOTAL REVENUES AND OTHER FINANCING SOURCES	107,215,816	9,169,797	2,268,403	1,352,867	414,769	120,421,652	124,605,826
EXPENDITURES							
General Support	9,724,239	100,003	-	-	-	9,824,242	10,705,045
Instruction	57,287,431	7,939,769	-	-	215,783	65,442,983	73,695,491
Pupil Transportation	5,762,224	132,446	-	-	-	5,894,670	5,842,527
Community Services	28,234	-	-	-	-	28,234	27,097
Employee Benefits	22,655,997	997,579	374,586	-	-	24,028,162	24,127,265
Debt Service:							
Principal	2,869,497	-	-	-	-	2,869,497	2,625,550
Interest	2,074,861	-	-	-	-	2,074,861	2,350,015
Cost of Sales	-	-	1,898,391	-	-	1,898,391	2,490,942
Capital Outlay	-	-	-	14,207,555	-	14,207,555	2,683,433
TOTAL EXPENDITURES	100,402,483	9,169,797	2,272,977	14,207,555	215,783	126,268,595	124,547,365
OTHER USES							
Interfund Transfer Out	561,086	-	-	-	-	561,086	386,357
TOTAL EXPENDITURES AND OTHER USES	100,963,569	9,169,797	2,272,977	14,207,555	215,783	126,829,681	124,933,722
NET CHANGE IN FUND BALANCE	6,252,247	-	(4,574)	(12,854,688)	198,986	(6,408,029)	(327,896)
FUND BALANCE - Beginning of Year	22,932,146	-	450,802	17,267,941	1,657,300	42,308,189	42,636,085
FUND BALANCE - End of Year	$ 29,184,393	$ -	$ 446,228	$ 4,413,253	$ 1,856,286	$ 35,900,160	$ 42,308,189

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2025)

		2026	2025
Total Net Change in Fund Balances – Governmental Funds		$ (6,408,029)	$ (327,896)
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.			
Depreciation Expenses	(4,474,239)		
Capital Outlay	15,038,344	10,564,105	5,213,493
Repayments of principal on long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.			
Serial Bonds	2,195,000		
Energy Performance Contract	380,935		
Leases	133,562	2,709,497	2,625,550
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when paid amount exceeds the earned amount, the difference is an addition to the reconciliation.			
Compensated Absences		(76,081)	52,079
Proceeds from the sale of capital assets are reported as revenues in the governmental funds. In the statement of activities, the revenues are reduced by the net book value of the disposed assets.		(35,356)	(18,054)
(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.			
Teachers' Retirement System	3,608,571		
Employees' Retirement System	(282,520)	3,326,051	792,680

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2025)

(Continued)

		2026	2025
(Increases) decreases in the total OPEB liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.			
Total OPEB Liability		$ (4,644,648)	$ (10,475,426)
In the governmental funds, leased assets are expensed in the initial year of the lease. In the full accrual financials, the asset is capitalized as a "right to use" asset and amortized over the term of the lease.			
Amortization Expense		(133,562)	(138,375)
Bond premiums are reported in the governmental funds as revenues in the year received. However, in the statement of activities, the premium is added to the outstanding debt and amortized as a reduction of interest expense over the life of the bond.			
Amortization Expense		242,963	242,963
In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.			
Current Year Accrued Interest	(78,599)		
Prior Year Accrued Interest	83,773	5,174	30,761
Change in Net Position of Governmental Activities		$ 5,550,114	$ (2,002,225)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Monticello Central School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. **Financial Reporting Entity**

The Monticello Central School District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise School District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial reporting entity includes all funds, account groups, functions and organizations over which the School District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of the financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

1. Included in the Reporting Entity

Based on the foregoing criteria and the significant factors presented below, the following organizations, functions or activities are included in the reporting entity:

a. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Monticello Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The activity is reported in the Miscellaneous Special Revenue Fund of the School District. Separate audited general purpose financial statements (cash basis) of the Extraclassroom Activity Funds can be found within these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. **Joint Venture**

The Monticello Central School District is one of the seven component school districts in the Sullivan County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school district's enrollment as defined in Education Law Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component School Districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

C. **Basis of Presentation**

1. District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District as a whole. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, inter-governmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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 operation or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements:

The fund statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds each displayed in a separate column.

The District reports the following major Governmental Funds:

a. *General Fund*

The General Fund is the principal operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

b. *Special Revenue Fund*

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

1. Special Aid Fund – used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.

2. School Lunch Fund – used to account for transactions of the School District lunch, breakfast, and milk programs.

c. *Capital Projects Fund*

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District Reports the following non-major Governmental Funds:

a. *Debt Service Fund*

Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

b. *Miscellaneous Special Revenue Fund*

This fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

D. **Basis of Accounting/Measurement Focus**

The District-wide 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. Non-exchange transactions, in 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 governmental fund 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 one year after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. **Property Taxes**

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1st, and become a lien on September 1st. Taxes are collected during the period commencing September 1st and ending November 6th.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the County of Sullivan. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1st.

F. **Budgetary Procedures And Budgetary Accounting**

1. Budget Policies

The budget policies are as follows:

a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:

I. General Fund

b. The proposed appropriation budget for the General Fund is approved by the voters within the District.

c. Appropriations are adopted at the program level.

d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year.

Instruction	$ 125,407

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year. Encumbrances are reported as assigned fund balance in the General Fund.

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

G. **Cash and Cash Equivalents**

For financial statement purposes, the District considers all highly liquid investments with maturities of three months or less as cash equivalents.

H. **Inventory**

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost 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.

I. **Accounts Receivable**

Accounts receivable 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 be immaterial.

J. **Capital Assets**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by the District is $5,000.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

ASSET CLASS	ESTIMATED USEFUL LIVES
School Buildings	50
Site Improvements	20
Furniture & Equipment	5-20
Vehicles	8-10

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the governmental fund financial statements.

K. **Unearned Revenue**

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when sources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

L. **Vested Employee Benefits**

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. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 101, Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated on the pay rates in effect at year-end.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTINT POLICIES (Continued)

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach 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 year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts (See Note 11).

M. **Interfund Activity**

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types. Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

N. **Equity Classifications**

In the District-wide statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – reports all other 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.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the District and determine which classification of net position will be charged.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

In the fund basis statements there are five classifications of fund balance:

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of $31,115.

Restricted – includes amounts with constraints placed on the use of resources either externally by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Unemployment Insurance

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. This reserve is accounted for in the General Fund.

Capital

Used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

Workers' Compensation

This reserve is 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. This reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounting for in the General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

Employee Benefit Accrued Liability

Used to reserve funds for the payment of any accrued employee benefit due an employee upon termination. The reserve is established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Retirement Contribution

Used to pay contributions to the NYS Employees' Retirement System and the NYS Teachers' Retirement System. This reserve is accounted for in the General Fund.

Capital Projects

Proceeds of debt that are restricted for use per the specifics of the debt issue. This reserve is accounted for in the Capital Projects Fund.

Scholarships

Used to pay scholarships with funds stipulated by donors for that purpose. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Board of Education is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The District has no committed fund balances as of June 30, 2026.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund and, in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of $693,786 as assigned fund balance in the General Fund as of June 30, 2026.

Unassigned – represents the residual classification for the General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the district's General Fund budget for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

O. **Use of 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 amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

P. **New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2026, the District implemented the following new standards issued by GASB:

GASB 103 – *Financial Reporting Model Improvements*

GASB 104 – *Disclosure of Certain Capital Assets*

Q. **Future Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 105 – *Subsequent Events*, effective for the year ending June 30, 2027

The District will evaluate the impact of each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. **Deferred Outflows/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, deferred outflows of resources, 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 government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in Pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The District reported $14,616,934 in deferred outflows of resources related to pensions and $26,907,890 in deferred outflows of resources related to the Total OPEB Liability as of June 30, 2026.

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, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The District reported $10,893,396 in deferred inflows of resources related to pensions and $37,943,941 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2026.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of $3,723,538 to unrestricted net position as of June 30, 2026.

The reporting of deferred outflows of resources and deferred inflows of resources related to the Total OPEB Liability resulted in a net decrease of $11,036,051 to unrestricted net position as of June 30, 2026.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Balance

The District's unassigned fund balance in the General Fund is in excess of the amount permitted by law. New York State Law limits the unassigned fund balance to 4% of the subsequent year's adopted budget.

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENT

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide 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.

A. Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balance of the District's governmental funds differs 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 sheet.

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

1. Long-term revenue differences:

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

2. Capital related differences:

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

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENT (Continued)

statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund 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.

NOTE 4 – PARTICIPATION IN BOCES

During the year ended June 30, 2026, the Monticello Central School District was billed $17,944,269 for BOCES administrative and program costs. General purpose financial statements for Sullivan County are available from the BOCES administrative office at 15 Sullivan Avenue, Suite 1, Liberty, NY 12754.

The School District's share of BOCES income amounted to $2,226,163.

NOTE 5 – CASH AND INVESTMENTS

The Monticello Central School District investment polices are governed by State statutes. In addition, the District has its own written investment policy. Monticello Central School District monies must be deposited in FDIC-Insured commercial banks or trust companies located within the State.

The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and states other than New York and their municipalities and school districts.

The District's aggregate cash balances include balances not covered by depository insurance at year end, collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department, but not in the District's name.	$ 45,102,027

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2026 were as follows:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS/ RECLASSIFICATIONS	ENDING BALANCE
Governmental Activities:				
Capital assets that are not depreciated:				
Land	$ 135,333	$ -	$ -	$ 135,333
Construction In Progress	2,011,270	11,790,677	1,287,704	12,514,243
Total non-depreciable historical cost	2,146,603	11,790,677	1,287,704	12,649,576
Capital assets that are depreciated:				
Building and Improvements	120,283,432	3,701,432	-	123,984,864
Machinery and Equipment	2,314,607	73,788	-	2,388,395
Vehicles	7,148,359	760,151	539,581	7,368,929
Leased Office Space	697,394	-	-	697,394
Total depreciable historical cost	130,443,792	4,535,371	539,581	134,439,582
Less accumulated depreciation/amortization				
Building and Improvements	33,928,754	3,716,359	-	37,645,113
Machinery and Equipment	991,867	198,109	-	1,189,976
Vehicles	4,388,589	559,771	504,225	4,444,135
Leased Office Space	88,583	133,562	-	222,145
Total accumulated depreciation/amortization	39,397,793	4,607,801	504,225	43,501,369
Total historical cost, net	$ 93,192,602	$ 11,718,247	$ 1,323,060	$ 103,587,789

Depreciation/amortization expense was charged to Governmental functions as follows:

General Support	$ 619,190
Instruction	3,573,273
Pupil Transportation	391,688
School Lunch Program	23,650
	$ 4,607,801

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2026 are as follows:

	INTERFUND RECEIVABLE	INTERFUND PAYABLE	INTERFUND EXPENDITURES	INTERFUND REVENUES
General Fund	$ 6,349,164	$ -	$ 561,086	$ -
Special Aid Fund	-	4,673,607	-	561,086
Debt Service Fund	306,534	-	-	-
Capital Projects Fund	-	1,982,091	-	-
Total Governmental Activities	6,655,698	6,655,698	561,086	561,086
TOTALS	$ 6,655,698	$ 6,655,698	$ 561,086	$ 561,086

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District periodically transfers funds between the General Fund and Debt Service Fund to make debt service payments and to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants.

The District transfers investment income earned in the Capital Projects Fund to the Debt Service Fund for the purpose of making future debt service payments.

The District typically loans resources between funds for the purpose of relieving cash flow issues.

NOTE 8 – INVENTORY

Inventory in the School Lunch Fund at June 30, 2026 consisted of the following:

Food & Supplies	$ 31,115

NOTE 9 - LIABILITIES

A. **Pension Plans and Post-Employment Benefits**

1. General Information

The Monticello Central School District participates in New York State and Local Employee's Retirement System (ERS), and the New York State Teachers' Retirement System (TRS). These Systems are cost sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the New York State Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the New York State Teachers' Retirement Board.

NOTE 9 – LIABILITIES (Continued)

The System provides benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Law of the State of New York. The

New York State TRS issued a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYRSSL).

The system issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

3. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and prior to January 1, 2010, with less than ten years of service, are required to contribute 3% of their salary.

Those joining the NYSERS on or after January 1, 2010 and before April 1, 2012, contribute 3% of their salary throughout their entire working career. Those joining after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, dependent upon their salary, for their entire working career.

Those joining the NYSTRS on or after January 1, 2010 and before April 1, 2012 contribute 3.5% of their salary throughout their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on their salary, for their entire working career.

NOTE 9 – LIABILITIES (Continued)

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 9.59% of the annually covered payroll for the fiscal year ended June 30, 2026. Rates applicable to the fiscal years ended June 30, 2025 and 2024, were respectively 10.11% and 9.76%.

For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS	TRS
2026	$ 1,656,572	$ 3,074,617
2025	1,526,783	3,341,307
2024	1,090,701	3,123,060

B. **Indebtedness**

1. Long-Term Debt

a. Long-Term Debt Interest

Interest expense on long-term debt consisted of the following:

Interest Paid	$ 1,909,718
Less: Interest Accrued in the Prior Year	(83,773)
Amortization of Bond Premium	(242,963)
Plus: Interest Accrued in the Current Year	78,599
Total Expense	$ 1,661,581

b. Changes

The changes in the School District's indebtedness during the year ended June 30, 2026 are summarized as follows:

	BALANCE 06/30/25	ADDITIONS	DELETIONS	BALANCE 06/30/26	AMOUNTS DUE WITHIN ONE YEAR
Serial Bonds – General Obligations	$ -	$ -	$ -	$ -	$ -
Serial Bonds-Direct Placement	38,970,000	-	2,195,000	36,775,000	2,000,000
Unamortized Bond Premium	4,602,366	-	242,963	4,359,403	242,963
Energy Performance Contract-Direct Borrowing	2,878,673	-	380,935	2,497,738	209,265
Compensated Absences	1,582,168	76,081	-	1,658,249	88,876
Total OPEB Liability	93,629,263	19,899,749	2,952,962	110,576,050	3,000,000
Lease Payable	608,811	-	133,562	475,249	137,625
TOTAL	$ 142,271,281	$ 19,975,830	$ 5,905,422	$ 156,341,689	$ 5,678,729

NOTE 9 – LIABILITIES (Continued)

Additions and deletions to compensated absences are shown net since it is impractical to determine those amounts separately.

c. Maturity

The following is a summary of maturity of indebtedness:

PURPOSE	ISSUE DATE	FINAL MATURITY	INTEREST RATE	OUTSTANDING 06/30/26
Improvements	2023	2049	5.00%-5.25%	$ 18,900,000
Energy Performance Contract	2022	2037	1.62%	2,497,738
Improvements	2024	2040	5.00%	17,875,000
				$ 39,272,738

The following is a summary of maturing debt service requirements.

	General Obligations		Direct Borrowings And Direct Placements	
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2027	$ -	$ -	$ 2,209,265	$ 1,887,138
2028	-	-	2,312,656	1,783,746
2029	-	-	2,426,101	1,675,306
2030	-	-	2,539,601	1,561,306
2031	-	-	2,658,159	1,441,750
2032-2036	-	-	15,246,208	5,196,599
2037-2041	-	-	7,845,748	1,986,416
2042-2046	-	-	2,325,000	824,148
2047-2049	-	-	1,710,000	182,698
TOTAL	$ -	$ -	$ 39,272,738	$ 16,539,107

2. Short-Term Debt

a. Short-Term Debt Interest

Interest expense on short-term debt consisted of the following:

Interest Paid	$ 125,333
Less: Interest Accrued in the Prior Year	-
Plus: Interest Accrued in the Current Year	-
Total Expense	$ 125,333

NOTE 9 – LIABILITIES (Continued)

b. Summary

Transactions in short-term debt for the year ended June 30, 2026 are summarized below:

Purpose	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
Reconstruction	6/26	4.00%	$ -	$ 6,000,000	$ 6,000,000	$ -
Reconstruction	6/27	4.00%	-	11,840,000	-	11,840,000
			$ -	$ 17,840,000	$ 6,000,000	$ 11,840,000

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. **Risk Financing and Related Insurance**

The Monticello Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties.

B. **Tax Certiorari Proceedings**

The District may be liable for refunds related to tax assessment reviews brought on by various taxpayers. Individually, these claims would not have a material impact on the financial statements.

However, in the aggregate, if settled unfavorably, they may be material to the financial statements. The outcome cannot be reasonably estimated at this time. The District has funded its Tax Certiorari Reserve to be prepared in the event of unfavorable outcomes.

C. **Other Items**

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

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

The District provides post-employment coverage to retired employees 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.

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

General Information about the OPEB Plan

Plan Description - The healthcare plan is a defined benefit OPEB plan that provides benefits for employees of the District who have reached certain levels of employment with the District. The plan is a pay as you go funding plan. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare benefits for retirees, their dependents and surviving spouses. The benefit terms and contributions required by retirees vary based on the union contract that governs the employee, and years of service with the District. The District also reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. Retirees and surviving spouses contribute at rates ranging from 50% to 100% of premiums depending on the type of coverage and the individual contractual terms.

Employees Covered by Benefit Terms – At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	256
Active Employees	614
	870

Total OPEB Liability

The District's total OPEB liability of $110,576,050 was measured as of June 30, 2026, using 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.

Measurement Date	June 30, 2026
Discount Rate	4.32%
Inflation	2.60%
Payroll Growth – ERS	3.3%-8.8%
Payroll Growth – TRS	2.2%-12.3%
Initial Healthcare Cost Trend Rate	6.50%
Ultimate Healthcare Cost Trend Rate	4.04%

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

The actuarial cost method used in the valuation was Entry Age Normal Level Percentage of Pay Cost Method.

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index.

Mortality rates were based on Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2021.

The payroll growth assumptions used in the June 30, 2024 valuation were based on the NYS ERS assumption first adopted on April 1, 2020 and the NYS TRS assumption first adopted on June 30, 2021.

Changes in the Total OPEB Liability

Balance at June 30, 2025		$ 93,629,263
Changes for the Year -		
Service Cost	4,004,249	
Interest	4,625,987	
Changes of Benefit Terms	-	
Differences between expended and actual experience	3,319,143	
Changes in assumptions or other inputs	7,950,370	
Benefit Payments	(2,952,962)	
Net Changes		16,946,787
Balance at June 30, 2026		$ 110,576,050

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 or 1 – percentage point higher than the current discount rate:

	1% Decrease (3.32%)	Current Assumption (4.32%)	1% Increase (5.32%)
Total OPEB Liability	$ 129,798,581	$ 110,576,050	$ 95,206,971

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends 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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB Liability	$ 91,604,663	$ 110,576,050	$ 135,391,776

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the District recognized OPEB expense of $7,597,610. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,312,969	$ 13,159,749
Changes of assumptions or other inputs	17,594,921	24,784,192
Total	$ 26,907,890	$ 37,943,941

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

2027	$ (944,137)
2028	(686,948)
2029	(3,037,502)
2030	(3,967,402)
2031	(1,305,493)
Thereafter	(1,094,569)
TOTAL	$ (11,036,051)

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) are included in Note 9-A to the financial statements.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2026, 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, 2026 for ERS and June 30, 2025 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.

	ERS	TRS
Actuarial valuation date	April 1, 2025	June 30, 2024
Net pension asset/(liability)	$ (1,598,212)	$ 9,967,033
District's portion of the Plan's total net pension asset/(liability)	0.0283283%	0.168332%

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

For the year ended June 30, 2026, the District recognized pension expense of $1,930,418 for ERS and $(512,992) for TRS. At June 30, 2026, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 914,591	$ 5,224,948	$ -	$ -
Changes of assumptions	274,342	3 945 638	-	107,461
Net difference between projected and actual earnings on pension plan investments	-	-	2,865,682	7,784,228
Changes in proportion and differences between the District's contributions and proportionate share of contributions	435,794	230,848	-	136,025
District's contributions subsequent to the measurement date	516,156	3,074,617	-	-
Total	$ 2,140,883	$ 12,476,051	$ 2,865,682	$ 8,027,714

District contributions subsequent to the measurement date of $516,156 for ERS and $3,341,307 for TRS will be recognized as a reduction of the net pension liability in the year June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
2026	$ -	$ 5,057,606
2027	761,644	(2,115,319)
2028	(912,091)	(2,227,268)
2029	(478,675)	(420,674)
2030	(611,833)	895,309
2031	-	-
Thereafter	-	184,066
TOTAL	$ (1,240,955)	$ 1,373,720

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Actuarial Assumptions

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

	ERS		TRS	
	Current Year	Prior Year	Current Year	Prior Year
Measurement date	March 31, 2026	March 31, 2025	June 30, 2025	June 30, 2024
Actuarial valuation date	April 1, 2025	April 1, 2024	June 30, 2024	June 30, 2023
Interest rate	5.9%	5.9%	6.95%	6.95%
Salary scale	5.2%	4.3%	2.04%-5.80%	1.95%-5.18%
Cost of Living Adjustments	1.5%	1.5%	1.4%	1.3%
Inflation rate	2.9%	2.9%	2.50%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2020-March 31, 2025 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.

For ERS, the actuarial assumptions used in the April 1, 2025 valuation are based on the results of an actuarial experience study for the period April 1, 2020-March 31, 2025. For TRS, the actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2019-June 30, 2024.

The long term 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 returns 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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

NOTE 12 – PENSION REPORTING FOR ASSETS/ LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

	ERS	TRS
Measurement date	March 31, 2026	June 30, 2025
Asset Type:		
Domestic Equity	3.29%	6.7%
International Equity	5.85	7.4
Real Estate	5.20	6.5
Opportunistic/ARS Portfolio	5.13	-
Domestic fixed income securities	-	2.6
Global Bonds	-	2.4
Global Equities	-	7.0
Private Debt	-	6.1
Private Equities	7.00	9.8
High Yield Bonds	-	4.7
Real Estate Debt	-	3.8
Cash Equivalents	0.25	0.6
Credit	5.10	-
Real Assets	5.54	-
Fixed Income	1.75	-

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% 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 employees 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 liability.

Sensitivity of the Proportionate Share for the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% 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 or 1-percentage point higher than the current rate:

NOTE 12 – PENSION REPORTING FOR ASSETS/ LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	$ (19,151,781)	$ 9,967,033	$ 34,469,000

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	$ (10,915,350)	$ (1,598,212)	$ 6,191,328

Pension Plan Fiduciary Net Position

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

	ERS (in thousands)	TRS
Valuation date	April 1, 2025	June 30, 2024
Employers' total pension liability	$ 253,773,040	$ 148,272,068,018
Plan Net Position	248,131,290	154,193,125,241
Employer's net pension asset/(liability)	$(5,641,750)	$ 5,921,057,223
Ration of plan net position to the Employer's total pension asset/(liability)	97.78%	104.0%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30 represent the projected employer contribution for the period of April 1 through June 30, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to $516,156.

For TRS, employer and employee contributions for the fiscal year ended June 30 are paid to the System in September, October, and November through a state aid intercept. Accrued retirement contributions as of June 30 represent employee and employer contributions for the fiscal year based on paid TRS wages multiplied by the employer's contribution rate by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2026 amounted to $3,715,406.

NOTE 13 – LEASES

Liabilities

The District has entered into lease agreements that do not qualify as a short term lease or an installment purchase under GASB 87 and, therefore, have been reported as a liability equal to the present value of future minimum lease payments. The District's current leases reported as long term liabilities are as follows:

PURPOSE	START DATE	END DATE	INTEREST RATE	PAYMENT	OUTSTANDING 06/30/26
Office Space	11/1/24	10/31/29	3.00%	$12,500/month	$ 475,249

The following is a summary of future minimum lease payments:

YEAR	PRINCIPAL	INTEREST
2027	$ 137,625	$ 12,375
2028	141,811	8,189
2029	146,124	3,876
2030	49,689	311
Total	$ 475,249	$ 24,751

Interest expense on leases consisted of the following:

Interest Paid	$ 39,810
Less: Interest Accrued In Prior Year	-
Plus: Interest Accrued In Current Year	-
TOTAL EXPENSE	$ 39,810

Assets

The District has reported right to use assets as a result of implementing GASB 87. Right to use assets are initially reported at an amount equal to the initial lease liability, and amortized over the life of the related lease.
Right to use asset balances and activity for the year ended June 30, 2026 were as follows:

	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Right to use assets:				
Leased office space	$ 697,394	$ -	$ -	$ 697,394
Total right to use assets	697,394	-	-	697,394
Less accumulated amortization:				
Leased office space	88,583	133,562	-	222,145
Total Accumulated Amortization	88,583	133,562	-	222,145
Right to use assets, net	$ 608,811	$ (133,562)	$ -	$ 475,249

NOTE 13_LEASES (Continued)

Amortization expense was charged to Governmental functions as follows:	
General Support	$ 133,562

NOTE 14 – TAX ABATEMENTS

The District is subject to tax abatement agreements entered into by the County of Sullivan Industrial Development Agency pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York. For the year ended June 30, 2026, the District received $1,320,500 in tax abatement payments, which resulted in abated property taxes totaling $6,675,885.

NOTE 15 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2026 and October 9, 2026, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, OTHER USES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 20256
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2025)

	ORIGINAL BUDGET	REVISED BUDGET	INCREASE/ (DECREASE) IN BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2025
REVENUES						
Local Sources:						
Real Property Taxes	$ 45,872,100	$ 44,788,528	$ (1,083,572)	$ 44,763,749	$ (24,779)	$ 43,461,675
Other Tax Items	1,625,000	2,708,572	1,083,572	2,963,971	255,399	2,817,103
Charges For Services	200,000	200,000	-	218,656	18,656	197,433
Use of Money and Property	523,000	523,000	-	1,167,969	644,969	1,360,623
Sale of Property & Compensation For Loss	-	102,142	102,142	162,742	60,600	51,691
Miscellaneous Local Sources	2,227,000	2,250,265	23,265	4,259,504	2,009,239	2,595,062
State Sources:						
Basic Formula	46,470,822	46,470,822	-	44,456,032	(2,014,790)	43,205,096
Lottery Aid	-	-	-	5,861,256	5,861,256	6,019,696
BOCES	2,072,242	2,072,242	-	2,226,163	153,921	2,334,318
Other	2,982,412	2,982,412	-	730,313	(2,252,099)	529,197
Federal Sources	300,000	300,000	-	405,461	105,461	231,320
TOTAL REVENUES	102,272,576	102,397,983	125,407	107,215,816	4,817,833	102,803,214
OTHER FINANCING SOURCES						
Interfund Transfers In	-	-	-	-	-	78,850
TOTAL REVENUES AND OTHER FINANCING SOURCES	102,272,576	102,397,983	125,407	107,215,816	$ 4,817,833	102,882,064
FUND BALANCE						
Appropriated Fund Balance	1,250,000	1,250,000	-			
Appropriated Reserves	-	-	-			
Prior Year Encumbrances	-	316,914	316,914			
TOTAL FUND BALANCE	1,250,000	1,566,914	316,914			
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE	$ 103,522,576	$ 103,964,897	$ 442,321			

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, OTHER USES AND CHANGES IN FUND BALANCE
BUDGET TO ACUTAL- GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2025)

	ORIGINAL BUDGET	REVISED BUDGET	INCREASE/ (DECREASE) IN BUDGET	ACTUAL	ENCUMBRANCES	VARIANCE FAVORABLE (UNFAVORABLE)	2025
EXPENDITURES							
General Support							
Board of Education	$ 168,395	$ 170,808	$ 2,413	$ 144,612	$ -	$ 26,196	$ 134,036
Central Administration	343,950	386,286	42,336	376,897	-	9,389	335,345
Finance	974,443	966,191	(8,252)	913,793	21,750	30,648	1,144,716
Staff	721,456	721,691	235	618,690	7,498	95,503	572,868
Central Services	6,159,707	6,029,541	(130,166)	5,599,299	181,641	248,601	6,193,575
Special Items	2,105,293	2,146,981	41,688	2,070,948	-	76,033	2,324,505
Instructional:							
Instruction, Administration, and Improvement	5,067,537	5,380,111	312,574	5,039,981	3,961	336,169	5,055,210
Teaching:							
Regular School	22,700,732	22,019,420	(681,312)	21,347,732	59,670	612,018	22,055,910
Programs For Children With Handicapped Conditions	21,819,401	21,926,770	107,369	21,681,338	44,718	200,714	22,220,721
Occupational Education	2,485,824	2,514,195	28,371	2,514,194	-	1	2,270,502
Special Schools	374,000	374,000	-	323,090	687	50,223	196,813
Instructional Media	2,499,512	2,431,114	(68,398)	2,335,222	11,090	84,802	2,449,856
Pupil Services	4,450,729	4,256,769	(193,960)	4,045,874	4,290	206,605	4,065,500
Pupil Transportation	5,987,717	6,287,445	299,728	5,762,224	358,481	166,740	5,747,888
Community Services	28,035	28,235	200	28,234	-	1	27,097
Employee Benefits	22,609,964	22,818,966	209,002	22,655,997	-	162,969	22,411,832
Debt Service:							
Principal	2,709,500	2,869,500	160,000	2,869,497	-	3	2,625,550
Interest	2,041,381	2,074,874	33,493	2,074,861	-	13	2,339,267
TOTAL EXPENDITURES	103,247,576	103,402,897	155,321	100,402,483	693,786	2,306,628	102,171,191
OTHER USES							
Interfund Transfers Out	275,000	562,000	287,000	561,086	-	914	307,507
TOTAL EXPENDITURES AND OTHER USES	$ 103,522,576	$ 103,964,897	$ 442,321	100,963,569	$ 693,786	$ 2,307,542	102,478,698
NET CHANGE IN FUND BALANCE				6,252,247			403,366
FUND BALANCE - Beginning of Year				22,932,146			22,528,780
FUND BALANCE - End of Year				$ 29,184,393			$ 22,932,146

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2026

ORIGINAL BUDGET TO FINAL BUDGET

Account	Increase/ (Decrease) in Budget	Explanation
Real Property Taxes	(1,083,572)	Reclassification of portion attributable to STAR reimbursement
Other Tax Items	1,083,572	Reclassification of portion attributable to STAR reimbursement
Instruction, Admin and Improvement	312,574	Adjustment to budget for additional mentor stipends for new administrators of $52,000, $72,686 increase in security salaries, $156,138 increase in BOCES services for PLC and PD work.
Teaching – Regular School	(681,312)	$(672,789) adjustment from salaries due to vacant positions not filled
Pupil Services	(193,960)	($288,293) adjustment to budget from salaries due to vacant positions not filled, $25,000 BOCES interscholastic services budget increase, $55,000 budget increase for Health Services provided by other districts, $14,333 budget increase for purchased service/contractual
Pupil Transportation	299,728	Roll forward of prior year encumbrances
Employee Benefits	209,002	($58,000) adjustment to health, dental and union welfare budget, $232,000 adjustment to retirement (ERS and TRS) budget, $35,000 adjustment to unemployment insurance and social security taxes.
Interfund Transfers Out	287,000	$387,000 adjustment to transfer to special aid fund and ($100,000) adjustment to transfer to capital fund budgets.

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2026

FINAL BUDGET TO ACTUAL

Account	Over/ (Under) Budget	Explanation
Other Tax Items	255,399	Payments in lieu of taxes (PILOT) received higher than budget
Use of Money and Property	644,969	Interest income higher than budget
Miscellaneous Local Sources	2,009,239	BOCES refund $1,764,433 higher than budget, $201,249 income in excess of budget for preschool special education services, $17,556 refund on Energy Performance contract.
State Aid – Basic Formula	(2,014,790)	Lottery Aid and other state aid included in Basic Formula for budget because state aid report for state doesn't break it out, but reported on separate line for audit
State Aid – Lottery	5,861,256	Included in Basic formula for budget based on state aid runs
State Aid – Other	(2,252,099	Excess cost included in basic formula historically
Central Services	(248,601)	Contractual expenditures $41,640 less than final budget, utilities $48,247 less than final budget, supplies $94,701 less than budget, due to budget created by former Director of Facilities, new Director was being conservative in spending. Salaries $44,335 less than budget due to position vacancies throughout the year and employees on unpaid leave.
Instruction, Admin and Improvement	(336,169)	$96,761 salaries less than budget to due employee turnover, $75,571 in purchased services, $50,000 supplies for PLC work. $98,842 in BOCES services for PLC work
Teaching – Regular School	(612,018)	$142,295 salaries under budget due to vacant position not filled, $21,534 of equipment not purchased. $57,344 BOCES services under budget, $154,192 textbooks under budget. $28,333 tuition under budget, $24,537 conference and mileage under budget, $92,676 purchased service/contractual under budget. $84,649 supplies under budget.
Programs for Children with Handicapped Conditions	(200,714)	$44,170 salaries under budget, $78,955 BOCES services under budget, $28,379 tuition under budget, $28,270 purchased services/contractual under budget, $19,743 supplies under budget
Pupil Services	(206,605)	$111,189 salaries under budget, $73,319 purchased services/contractual under budget, $22,062 supplies under budget

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
YEAR ENDED JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Service Cost	$ 4,004,249	$ 4,346,602	$ 4,158,834	$ 4,114,552	$ 5,860,408	$ 4,713,265	$ 3,510,751	$ 2,723,943	$ 1,930,488
Interest	4,625,987	4,480,850	4,094,200	3,391,795	2,490,921	2,232,191	3,040,176	2,651,715	2,384,735
Changes of Benefit Terms	-	6,645,794	-	43,948	-	(14,055)	-	286,734	-
Differences Between Expected and Actual Experience	3,319,143	(13,014,828)	2,771,679	6,762,026	1,705,841	(1,698,047)	(11,006,290)	(126,247)	-
Changes of Assumptions	7,950,370	(9,545,541)	(1,310,628)	(8,681,670)	(25,663,020)	10,067,181	19,799,294	13,861,816	(3,368,351)
Benefit Payments	(2,952,962)	(2,713,026)	(2,492,797)	(2,223,462)	(2,095,215)	(2,166,890)	(2,140,599)	(2,038,192)	(1,508,631)
Net Change in Total OPEB Liability	16,946,787	(9,800,149)	7,221,288	3,407,189	(17,701,065)	13,133,645	13,203,332	17,359,769	(561,759)
Beginning Total OPEB Liability	93,629,263	103,429,412	96,208,124	92,800,935	110,502,000	97,368,355	84,165,023	66,805,254	67,367,013
Ending Total OPEB Liability	$ 110,576,050	$ 93,629,263	$ 103,429,412	$ 96,208,124	$ 92,800,935	$ 110,502,000	$ 97,368,355	$ 84,165,023	$ 66,805,254
Covered Employee Payroll	$ 45,239,747	$ 41,593,706	$ 44,224,944	$ 43,145,217	$ 41,167,434	$ 35,678,891	$ 41,296,805	$ 42,836,082	$ 40,804,583
Total OPEB Liability as a Percentage of Covered Payroll	244.4%	225.1%	233.90%	223.0%	225.4%	309.7%	235.8%	196.5%	163.72%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026

Changes of Benefit Terms

None noted

Changes of Assumptions or Other Inputs

The change in the discount rate is as follows:

June 30, 2025 Measurement Date:	4.81%
June 30, 2026 Measurement Date:	4.32%

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.

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
YEAR ENDED JUNE 30, 2026

TRS System	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
The District's proportion of the net pension asset (liability)	0.168332%	0.167588%	0.174367%	0.174959%	0.170494%	0.170731%	0.172275%	0.172605%	0.177144%	0.182945%
The District's proportionate share of the net pension asset (liability)	$ 9,967,033	5,000,183	$(1,994,030)	$ (3,357,266)	$ 29,545,003	$ (4,717,766)	$ 4,475,710	$ 3,121,162	$ 1,346,472	$ (1,959,421)
The District's covered employee payroll	33,049,528	31,998,566	32,203,986	30,994,396	28,938,325	28,978,504	28,755,459	28,115,495	28,071,533	28,230,312
The District's proportionate share of the net pension asset (liability) as a percentage of covered employee payroll	30.16%	15.63%	6.19%	10.83%	102.10%	16.28%	15.56%	11.10%	4.80%	6.94%
Plan Fiduciary net position as a percentage of the total pension liability	104.0%	102.1%	99.2%	98.6%	113.2%	97.8%	102.17%	101.53%	100.66%	99.01%

ERS System	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
The District's proportion of the net pension liability	0.0283283%	0.0273493%	0.0245667%	0.0240956%	0.0240162%	0.0225264%	0.0228643%	0.0230005%	0.0232243%	0.0240426%
The District's proportionate share of the net pension liability	$ (1,598,212)	$ (4,689,232)	$ (3,617,211)	$ (5,167,077)	$ (1,963,225)	$ (22,430)	$ (6,054,611)	$ (1,629,656)	$ (749,552)	$ (2,259,093)
The District's covered employee payroll	10,803,873	10,048,090	8,365,642	8,382,198	8,165,641	7,794,457	7,411,768	7,313,717	7,405,398	6,821,965
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	14.79%	46.67%	43.24%	61.64%	24.04%	0.29%	81.69%	22.28%	10.12%	33.12%
Plan Fiduciary net position as a percentage of the total pension liability	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.7%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2026

TRS System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 3,074,617	$ 3,341,307	$ 3,123,060	$ 3,313,790	$ 3,037,451	$ 2,757,822	$ 2,567,495	$ 3,053,830	$ 2,755,319	$ 3,289,984
Contribution in relation to the contractually required contribution	3,074,617	3,341,307	3,123,060	3,313,790	3,037,451	2,757,822	2,567,495	3,053,830	2,755,319	3,289,984
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution as a percentage of covered employee payroll	9.59%	10.11%	9.76%	10.29%	9.80%	9.52%	8.86%	10.62%	9.80%	11.72%

ERS System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 1,656,572	$ 1,526,783	$ 1,090,701	$ 941,606	$ 1,168,417	$ 1,056,003	$ 1,055,391	$ 1,021,297	$ 1,038,813	$ 992,650
Contribution in relation to the contractually required contribution	1,656,572	1,526,783	1,090,071	941,606	1,168,417	1,056,003	1,055,391	1,021,297	1,038,813	992,650
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution as a percentage of covered employee payroll	15.33%	15.19%	13.04%	11.23%	14.31%	13.55%	14.24%	13.96%	14.03%	14.55%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2026

	DEBT SERVICE	MISCELLANEOUS SPECIAL REVENUE	TOTAL NON MAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash	$ 1,328,494	$ 138,985	$ 1,467,479
Cash-Restricted	-	82,273	82,273
Due From Other Funds	306,534	-	306,534
TOTAL ASSETS	$ 1,635,028	$ 221,258	$ 1,856,286
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due To Other Funds	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-
FUND BALANCES			
Restricted:			
Scholarships	-	82,273	82,273
Assigned:			
Unappropriated	1,635,028	138,985	1,774,013
TOTAL FUND BALANCES	1,635,028	221,258	1,856,286
TOTAL LIABILITIES AND FUND BALANCES	$ 1,635,028	$ 221,258	$ 1,856,286

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	DEBT SERVICE	MISCELLANEOUS SPECIAL REVENUE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES			
Use of Money and Property	$ 48,955	$ 1,557	$ 50,512
Miscellaneous Local Sources	-	230,965	230,965
TOTAL REVENUES	48,955	232,522	281,477
OTHER FINANCING SOURCES			
Premiums On Obligations	133,292	-	133,292
TOTAL REVENUES AND OTHER SOURCES	182,247	232,522	414,769
EXPENDITURES			
Instruction	-	215,783	215,783
TOTAL EXPENDITURES	-	215,783	215,783
NET CHANGE IN FUND BALANCE	182,247	16,739	198,986
FUND BALANCE - Beginning of Year	1,452,781	204,519	1,623,003
FUND BALANCE - End of Year	$ 1,635,028	$ 221,258	$ 1,856,286

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2026

ADOPTED BUDGET	$ 103,522,576
ADDITIONS:	
Encumbrances From Prior Year	316,914
Appropriated Reserves	-
Supplemental Appropriations	125,407
FINAL BUDGET	$ 103,964,897

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
REAL PROPERTY TAX LIMIT
YEAR ENDED JUNE 30, 2026

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

Subsequent Year Voter Approved Expenditure Budget		$ 106,931,092
Maximum allowed (4% of Budget)		$ 4,277,244
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	1,919,128	
Unassigned Fund Balance	10,320,264	
Total Unrestricted Fund Balance		12,239,392
Less:		
Appropriated Fund Balance	1,225,342	
Encumbrances included in Assigned Fund Balance	693,786	
Total Adjustments		1,919,128
General Fund Balance subject to Section 1318 of Real Property Tax Law:		$ 10,320,264
Actual Percentage		9.65%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2026

			EXPENDITURES				METHODS OF FINANCING				
PROJECT TITLE	ORIGINAL APPROPRIATIONS	REVISED APPROPRIATIONS	PRIOR YEARS	CURRENT YEAR	TOTAL	UNEXPENDED BALANCE	STATE AID	DEBT PROCEEDS	LOCAL SOURCES	TOTAL	FUND BALANCE JUNE 30, 2026
Capital Project	$ 54,650,000	$ 54,650,000	$ 51,558,910	$ 1,617,365	$ 53,176,275	$ 1,473,725	$ -	$ 50,000,000	$ 4,770,982	$ 54,770,982	$ 1,594,707
Capital Project 2024	31,800,000	31,800,000	723,653	11,790,677	12,514,330	19,285,670	-	160,000	15,173,607	15,333,607	2,819,277
Smart School Bond	2,217,375	2,217,375	1,287,704	799,513	2,087,217	130,158	2,087,217	-	-	2,087,217	-
Energy Performance Contract	3,276,876	3,276,876	3,067,499	-	3,067,499	309,377	-	3,276,876	(210,108)	3,066,768	(731)
				$ 14,207,555							$ 4.,413,253

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2026

Capital Assets, Net	$ 103,112,540
Less: Outstanding Bonds	(36,775,000)
Unamortized Bond Premium	(4,359,403)
Outstanding Energy Performance Contract	(2,497,738)
BAN Payable	(11,840,000)
Plus: Unspent Debt Proceeds	6,044,900
Net Investment in Capital Assets	$ 53,685,299

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

Cooper Arias, LLP
Accounting & Accountability

INDEPENDENT AUDITORS' 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 of the
Monticello Central School District
Monticello, New York

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Monticello Central School District, New York as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Monticello Central School District, New York's basic financial statements and have issued our report thereon dated October 9, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monticello Central School District, New York'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 Monticello Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of Monticello Central School District, New York'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 entity'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 Monticello Central School District, New York'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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cooper Arias, LLP

Mongaup Valley, New York
October 9, 2026

Cooper Arias, LLP
Accounting & Accountability

INDEPENDENT AUDITORS' REPORT

To The President and Board Members of
The Board of Education
Monticello Central School District
Monticello, New York

Opinions

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the Monticello Central School District as of June 30, 2026, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the Monticello Central School District as listed in the table of contents.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis, of the Extraclassroom Activity Funds of the Monticello Central School District as of June 30, 2026, and the changes in financial position – cash basis, for the year then ended in accordance with the basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 entity, 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—Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 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, 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 entity'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 entity'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.

Cooper Arias, LLP

Mongaup Valley, New York
October 9, 2026

MONTICELLO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS
JUNE 30, 2026

ASSETS	
Cash – High School	$ 100,362
Cash – Middle School	38,623
TOTAL ASSETS	$ 138,985
FUND BALANCE	$ 138,985

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
HIGH SCHOOL EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE- CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2026

ACTIVITY	CASH & FUND BALANCE 6/30/25	RECEIPTS	DISBURSEMENTS	CASH & FUND BALANCE 6/30/26
Academy of Finance	$ 3,555	$ 10,288	$ 12,179	$ 1,664
Athletic Association	14,702	20,427	14,619	20,510
Career Readiness	3,763	200	599	3,364
Class of 2025	233	61	171	123
Class of 2026	1,270	115,192	116,462	-
Class of 2027	1,069	2,827	1,723	2,173
Class of 2028	1,241	2,790	1,508	2,523
Class of 2029	-	9,527	5,216	4,311
Debate Club	24,478	-	-	24,478
Food and Toy Drive	7,731	6,814	7,534	7,011
Honor Society	228	1,441	1,664	5
Interact Club	799	30		829
Key Club	757	-	-	757
NYS Sales Tax	11	2,639	2,021	629
Performing Arts	4,960	901	2,529	3,332
Red Cross	421	2,886	1,210	2,097
Student Council	586	2,882	1,111	2,357
Varsity Club	763	385	-	1,148
Yearbook	15,692	7,359	-	23,051
TOTALS	$ 82,259	$ 186,649	$ 168,546	$ 100,362

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
MIDDLE SCHOOL EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE- CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2026

ACTIVITY	CASH & FUND BALANCE 6/30/25	RECEIPTS	DISBURSEMENTS	CASH & FUND BALANCE 6/30/26
Builders Club	$ 349	$ -	$ -	$ 349
Environmental Club	2,705	-	-	2,705
Junior Honor Society	1,985	-	410	1,575
Media Club	401	-	-	401
Musical	5,718	1,410	509	6,619
NY Sales Tax	78	3,873	3,850	101
RJK 8th Grade	7,874	23,423	25,487	5,810
SADD	169	-	-	169
Student Council	5,545	1,408	875	6,078
Seventh Grade	2,837	1,080	1,100	2,817
Sixth Grade	11,358	9,819	11,842	9,335
Yearbook	2,525	3,303	3,164	2,664
TOTAL	$ 41,544	$ 44,316	$ 47,237	$ 38,623

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 - DESCRIPTION OF OPERATIONS

Student activity funds are defined by the New York State Education Department as "funds raised other than by taxation, or through charges of a Board of Education, for, by or in the name of a school, student body or any subdivision thereof."

Activity funds are raised and expended by student bodies to promote the general welfare, education, and morale of all pupils, and to finance the normal, legitimate extracurricular activities of the student body organization.

The Superintendent of the District has responsibility and authority to implement all policies and rules pertaining to the supervision and administration of school activity funds in accordance with established policies and rules of the District's Board of Education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The books and records of the Extraclassroom Activity Funds of Monticello School District are maintained on the cash basis of accounting. Consequently, receipts and related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred.

Interest Income

Interest income earned on the bank account during the year has been credited to the Student Council Fund.

Bank Charges

All bank service charges have been charged to the respective activity fund.