



SAYVILLE UNION FREE SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

IN CONNECTION WITH THE UNIFORM GUIDANCE

AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

**SAYVILLE UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Sayville Union Free School District
Sayville, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sayville Union Free School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Sayville Union Free School District as of June 30, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

NawrockiSmith

Changes in Accounting Principles and Prior Period Adjustment

As described in Note 3 to the financial statements, in fiscal 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. The effect of GASB Statement No. 84 required a prior period adjustment as discussed in Note 15 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3-13 and 48-51, respectively, be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information requested by the New York State Education Department and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hauppauge, New York
October 14, 2021

Nawrocki Smith LLP

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**

The following is a discussion and analysis of the Sayville Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two financial statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining financial statements are *governmental fund financial statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-wide financial statements. The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required and other supplementary information that further explains and supports the financial statements including a comparison of the District's General Fund budget and actual results for the year.

Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the financial statements.

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Table A-1: Major Features of the District-Wide and Fund Financial Statements		
	District-Wide Financial Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

District-wide Financial Statements

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

The two District-wide financial statements report the District's *net position* and how it has changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as *governmental activities*. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and State formula aid finance most of these activities.

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District's governmental funds are described as follows:

- Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the fund financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, reconciliations of the District-wide and fund financial statements are provided which explain the relationship (or differences) between them.

FINANCIAL HIGHLIGHTS

- As of June 30, 2021, the District's fund level financial statements report a combined ending fund balance of \$34,841,689, which is an increase from the prior year of \$1,030,948 primarily due to the reduction of expenditures due to COVID-19.
- On the District-wide financial statements, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources at the close of its most recent fiscal year by \$112,815,378. The District's total net position decreased by \$2,636,363 for the year ended June 30, 2021. The unrestricted portion of net position as of June 30, 2021 was a deficit of \$168,186,041, as a result of the effect of the continued recognition of the District's total other post-employment benefits liability under the provisions of GASB Statement No. 75.
- Principal paid down on outstanding serial bond debt amounted to \$2,755,000.
- The District continued to offer all programs, without reducing services.
- The District's residents authorized the proposed 2021-22 budget in the amount of \$96,978,058 in accordance with the New York State Tax Levy Limit.
- During the fiscal year, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which provides clearer guidance on identifying fiduciary activities for accounting and reporting purposes. The effect of GASB Statement No. 84 required a prior period adjustment as discussed in Note 15 to the financial statements.

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position decreased by 2.4% from the year before to a net deficit position balance of \$112,815,378 as detailed in Tables A-2 and A-3.

The restricted net position balance of \$24,293,393 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2021, the District has an unrestricted net deficit of \$168,186,041. This deficit is driven by the District's recognition of the total other post-employment benefit ("OPEB") liability of \$173,326,493 as required by GASB Statement No. 75.

Table A-2: Condensed Statements of Net Position - Governmental Activities

	<u>6/30/21</u>	<u>(As Restated)</u> <u>6/30/20</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 40,948,538	\$ 44,139,665	\$ (3,191,127)	(7.2)
Capital assets, net	<u>64,408,511</u>	<u>66,508,147</u>	<u>(2,099,636)</u>	(3.2)
Total assets	<u>105,357,049</u>	<u>110,647,812</u>	<u>(5,290,763)</u>	(4.8)
Deferred outflows of resources	<u>32,896,952</u>	<u>29,638,362</u>	<u>3,258,590</u>	11.0
Current liabilities	9,805,654	8,904,150	901,504	10.1
Long-term liabilities	<u>217,565,027</u>	<u>218,195,382</u>	<u>(630,355)</u>	(0.3)
Total liabilities	<u>227,370,681</u>	<u>227,099,532</u>	<u>271,149</u>	0.1
Deferred inflows of resources	<u>23,698,698</u>	<u>23,365,657</u>	<u>333,041</u>	1.4
Net position:				
Net investment in capital assets	31,077,270	29,354,994	1,722,276	5.9
Restricted	24,293,393	23,149,122	1,144,271	4.9
Unrestricted (deficit)	<u>(168,186,041)</u>	<u>(162,683,131)</u>	<u>(5,502,910)</u>	(3.4)
Total net position (deficit)	<u>\$ (112,815,378)</u>	<u>\$ (110,179,015)</u>	<u>\$ (2,636,363)</u>	(2.4)

As of June 30, 2021, the District had positive working capital of \$5,249,491 as compared to \$6,060,301 as of June 30, 2020. The decrease is primarily due to a decrease in receivables.

As of June 30, 2021, the District had an investment in capital assets of \$64,408,511 as compared to \$66,508,147 as of June 30, 2020. The decrease is due to depreciation expense for the year exceeding current year additions.

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Changes in Net Position

The District's fiscal year 2021 revenues totaled \$95,966,929 (See Table A-3). Property and other taxes and State sources accounted for most of the District's revenues (91.2%) (See Table A-4). The remainder came from charges for services, operating grants, capital grants, sale of property and compensation for loss, miscellaneous sources, use of money and property and federal sources.

Revenues increased 2.9% or \$2,674,843, primarily as a direct result of an increase in real property taxes of \$1,595,851 (based on changes in assessed valuation and base allocations of real property), an increase in the sale of property and compensation for loss of \$1,585,512 related to the \$1.6 million settlement payment based on the settlement agreement with the Suffolk School Employees Health Plan, as well as an increase in miscellaneous revenues of \$1,415,200.

The District's fiscal year 2021 expenses totaled \$98,603,292 (See Table A-3). These expenses (94.5%) are predominantly related to instruction and general support (See Table A-6).

	<u>6/30/21</u>	<u>6/30/20</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 745,302	\$ 1,360,294	\$ (614,992)	(45.2)
Operating grants	2,238,477	1,887,093	351,384	18.6
Capital grants	167,055	826,173	(659,118)	(79.8)
General revenues:				
Real property taxes	56,278,298	54,682,447	1,595,851	2.9
Other real property tax items	5,324,518	5,644,701	(320,183)	(5.7)
Use of money and property	1,795,286	2,118,444	(323,158)	(15.3)
Sale of property and compensation for loss	1,627,577	42,065	1,585,512	3,769.2
State sources	25,923,130	26,092,282	(169,152)	(0.6)
Federal sources	114,300	300,801	(186,501)	(62.0)
Miscellaneous	1,752,986	337,786	1,415,200	419.0
Total revenues	<u>95,966,929</u>	<u>93,292,086</u>	<u>2,674,843</u>	2.9
Expenses				
General support	15,816,460	14,593,745	1,222,715	8.4
Instruction	77,320,363	78,382,499	(1,062,136)	(1.4)
Pupil transportation	3,505,873	2,861,237	644,636	22.5
Community services	52,856	101,491	(48,635)	(47.9)
Debt service - interest	1,008,830	1,218,240	(209,410)	(17.2)
School lunch program	898,910	851,323	47,587	5.6
Total expenses	<u>98,603,292</u>	<u>98,008,535</u>	<u>594,757</u>	0.6
Change in net position	(2,636,363)	(4,716,449)	2,080,086	44.1
Net position (deficit), beginning of year	(110,179,015)	(106,488,159)	(3,690,856)	(3.5)
Prior period adjustment, see Note 15	-	1,025,593	(1,025,593)	(100.0)
Net position (deficit), end of year	<u>\$ (112,815,378)</u>	<u>\$ (110,179,015)</u>	<u>\$ (2,636,363)</u>	(2.4)

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Table A-4: Sources of Revenues for Fiscal Year 2021

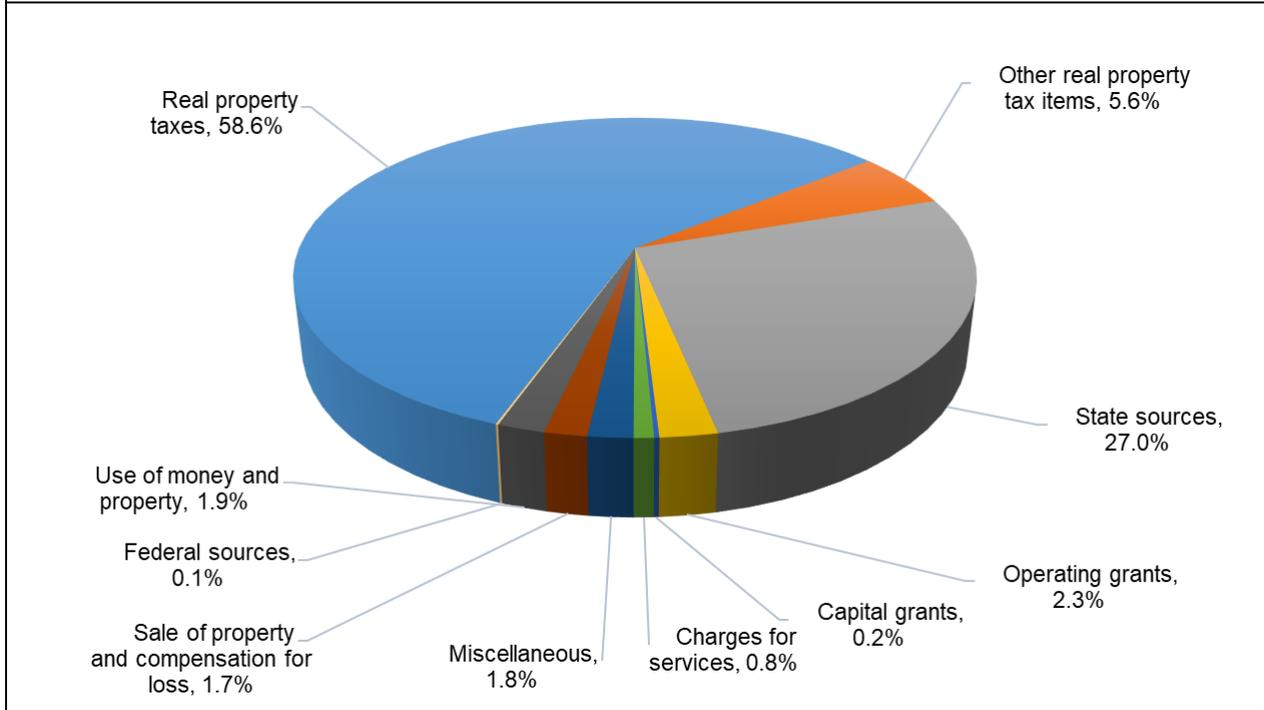
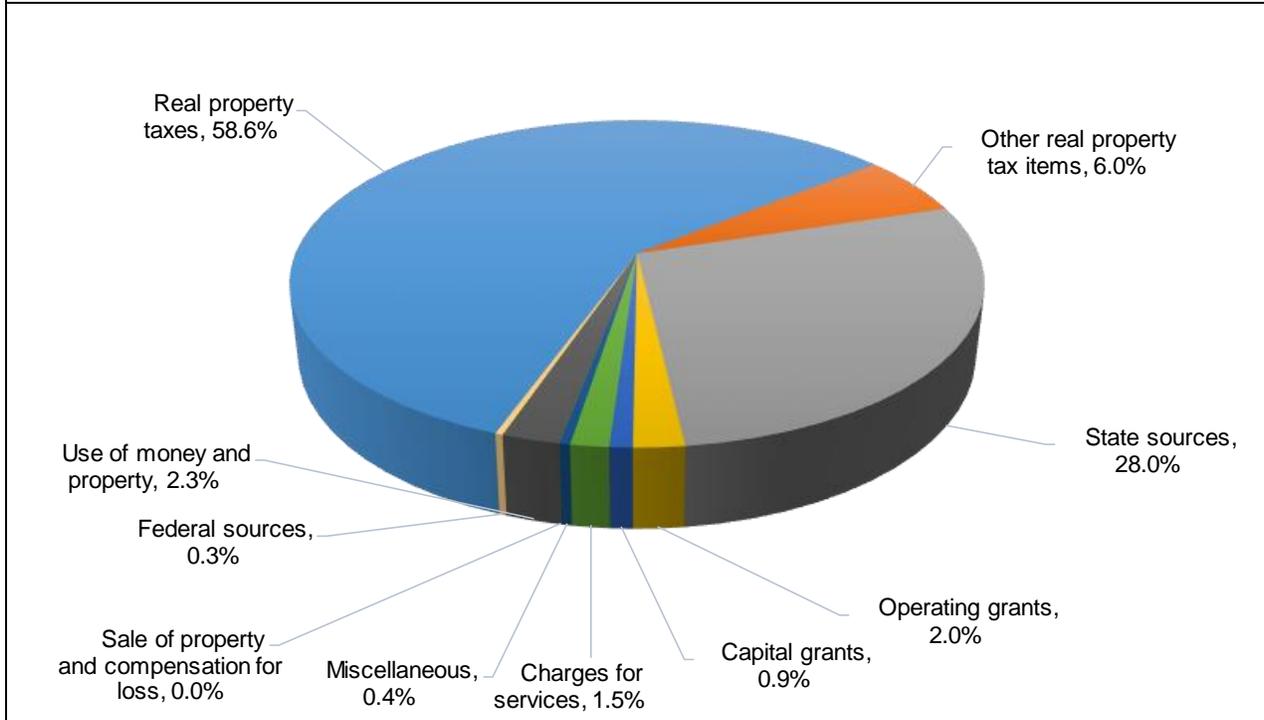


Table A-5: Sources of Revenues for Fiscal Year 2020



**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Table A-6: Sources of Expenses for Fiscal Year 2021

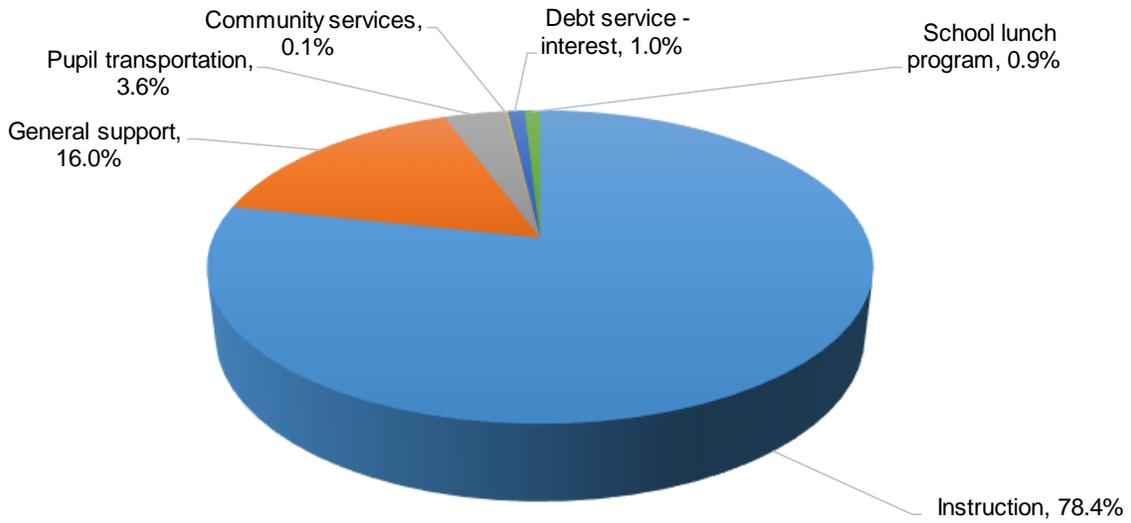
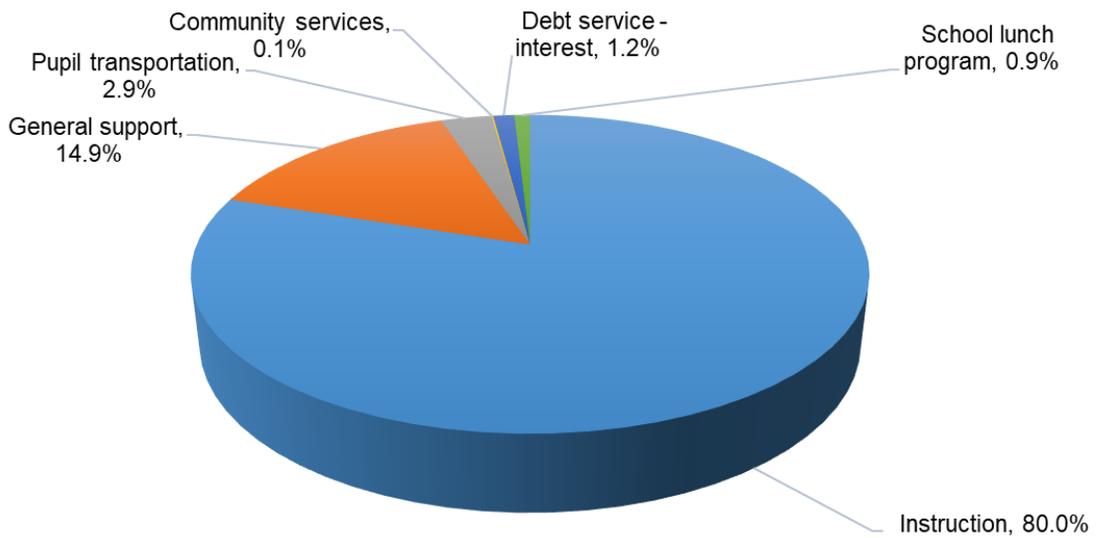


Table A-7: Sources of Expenses for Fiscal Year 2020



**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Governmental Activities

Revenues for the District's governmental activities totaled \$95,966,929 while total expenses equaled \$98,603,292. The overall sound financial condition of the District, as a whole, can be credited to:

- Continued leadership of the District's Board and Administration;
- The Community's continued approval and support of the District's annual budgets;
- Long-range fiscal strategies that have effectively utilized the District's available resources to provide for fiscal stability and tax rate stabilization;
- Favorable debt costs due to a high Moody's Investors Service rating;
- Continued funding of reserves to stabilize the impact of cost increases; and
- Strategic use of services from the Eastern Suffolk BOCES and other cooperative bidding alternatives.

The major changes in revenues and expenses are as follows:

Revenues:

- Real property taxes increased by \$1,595,851. This increase was within the tax cap and reflects a modest tax increase to residents that allows for the continued stabilization of the District's comprehensive educational program opportunities.
- Sale of property and compensation for loss increased by \$1,585,512 related to the \$1.6 million settlement payment based on the settlement agreement with the Suffolk School Employees Health Plan. Miscellaneous sources increased by \$1,415,200 mainly related to NYS unemployment insurance recoveries.
- Capital grants and charges for services decreased by \$1,274,110. This decrease is primarily due to a reduction in grants and services provided due to COVID-19.

Expenses:

- Instruction related expenses decreased by \$1,062,136 primarily due to decrease related to other post-employment benefits and pension costs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2021, the District's combined governmental funds reported a total fund balance of \$34,841,689 which is an increase of \$1,030,948 from the prior year. This increase is due primarily to the District receiving full settlement payment of \$1,600,000 in accordance with a settlement agreement with the Suffolk School Employees Health Plan.

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Fund balances for the District's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds	<u>6/30/21</u>	<u>6/30/20</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund				
Restricted:				
Retirement Contributions	\$ 10,820,772	\$ 9,709,047	\$ 1,111,725	11.5
Workers' Compensation	2,075,431	1,789,349	286,082	16.0
Unemployment Insurance	1,678,897	1,596,083	82,814	5.2
Employee Benefit Accrued Liability	8,332,539	8,474,652	(142,113)	(1.7)
Bonded Debt	634,241	682,767	(48,526)	(7.1)
Tax Reduction	53,800	228,800	(175,000)	(76.5)
Assigned:				
Appropriated for subsequent year's expenditures	2,882,549	2,882,549	-	0.0
Encumbrances	1,004,349	2,246,504	(1,242,155)	(55.3)
Committed:				
Health Insurance	1,600,000	-	1,600,000	100.0
Unassigned	<u>3,878,538</u>	<u>3,863,372</u>	<u>15,166</u>	0.4
Total General Fund	<u>32,961,116</u>	<u>31,473,123</u>	<u>1,487,993</u>	4.7
School Lunch Fund				
Nonspendable:				
Inventory	32,394	49,234	(16,840)	(34.2)
Assigned:				
Food Service Program	-	119,381	(119,381)	(100.0)
Unassigned	<u>(121,642)</u>	<u>-</u>	<u>(121,642)</u>	(100.0)
Total School Lunch Fund	<u>(89,248)</u>	<u>168,615</u>	<u>(257,863)</u>	(152.9)
Other Miscellaneous Special Revenue Fund				
Restricted:				
Scholarships	697,713	668,424	29,289	4.4
Committed:				
Extraclassroom activity funds	199,837	219,199	(19,362)	(8.8)
Assigned:				
Student activities	<u>99,209</u>	<u>137,970</u>	<u>(38,761)</u>	(28.1)
Total Other Miscellaneous Special Revenue Fund	<u>996,759</u>	<u>1,025,593</u>	<u>(28,834)</u>	(2.8)
Capital Projects Fund				
Assigned:				
District improvements	<u>973,062</u>	<u>1,143,410</u>	<u>(170,348)</u>	(14.9)
Total Capital Projects Fund	<u>973,062</u>	<u>1,143,410</u>	<u>(170,348)</u>	(14.9)
Total fund balance	<u>\$ 34,841,689</u>	<u>\$ 33,810,741</u>	<u>\$ 1,030,948</u>	3.0

General Fund

The General Fund reported an increase in fund balance of \$1,487,993 for fiscal 2021, as compared to an increase of \$3,719,345 for fiscal 2020. Revenues increased \$3,472,403 mainly as a result of an increase in the budgeted property tax levy and the sale of property and compensation for loss. Expenditures increased \$5,741,423 primarily as a result of operations returning to normal from the COVID-19 pandemic. As a result of revenues being greater than expenditures, the District reported an increase in the change in fund balance. Compared to projected performance, the District performed better than expected.

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

General Fund Budgetary Highlights

The District's General Fund original budget for the year ended June 30, 2021 was \$96,208,308. This amount was increased by encumbrances carried forward from the prior year in the amount of \$2,246,504 to establish the final budget of \$98,454,812.

As of June 30, 2021, the District's unassigned and committed fund balance was \$5,478,538 which exceeded the allowable 4% of the subsequent year's original budget \$96,978,058 as promulgated by New York State (see page 48). The District's fund balance subject to the \$1318 limit exceeded 4% due to the Suffolk Schools Employee Health Plan settlement totaling \$1,600,000. The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2021:

Unassigned fund balance, beginning of year	\$ 3,863,372
Add:	
Prior-year encumbrances	2,246,504
Prior-year appropriated fund balance	2,882,549
Board approved use of Retirement Contributions Reserve	1,550,000
Board approved use of Workers' Compensation Reserve	313,918
Board approved use of Unemployment Reserve	770,000
Board approved use of Bonded Debt Reserve	89,006
Board approved use of Tax Reduction Reserve	175,000
Board approved use of Employee Benefit Accrued Liability Reserve	380,233
Less:	
Current-year encumbrances	(1,004,349)
Current-year appropriated fund balance	(2,882,549)
Transfer to Retirement Contribution Reserves (including allocated interest)	(2,661,725)
Transfer to Workers' Compensation Reserve	(600,000)
Transfer to Unemployment Reserve (including allocated interest)	(852,814)
Transfer to Bonded Debt Reserves (including allocated interest)	(40,480)
Transfer to Employee Benefit Accrued Liability Reserve (including allocated interest)	(238,120)
Net change in fund balance	1,487,993
Unassigned and committed fund balance, end of year	\$ 5,478,538

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021, the District had invested \$64,408,511 net of depreciation, in a broad range of capital assets, including land, school buildings, buildings and improvements, construction-in-progress, furniture, machinery, equipment and vehicles.

	<u>6/30/21</u>	<u>6/30/20</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 303,740	\$ 303,740	\$ -	-
Construction-in-progress	2,190,824	8,553,883	(6,363,059)	(74.4)
Buildings and building improvements	55,684,788	51,092,060	4,592,728	9.0
Machinery and equipment	2,182,587	2,232,727	(50,140)	(2.2)
Vehicles	157,175	203,346	(46,171)	(22.7)
Site improvements	3,889,397	4,122,391	(232,994)	(5.7)
Totals	\$ 64,408,511	\$ 66,508,147	\$ (2,099,636)	(3.2)

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Long-Term Liabilities

At year-end, the District had \$215,358,492 in general obligation bonds and other long-term liabilities.

	<u>6/30/21</u>	<u>6/30/20</u>	<u>\$ Change</u>	<u>% Change</u>
Bonds payable, net	\$ 24,721,335	\$ 27,747,578	\$ (3,026,243)	(10.9)
Installment purchase debt payable	8,978,125	9,863,956	(885,831)	(9.0)
Other post-employment benefits	173,326,493	167,981,697	5,344,796	3.2
Compensated absences	<u>8,332,539</u>	<u>8,474,651</u>	<u>(142,112)</u>	<u>(1.7)</u>
Totals	<u>\$ 215,358,492</u>	<u>\$ 214,067,882</u>	<u>\$ 1,290,610</u>	<u>0.6</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial status in the future:

- In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of COVID-19 on the District's operations and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.
- New York State imposed a maximum tax levy increase of the lesser of 2% or the CPI for the fiscal year 2021-2022 budget, subject to certain exclusions. Based on the value of obligatory contractual increases and continued increases in the State's unfunded mandates, it is expected that reductions may be necessary. The District will continue to consolidate services to maintain its high standards. If the downward economic trend continues, and State mandates and legal requirements continue to escalate, there will be an inevitable negative impact on District programs.
- The General Fund budget for the 2021-2022 school year was approved by the voters in the amount of \$96,978,058. This is an increase of 0.80% over the previous year's budget.
- The 2021-2022 budget is impacted by certain trends affecting school districts. These include increases in health insurance costs, retirement costs, workers' compensation judgments, COVID-19 related expenditures and potential unemployment insurance claims, which are beyond the District's control.
- Continued fiscal burden for local school districts to fund additional Federal, State, and local unfunded mandates.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Sayville Union Free School District
Dr. Sam Gergis
Assistant Superintendent for Business
99 Greeley Avenue
Sayville, New York 11782

SAYVILLE UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Unrestricted cash	\$ 12,188,464
Receivables:	
State and federal aid	2,755,327
Other	78,960
Inventories	32,394
Restricted cash	25,893,393
Capital assets:	
Non-depreciable	2,494,564
Depreciable, net of accumulated depreciation of \$72,452,971	61,913,947
Total assets	105,357,049
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on bond refunding	368,219
Deferred outflows from pensions	26,828,616
Deferred outflows from OPEB	5,700,117
Total deferred outflows of resources	32,896,952
LIABILITIES	
Accounts payable	944,696
Accrued liabilities	885,425
Due to other governments	27
Accrued interest payable	115,361
Due to teachers' retirement system	3,640,976
Due to employees' retirement system	421,602
Unearned revenue	71,939
Long-term liabilities, due within one year:	
Bonds payable, net	2,670,232
Energy performance contract payable	913,212
Compensated absences	142,184
Long-term liabilities, due after one year:	
Bonds payable, net	22,051,103
Energy performance contract payable	8,064,913
Compensated absences	8,332,539
Proportionate share of net pension liability	5,789,979
Other postemployment benefits obligation	173,326,493
Total liabilities	227,370,681
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pensions	11,975,863
Deferred inflows from OPEB	11,722,835
Total deferred inflows of resources	23,698,698
NET POSITION	
Net investment in capital assets	31,077,270
Restricted:	
Retirement Contributions	10,820,772
Workers' Compensation	2,075,431
Unemployment Insurance	1,678,897
Employee Benefit Accrued Liability	8,332,539
Bonded debt	634,241
Tax reduction	53,800
Scholarships	697,713
Unrestricted (deficit)	(168,186,041)
Total net position (deficit)	\$ (112,815,378)

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

**SAYVILLE UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>		
Functions and programs:					
General support	\$ 15,816,460	\$ -	\$ -	\$ -	\$ (15,816,460)
Instruction	77,320,363	636,736	1,716,112	167,055	(74,800,460)
Pupil transportation	3,505,873	-	-	-	(3,505,873)
Community services	52,856	-	-	-	(52,856)
Debt service - interest	1,008,830	-	-	-	(1,008,830)
School lunch program	898,910	108,566	522,365	-	(267,979)
	<u>\$ 98,603,292</u>	<u>\$ 745,302</u>	<u>\$ 2,238,477</u>	<u>\$ 167,055</u>	<u>(95,452,458)</u>
Total functions and programs					
General revenues:					
Real property taxes					56,278,298
Other tax items					5,324,518
Use of money and property					1,795,286
Sale of property and compensation for loss					1,627,577
State sources					25,923,130
Federal sources					114,300
Miscellaneous					1,752,986
					<u>92,816,095</u>
Total general revenues					
Change in net position					(2,636,363)
Total net position, beginning of year, as restated (see Note 15)					<u>(110,179,015)</u>
Total net position, end of year					<u>\$ (112,815,378)</u>

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

**SAYVILLE UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Major Funds					Total Governmental Funds
	General	Special Revenue			Capital Projects	
		Special Aid	School Lunch	Other Miscellaneous Special Revenue		
ASSETS						
Unrestricted cash	\$ 11,045,195	\$ 210,118	\$ 121,242	\$ 299,046	\$ 512,863	\$ 12,188,464
Receivables:						
State and federal aid	1,111,548	1,037,716	139,285	-	466,778	2,755,327
Due from other funds	1,376,485	-	-	-	-	1,376,485
Other	78,960	-	-	-	-	78,960
Inventories	-	-	32,394	-	-	32,394
Restricted cash	25,195,680	-	-	697,713	-	25,893,393
Total assets	\$ 38,807,868	\$ 1,247,834	\$ 292,921	\$ 996,759	\$ 979,641	\$ 42,325,023
LIABILITIES						
Payables:						
Accounts payable	\$ 781,837	\$ 156,231	\$ 73	\$ -	\$ 6,555	\$ 944,696
Accrued liabilities	839,003	15,142	31,280	-	-	885,425
Due to other governments	-	-	27	-	-	27
Due to other funds	-	1,076,461	300,000	-	24	1,376,485
Due to teachers' retirement system	3,640,976	-	-	-	-	3,640,976
Due to employees' retirement system	421,602	-	-	-	-	421,602
Compensated absences	142,184	-	-	-	-	142,184
Unearned revenues	21,150	-	50,789	-	-	71,939
Total liabilities	5,846,752	1,247,834	382,169	-	6,579	7,483,334
FUND BALANCE						
Nonspendable	-	-	32,394	-	-	32,394
Restricted	23,595,680	-	-	697,713	-	24,293,393
Committed	1,600,000	-	-	199,837	-	1,799,837
Assigned	3,886,898	-	-	99,209	973,062	4,959,169
Unassigned	3,878,538	-	(121,642)	-	-	3,756,896
Total fund balance	32,961,116	-	(89,248)	996,759	973,062	34,841,689
Total liabilities and fund balance	\$ 38,807,868	\$ 1,247,834	\$ 292,921	\$ 996,759	\$ 979,641	\$ 42,325,023

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

**SAYVILLE UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balance - Governmental Funds \$ 34,841,689

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:		
Non-depreciable	\$ 2,494,564	
Depreciable	134,366,918	
Accumulated depreciation	<u>(72,452,971)</u>	64,408,511

Deferred charges on advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds. 368,219

Proportionate share of long-term asset and liability, and deferred outflows of resources and deferred inflows of resources associated with participation in the State retirement systems are not current financial resources or obligations and are not reported in the governmental funds:

Deferred outflows of resources - pension related	26,828,616	
Proportionate share of net pension liability	(5,789,979)	
Deferred inflows of resources - pension related	<u>(11,975,863)</u>	9,062,774

Total OPEB liability, deferred outflows of resources and deferred inflows of resources associated with the total OPEB liability are not current financial resources or obligations and are not reported in the fund financial statements.

Deferred inflows of resources - OPEB related	(11,722,835)	
Deferred outflows of resources - OPEB related	5,700,117	
Total OPEB liability	<u>(173,326,493)</u>	(179,349,211)

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:

Bonds payable, net	(24,721,335)	
Installment purchase debt payable	(8,978,125)	
Compensated absences payable	<u>(8,332,539)</u>	(42,031,999)

Interest payable applicable to the District's activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.

(115,361)

Net Position - Governmental Activities

\$ (112,815,378)

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

SAYVILLE UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds					Total Governmental Funds
	General	Special Revenue			Capital Projects	
		Special Aid	School Lunch	Other Miscellaneous Special Revenue		
REVENUES						
Real property taxes	\$ 56,278,298	\$ -	\$ -	\$ -	\$ -	\$ 56,278,298
Other real property tax items	5,324,518	-	-	-	-	5,324,518
Charges for services	636,736	-	-	-	-	636,736
Use of money and property	1,794,791	-	67	428	-	1,795,286
Sale of property and compensation for loss	1,627,577	-	-	-	-	1,627,577
State sources	25,923,130	541,264	8,383	-	167,055	26,639,832
Federal sources	312,497	976,651	513,982	-	-	1,803,130
Sales	-	-	108,566	-	-	108,566
Miscellaneous	1,554,307	-	6,499	192,180	-	1,752,986
Total revenues	<u>93,451,854</u>	<u>1,517,915</u>	<u>637,497</u>	<u>192,608</u>	<u>167,055</u>	<u>95,966,929</u>
EXPENDITURES						
Current -						
General support	12,050,522	-	-	-	-	12,050,522
Instruction	49,692,882	1,518,356	-	221,442	-	51,432,680
Pupil transportation	3,398,062	65,268	-	-	-	3,463,330
Community services	34,244	-	-	-	-	34,244
Employee benefits	21,044,141	34,140	82,163	-	-	21,160,444
Cost of sales	-	-	813,197	-	-	813,197
Capital outlay	-	-	-	-	1,137,403	1,137,403
Debt service -						
Principal	3,640,831	-	-	-	-	3,640,831
Interest	1,203,330	-	-	-	-	1,203,330
Total expenditures	<u>91,064,012</u>	<u>1,617,764</u>	<u>895,360</u>	<u>221,442</u>	<u>1,137,403</u>	<u>94,935,981</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,387,842</u>	<u>(99,849)</u>	<u>(257,863)</u>	<u>(28,834)</u>	<u>(970,348)</u>	<u>1,030,948</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	99,849	-	-	800,000	899,849
Transfers out	(899,849)	-	-	-	-	(899,849)
Total other financing sources (uses)	<u>(899,849)</u>	<u>99,849</u>	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>-</u>
Change in fund balance	1,487,993	-	(257,863)	(28,834)	(170,348)	1,030,948
Fund balance, beginning of year as restated, see Note 15	<u>31,473,123</u>	<u>-</u>	<u>168,615</u>	<u>1,025,593</u>	<u>1,143,410</u>	<u>33,810,741</u>
Fund balance, end of year	<u>\$ 32,961,116</u>	<u>\$ -</u>	<u>\$ (89,248)</u>	<u>\$ 996,759</u>	<u>\$ 973,062</u>	<u>\$ 34,841,689</u>

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

**SAYVILLE UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balance - Governmental Funds		\$ 1,030,948
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:</p>		
Capital outlay, net	\$ 1,355,441	
Depreciation expense	<u>(3,455,077)</u>	(2,099,636)
<p>Amortization of bond premiums and deferred charges on bond refundings do not affect the governmental funds, but are recorded in the Statement of Activities.</p>		
Amortization of bond premiums	271,243	
Amortization of deferred charges	<u>(90,162)</u>	181,081
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.</p>		
Repayment of bond principal	2,755,000	
Repayment of installment purchase debt payable	<u>885,831</u>	3,640,831
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Compensated absences payable	142,112	
Accrued interest costs	<u>13,419</u>	155,531
<p>Changes in the amounts related to the 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.</p>		
		(1,920,970)
<p>Changes in the proportionate share of the collective pension expense of the State retirement plans 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.</p>		
Teachers' Retirement System	(4,305,893)	
Employees' Retirement System	<u>681,745</u>	(3,624,148)
Change in Net Position - Governmental Activities		<u>\$ (2,636,363)</u>

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

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sayville Union Free School District (the "District") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board ("GASB"), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

A. Reporting entity

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on such criteria the District has determined there are no component units to be included within their reporting entity.

B. Joint venture

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

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

During the year, the District was billed \$5,036,444 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,243,013.

Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of presentation

1. District-wide financial statements

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

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

2. Fund financial statements

The fund financial 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:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Special Aid Fund: Used to account for proceeds received from State and federal grants that are restricted for educational programs.

School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Other Miscellaneous Special Revenue Fund: Used to account for the activities of student groups, extraclassroom activity funds and scholarships for students.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of District facilities.

D. Measurement focus and basis of accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, State aid, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on 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.

E. Property taxes

Real property taxes are levied annually by the Board of Education no later than November 1st, and become a lien on December 1st. Taxes are collected by the Town of Islip and remitted to the District. Uncollected real property taxes are subsequently enforced by Suffolk County.

F. Restricted resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

G. Interfund transactions

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

Advances to/from other funds represent loans to other funds which are not expected to be repaid within the subsequent year. The advances are offset by nonspendable fund balance in the fund financial statements, which indicates that the funds are not “available” for appropriation and are not expendable available financial resources.

In the District-wide financial statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, useful lives of long-lived assets, the proportionate share of net pension assets and liabilities, and the total OPEB liability.

I. Cash and cash equivalents

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

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

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations (if permitted by the District's policy).

J. 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 not be material.

K. Inventories and prepaid items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures (nonspendable).

L. Other assets/restricted assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the District-wide financial statements as their use is limited by applicable bond covenants.

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond issuance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

M. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1975. For assets acquired prior to June 30, 1975, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction-in-progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and building improvements	\$ 1,000	Straight-line	15-50 years
Site improvements	\$ 1,000	Straight-line	20 years
Equipment and vehicles	\$ 1,000	Straight-line	5-20 years

N. Deferred outflows of resources

In addition to assets, the Statement of Net Position or Balance Sheet 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 District may have four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the 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 proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (NYSTRS and NYSERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

O. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position or Balance Sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District may have four items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the 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 (NYSTRS and NYSERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

P. Unearned revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Q. Vested employee benefits - compensated absences

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. Sick leave use is based on last-in first-out (LIFO) basis.

Upon retirement, resignation or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Pronouncements, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

R. Other benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

S. Short-term debt

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

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes ("BAN"), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes to be converted to long-term financing within seven years after the original issue date.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

As of June 30, 2021, the District does not have any outstanding RAN's, TAN's, BAN's or deficiency notes.

T. Accrued liabilities and long-term obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

U. Equity classifications

District-wide financial statements

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

1. Net investment in capital assets: Consists of capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.
2. Restricted net position: Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position: Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Fund financial statements

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

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$32,394.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Workers' Compensation

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

Unemployment Insurance

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

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The sub-fund for contributions to the New York State Teachers' Retirement System is included in this reserve, but is separately administered and complies with all existing provisions of General Municipal Law §6-r.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Employee Benefit Accrued Liability

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

Tax Reduction

According to Education Law §1604, permits the District to retain the proceeds from the sale of school district real property that are not needed to pay any debts. The proceeds are used to reduce real property taxes over a period not to exceed ten years. It may be established and expended without voter approval. This reserve was established in the current year with the sale of a library building.

Bonded debt

Unspent long-term bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement.

3. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education.
4. Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint 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 also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.
5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts have been restricted or assigned.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Fund balances for all governmental funds as of June 30, 2021 were distributed as follows:

	General	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
Nonspendable:					
Inventory	\$ -	\$ 32,394	\$ -	\$ -	\$ 32,394
Total nonspendable	-	32,394	-	-	32,394
Restricted:					
Retirement Contributions	10,820,772	-	-	-	10,820,772
Workers' Compensation	2,075,431	-	-	-	2,075,431
Unemployment Insurance	1,678,897	-	-	-	1,678,897
Employee Benefit Accrued Liability	8,332,539	-	-	-	8,332,539
Bonded Debt	634,241	-	-	-	634,241
Tax Reduction	53,800	-	-	-	53,800
Scholarships	-	-	697,713	-	697,713
Total restricted	23,595,680	-	697,713	-	24,293,393
Committed:					
Health Insurance	1,600,000	-	-	-	1,600,000
Extracurricular activity funds	-	-	199,837	-	199,837
Total committed:	1,600,000	-	199,837	-	1,799,837
Assigned:					
Appropriated for subsequent year's expenditures	2,882,549	-	-	-	2,882,549
Encumbrances	1,004,349	-	-	-	1,004,349
Capital Projects Fund	-	-	-	973,062	973,062
Student activities	-	-	99,209	-	99,209
Total assigned	3,886,898	-	99,209	973,062	4,959,169
Unassigned	3,878,538	(121,642)	-	-	3,756,896
Total	\$32,961,116	\$ (89,248)	\$ 996,759	\$ 973,062	\$34,841,689

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 school district's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation. Committed fund balance of the General Fund is included in the 4% limitation.

Order of use of fund balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Sometimes the District will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the District-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the fund financial statements and the District-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide financial statements, 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 balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions.

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The categories are shown below:

1. Long-term revenue/expense differences

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

2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund financial 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 fund financial statements and depreciation expense on those items as recorded in the Statement of Activities.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

3. Long-term debt transaction differences

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

4. Pension differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. OPEB differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

3. CHANGE IN ACCOUNTING PRINCIPAL

Effective for the 2021 fiscal year, the District implemented GASB Statement No. 84, *Fiduciary Activities*, which provides clearer guidance on identifying fiduciary activities for accounting and reporting purposes. Upon implementation of the statement, the District moved some of its fiduciary assets and liabilities residing in the fiduciary funds to the General Fund of the District. Also, the District created a new governmental fund titled Other Miscellaneous Special Revenue Fund to account for the District's student groups, scholarships and extraclassroom activity funds which were previously accounted for in the fiduciary funds. Implementation of this statement required a prior period adjustment (see Note 15).

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

The voters of the District approved the proposed appropriation budget for the General Fund.

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

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the year ended June 30, 2021.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

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

Encumbrances

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

The portion of the District's fund balance subject to NYS Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. The District's fund balance subject to the §1318 limit exceeded 4% due to the Suffolk Schools Employee Health Plan settlement.

5. CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, AND INTEREST RATE RISKS

The District's aggregate bank balances, including balances not covered by depository insurance at year-end, are collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 40,119,022
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Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$25,893,393 within the governmental funds.

Investment and deposit policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Official of the District.

Interest rate risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Credit risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

6. RECEIVABLES

A. State and federal aid

State and federal aid receivables at June 30, 2021 consisted of the following:

General Fund:

Excess cost aid	\$ 409,224
BOCES aid	559,356
Other	142,968

Special Aid Fund:

State and federal grants	1,037,716
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School Lunch Fund:

School lunch reimbursement	139,285
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Capital Projects Fund:

State and federal grants	466,778
	<u>\$ 2,755,327</u>

District management has deemed the amounts to be fully collectible.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 303,740	\$ -	\$ -	\$ 303,740
Construction-in-progress	<u>8,553,883</u>	<u>1,137,403</u>	<u>(7,500,462)</u>	<u>2,190,824</u>
Total nondepreciable assets	<u>8,857,623</u>	<u>1,137,403</u>	<u>(7,500,462)</u>	<u>2,494,564</u>
Capital assets that are depreciated:				
Buildings and building improvements	115,148,402	-	7,500,462	122,648,864
Machinery and equipment	5,442,083	218,038	(14,596)	5,645,525
Vehicles	825,314	-	-	825,314
Site improvements	<u>5,247,215</u>	<u>-</u>	<u>-</u>	<u>5,247,215</u>
Total depreciable assets	<u>126,663,014</u>	<u>218,038</u>	<u>7,485,866</u>	<u>134,366,918</u>
Less accumulated depreciation:				
Buildings and building improvements	64,056,342	2,907,734	-	66,964,076
Machinery and equipment	3,209,356	268,178	(14,596)	3,462,938
Vehicles	621,968	46,171	-	668,139
Site improvements	<u>1,124,824</u>	<u>232,994</u>	<u>-</u>	<u>1,357,818</u>
Total accumulated depreciation	<u>69,012,490</u>	<u>3,455,077</u>	<u>(14,596)</u>	<u>72,452,971</u>
Total capital assets, net	<u>\$ 66,508,147</u>	<u>\$ (2,099,636)</u>	<u>\$ -</u>	<u>\$ 64,408,511</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 161,780
Instruction	3,289,747
School lunch	<u>3,550</u>
	<u>\$ 3,455,077</u>

8. SHORT-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN matured on 6/25/21 at 2.00%	\$ -	\$ 14,450,000	\$ 14,450,000	\$ -

Interest on short-term debt for the year was \$35,491.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

9. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 25,695,000	\$ -	\$ 2,755,000	\$ 22,940,000	\$ 2,460,000
Bond premium	2,052,578	-	271,243	1,781,335	210,232
Bonds payable, net	27,747,578	-	3,026,243	24,721,335	2,670,232
Energy performance contract debt payable	9,863,956	-	885,831	8,978,125	913,212
Other post-employment benefits	167,981,697	10,327,761	4,982,965	173,326,493	-
Compensated absences	8,474,651	-	142,112	8,332,539	142,184
Total long-term liabilities	<u>\$ 214,067,882</u>	<u>\$ 10,327,761</u>	<u>\$ 9,037,151</u>	<u>\$ 215,358,492</u>	<u>\$ 3,725,628</u>

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately. The General Fund is typically used to liquidate the liabilities above.

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2021
Serial bonds - refunding	2015	2025	3.00%	\$ 535,000
Serial bonds - refunding	2016	2028	4.00%	4,705,000
Serial bonds - refunding	2016	2029	4.00%	4,575,000
Serial bonds	2017	2032	2.00 - 3.00%	10,225,000
Serial bonds	2018	2033	3.00 - 3.25%	2,900,000
				<u>\$ 22,940,000</u>
Energy performance contract	2011	2026	3.24%	\$ 3,190,315
Energy performance contract	2019	2034	2.82%	5,787,810
				<u>\$ 8,978,125</u>

	Serial Bonds		Energy Performance Contracts		Total
	Principal	Interest	Principal	Interest	
June 30,					
2022	\$ 2,460,000	\$ 782,875	\$ 913,212	\$ 259,632	\$ 4,415,719
2023	2,460,000	696,775	941,444	231,400	4,329,619
2024	2,455,000	610,675	970,553	202,291	4,238,519
2025	2,580,000	524,825	1,000,606	172,279	4,277,710
2026	2,460,000	434,525	1,031,511	141,333	4,067,369
2027-2031	9,025,000	988,763	2,592,455	401,000	13,007,218
2032-2034	1,500,000	54,375	1,528,344	76,306	3,159,025
	<u>\$ 22,940,000</u>	<u>\$ 4,092,813</u>	<u>\$ 8,978,125</u>	<u>\$ 1,484,241</u>	<u>\$ 37,495,179</u>

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

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

Interest paid	\$ 1,167,839
Less interest accrued in the prior year	(128,780)
Plus amortization of deferred charges	90,162
Less amortization of bond premium	(271,243)
Plus interest accrued in the current year	115,361
 Total interest expense	 \$ 973,339

In the District-wide financial statements, the District is amortizing deferred charges on the advance refunding and a refunding bond premium relating to bond issuance as a component of interest expense on a weighted average basis as follows:

Year Ended June 30,	Deferred Premium	Deferred Charge	Net Decrease in Interest Expense
2022	\$ 210,232	\$ (47,249)	\$ 162,983
2023	210,232	(47,249)	162,983
2024	210,232	(47,249)	162,983
2025	210,232	(47,248)	162,984
2026	201,826	(44,806)	157,020
2027 - 2031	693,634	(134,418)	559,216
2032 - 2033	44,944	-	44,944
 Total	 \$ 1,781,332	 \$ (368,219)	 \$ 1,413,113

10. PENSION PLANS

General information

The District participates in the New York State Teachers' Retirement System ("NYSTRS") and the New York State and Local Employees' Retirement System ("NYSERS"). These 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.

Provisions and administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law ("NYSRSSL"). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in NYSTRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

NYSERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL governs obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

Funding policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under NYSERS tier VI vary between 3% to 6% based on a sliding salary scale. For NYSTRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the NYSERS' fiscal year ended March 31.

The District share of the required contributions, based on covered payroll for the current year and two preceding years were equal to 100% of the contributions required. The contributions shown below are based upon the measurement date of the respective plans, and were as follows:

<u>Year</u>	<u>NYSERS</u>	<u>NYSTRS</u>
2021	\$ 1,519,399	\$ 3,134,585
2020	1,450,037	3,134,970
2019	1,521,315	3,729,262

Pension assets, liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2021, 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 June 30, 2020 for NYSTRS and March 31, 2021 for NYSERS. 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 NYSTRS and NYSERS Systems in reports provided to the District:

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2021	June 30, 2020
Net pension asset/(liability)	\$ (30,188)	\$ (5,759,791)
District's portion of the Plan's total net pension asset/(liability)	(0.03032%)	(0.20844%)

For the year ended June 30, 2021, the District recognized pension expense of \$889,047 for NYSERS and \$7,779,911 for NYSTRS. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources - NYSERS</u>	<u>Deferred Outflows of Resources - NYSTRS</u>	<u>Deferred Inflows of Resources - NYSERS</u>	<u>Deferred Inflows of Resources - NYSTRS</u>
Difference between expected experience and actual experience	\$ 368,679	\$ 5,046,730	\$ -	\$ 295,178
Changes of assumptions	5,550,626	7,284,795	104,686	2,596,649
Net difference between projected and actual earnings on pension plan investments	-	3,761,649	8,671,812	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	522,858	230,701	128,878	178,660
Employer contributions subsequent to the measurement date	421,602	3,640,976	-	-
Total	<u>\$ 6,863,765</u>	<u>\$ 19,964,851</u>	<u>\$ 8,905,376</u>	<u>\$ 3,070,487</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,:</u>	<u>NYSERS</u>	<u>NYSTRS</u>
2022	\$ (363,186)	\$ 2,268,961
2023	(79,180)	4,554,589
2024	(403,847)	3,746,359
2025	(1,617,000)	2,307,786
2026	-	93,844
Thereafter	-	281,849

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Actuarial assumptions

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

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary scale	4.40%	*Rates of increase differ based on service
Decrement tables	April 1, 2015 to March 31, 2020 System's Experience	July 1, 2009 to June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%

*The salary scale used for NYSTRS changes based upon levels of service as defined below:

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

For NYSTRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2019. For NYSERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

For NYSTRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. For NYSERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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:

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

	NYSERS		NYSTRS	
	Target allocation	Long-term rate	Target allocation	Long-term rate
Measurement date	March 31, 2021	March 31, 2021	June 30, 2020	June 30, 2020
Asset type				
Cash	1.00%	0.50%	1.00%	0.07%
Domestic equity	32.00%	4.05%	33.00%	7.10%
Domestic fixed income	-	-	16.00%	1.80%
Global equities	-	-	4.00%	7.40%
Global fixed income	-	-	2.00%	1.00%
High-yield fixed income	-	-	1.00%	3.90%
International equity	15.00%	6.30%	16.00%	7.70%
Opportunistic portfolio	3.00%	4.50%	-	-
Credit	4.00%	3.63%	-	-
Fixed income	23.00%	0.00%	-	-
Private debt	-	-	1.00%	5.20%
Private equity	10.00%	6.75%	8.00%	10.40%
Real assets	3.00%	5.95%	-	-
Real estate debt	-	-	7.00%	3.60%
Real estate equities	9.00%	4.95%	11.00%	6.80%
	<u>100.00%</u>		<u>100.00%</u>	

Discount rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% for NYSERS and 7.10% for NYSTRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

Sensitivity of the proportionate share of the net pension asset/(liability) to the discount rate assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% for NYSERS and 7.10% for NYSTRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.90% for NYSERS and 6.10% for NYSTRS) or 1 percentage point higher (6.90% for NYSERS and 8.10% for NYSTRS) than the current rate:

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

<u>NYSERS</u>	<u>1% Decrease (4.90%)</u>	<u>Current assumption (5.90%)</u>	<u>1% Increase (6.90%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$ (8,379,060)	\$ (30,188)	\$ 7,669,426
		<u>Current assumption (7.10%)</u>	<u>1% Increase (8.10%)</u>
<u>NYSTRS</u>	<u>1% Decrease (6.10%)</u>	<u>Current assumption (7.10%)</u>	<u>1% Increase (8.10%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$ (36,382,616)	\$ (5,759,791)	\$ 19,940,519

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:

	(Dollars in Thousands)		
	<u>NYSERS</u>	<u>NYSTRS</u>	<u>Total</u>
Measurement date	March 31, 2021	June 30, 2020	
Employers' total pension liability	\$ 220,680,157	\$ 123,242,776	\$ 343,922,933
Plan net position	<u>220,580,583</u>	<u>120,479,505</u>	<u>341,060,088</u>
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>	<u>\$ (2,862,845)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	97.76%	99.17%

Payables to the pension plan

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the system in September, October and November 2021 through a State aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued employer retirement contributions as of June 30, 2021 amounted to \$3,640,976.

For NYSERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid NYSERS covered wages multiplied by the employer's contribution rate, by tier. Accrued employer retirement contributions as of June 30, 2021 amounted to \$421,602. Employee contributions are remitted monthly.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

11. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	Interfund			
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,376,485	\$ -	\$ -	\$ 899,849
Special Aid Fund	-	1,076,461	99,849	-
School Lunch Fund	-	300,000	-	-
Capital Projects Fund	-	24	800,000	-
Totals	<u>\$ 1,376,485</u>	<u>\$ 1,376,485</u>	<u>\$ 899,849</u>	<u>\$ 899,849</u>

Interfund receivables and payables are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

12. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)

A. General information about the OPEB plan

Plan description

The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees covered by benefit terms

As of July 1, 2019, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	534
Active plan members	319
Total plan members	853

B. Total OPEB liability

The District’s total OPEB liability of \$173,326,493 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	3.00% average, including inflation
Discount rate	2.16%
Healthcare cost trend rates	6.6% scaling down to 4.1% over 56 years
Retirees' share of benefit-related costs	0% to 8% of projected health insurance premiums for retirees

The discount rate was based on the June 30, 2021 20 year Tax-Exempt Municipal Bond Yield.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2019.

C. Changes in the total OPEB liability

Balance as of June 30, 2020	<u>\$ 167,981,697</u>
<u>Changes for the year -</u>	
Service cost	5,198,002
Interest	3,772,510
Change of assumptions	1,357,249
Benefit payments	<u>(4,982,965)</u>
Net changes	<u>5,344,796</u>
Balance as of June 30, 2021	<u><u>\$ 173,326,493</u></u>

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 one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	1% Decrease <u>(1.16%)</u>	Current assumption <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
Total OPEB liability as of June 30, 2021	\$ 204,023,325	\$ 173,326,493	\$ 148,859,896

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.6%) or one percentage point higher (7.6%) than the current discount rate:

	1% Decrease (5.6% decreasing to 3.1%)	Current assumption (6.6% decreasing to 4.1%)	1% Increase (7.6% decreasing to 5.1%)
Total OPEB liability as of June 30, 2021	\$ 145,971,828	\$ 173,326,493	\$ 209,213,769

D. OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$6,903,935. At June 30, 2021 the District reported the following deferred inflows of resources and deferred outflows of resources:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Difference between expected experience and actual experience	\$ 4,631,644	\$ 288,769
Changes in assumptions	1,068,473	11,434,066
Total	\$ 5,700,117	\$ 11,722,835

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

<u>Year ended June 30,:</u>	
2022	\$ (2,066,577)
2023	(2,066,577)
2024	(2,066,575)
2025	177,011
2026	-
Thereafter	-

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

13. RISK MANAGEMENT

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

The District has not purchased any annuity contracts.

14. CONTINGENCIES AND COMMITMENTS

Government grants

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

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2021, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent, plus the inflation factor (but not less than 0 percent), whichever is less, with some exceptions. The New York State Comptroller set the allowable levy growth factor for local governments for fiscal years beginning July 1, 2020 at 1.81 (before exemptions). School districts can exceed the tax levy limit by a 60% vote of the governing body, subject to voter approval.

Litigation

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

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of COVID-19 on the District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

15. PRIOR PERIOD ADJUSTMENT

The District's financial statements for the year ended June 30, 2020 have been restated as of July 1, 2020 to give effect to the following:

	Fund Balance	Net Position
Balance as of July 1, 2020, as previously stated	\$ 32,785,148	\$ (111,204,608)
GASB Statement No. 84 implementation:		
Add: Other Miscellaneous Special Revenue Fund fund balance (calculated under GASB 84)	1,025,593	1,025,593
Balance as of July 1, 2020, as restated	\$ 33,810,741	\$ (110,179,015)

16. TAX ABATEMENTS

In 2012, the Town of Islip Industrial Development Agency ("IDA") made an agreement with Engel Burman of Sayville, LLC to give financial assistance through exemptions for the building of a \$40 million assisted living facility. This agreement was amended and assumed by HSRE-EB Sayville, LLC in 2015.

The original taxable assessed value of the property was \$329,500 with a projected taxable assessed value of the facility upon completion of \$2,500,000. The taxable assessed value will increase by \$217,050 annually until it approximates \$2,500,000. The District receives a payment in lieu of taxes until the PILOT Agreement expires in 2024/25. During the fiscal year ended June 30, 2021, the District received \$492,967 as PILOT.

17. FUTURE CHANGES IN ACCOUNTING STANDARDS

The District will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
Statement No. 87	Leases	June 30, 2022
Statement No. 89	Accounting For Interest Cost Incurred Before The End Of A Construction Period	June 30, 2022
Statement No. 91	Conduit Debt Obligations	June 30, 2023

18. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 14, 2021 which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

**SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Variance</u>
REVENUES					
Local sources:					
Real property taxes	\$ 55,874,560	\$ 55,874,560	\$ 56,278,298		\$ 403,738
Other real property tax items	5,706,250	5,706,250	5,324,518		(381,732)
Charges for services	655,000	655,000	636,736		(18,264)
Use of money and property	2,187,113	2,187,113	1,794,791		(392,322)
Sale of property and compensation for loss	29,200	29,200	1,627,577		1,598,377
Miscellaneous	150,000	150,000	1,554,307		1,404,307
Total local sources	64,602,123	64,602,123	67,216,227		2,614,104
State sources	26,394,558	25,664,558	25,923,130		258,572
Federal sources	150,000	150,000	312,497		162,497
Total revenues	91,146,681	90,416,681	93,451,854		<u>\$ 3,035,173</u>
APPROPRIATED FUND BALANCE					
Appropriated fund balance	2,882,549	2,882,549	-		
Prior year encumbrances	2,246,504	2,246,504	-		
Appropriated reserves	2,179,078	2,909,078	-		
Total revenues, other financing sources and appropriated fund balance	98,454,812	98,454,812	93,451,854		
EXPENDITURES					
General support:					
Board of Education	84,101	84,101	62,748	\$ -	\$ 21,353
Central administration	381,964	383,714	377,585	-	6,129
Finance	1,306,216	1,290,860	1,187,866	35,881	67,113
Staff	869,465	830,976	763,977	39,021	27,978
Central services	9,205,168	9,660,161	8,770,300	471,630	418,231
Special items	935,523	935,523	888,046	-	47,477
Total general support	12,782,437	13,185,335	12,050,522	546,532	588,281
Instruction:					
Instruction, administration and improvement	3,397,951	3,487,662	3,231,161	4,484	252,017
Teaching - regular school	26,323,611	26,403,320	25,698,769	69,984	634,567
Programs for children with handicapping conditions	12,904,026	12,894,978	11,845,424	111,271	938,283
Occupational education	593,082	593,082	592,965	-	117
Teaching - special school	126,297	111,297	4,625	-	106,672
Instructional media	3,789,821	4,019,962	3,677,502	230,111	112,349
Pupil services	5,199,428	5,230,562	4,642,436	8,657	579,469
Total instruction	52,334,216	52,740,863	49,692,882	424,507	2,623,474
Pupil transportation	4,336,711	4,070,109	3,398,062	-	672,047
Community services	114,675	114,675	34,244	-	80,431
Employee benefits	22,868,103	22,468,400	21,044,141	33,310	1,390,949
Debt service:					
Principal	3,640,831	3,640,831	3,640,831	-	-
Interest	1,377,839	1,234,599	1,203,330	-	31,269
Total expenditures	97,454,812	97,454,812	91,064,012	1,004,349	5,386,451
OTHER FINANCING USES					
Interfund transfers	1,000,000	1,000,000	899,849	-	100,151
Total expenditures and other financing uses	98,454,812	98,454,812	91,963,861	<u>\$ 1,004,349</u>	<u>\$ 5,486,602</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,487,993		
Fund balance, beginning of year			31,473,123		
Fund balance, end of year			<u>\$ 32,961,116</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS**

Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability				
Service cost	\$ 5,198,002	\$ 5,450,542	\$ 5,913,107	\$ 5,740,881
Interest	3,772,510	5,777,669	5,167,585	4,985,348
Plan changes	-	(43,398)	-	-
Demographic gains or losses	-	7,526,422	-	(661,373)
Changes in assumptions or inputs	1,357,249	(7,937,705)	(13,098,652)	-
Benefit payments	<u>(4,982,965)</u>	<u>(4,793,825)</u>	<u>(4,605,542)</u>	<u>(3,725,955)</u>
Net change in total OPEB liability	5,344,796	5,979,705	(6,623,502)	6,338,901
Total OPEB liability - beginning of year	<u>167,981,697</u>	<u>162,001,992</u>	<u>168,625,494</u>	<u>162,286,593</u>
Total OPEB liability - end of year	<u>\$ 173,326,493</u>	<u>\$ 167,981,697</u>	<u>\$ 162,001,992</u>	<u>\$ 168,625,494</u>
Covered payroll	\$ 32,673,467	\$ 32,673,467	\$ 41,059,180	\$ 41,059,180
Total OPEB liability as a percentage of covered payroll	530.48%	514.12%	394.56%	410.69%

Note to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 75. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The District has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow school districts to establish this type of trust. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

**SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY) - NYSERS & NYSTRS
LAST SEVEN FISCAL YEARS*
(Dollar amounts in thousands)**

	(A) 2021	(B) 2020	2019	2018	2017	(C) 2016	2015
District's proportionate share of the net pension liability	0.03032%	0.03036%	0.33240%	0.03405%	0.03390%	0.03363%	0.03375%
District's proportionate share of the net pension liability	\$ (30)	\$ (8,040)	\$ (2,355)	\$ (1,099)	\$ (3,185)	\$ (5,398)	\$ (1,141)
District's covered payroll	\$ 9,504	\$ 10,667	\$ 10,426	\$ 10,471	\$ 10,501	\$ 9,935	\$ 9,495
District's proportionate share of the net pension liability as a percentage of covered payroll	0.32%	75.37%	22.59%	10.50%	30.33%	54.33%	12.02%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

	2021	(D) 2020	2019	(E) 2018	(F) 2017	2016	2015
District's proportionate share of the net pension asset/(liability)	0.20844%	0.21038%	0.20804%	0.20959%	0.21174%	0.21048%	0.20804%
District's proportionate share of the net pension asset/(liability)	\$ (5,760)	\$ 5,466	\$ 3,762	\$ 1,593	\$ (2,268)	\$ 21,863	\$ 23,174
District's covered payroll	\$ 35,776	\$ 35,577	\$ 34,403	\$ 33,603	\$ 31,900	\$ 31,191	\$ 30,568
District's proportionate share of the net pension asset/(liability) as a percentage of covered payroll	16.10%	15.36%	10.94%	4.74%	7.11%	70.09%	75.81%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	97.76%	102.17%	105.53%	111.48%	110.46%	99.01%	100.66%

The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

(A) The discount rate used to calculate the total pension liability was decreased from 6.8% to 5.9% effective with the March 31, 2020 measurement date.

(B) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.

(C) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

(D) The discount rate used to calculate the total pension asset was decreased from 7.25% to 7.10% effective with the June 30, 2019 measurement date.

(E) The discount rate used to calculate the total pension asset was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.

(F) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

***Note to Required Supplementary Information**

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSERS & NYSTRS
LAST SEVEN FISCAL YEARS*
(Dollar amounts in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,519	\$ 1,450	\$ 1,521	\$ 1,563	\$ 1,494	\$ 1,695	\$ 1,814
Contributions in relation to the contractually required contribution	<u>1,519</u>	<u>1,450</u>	<u>1,521</u>	<u>1,563</u>	<u>1,494</u>	<u>1,695</u>	<u>1,814</u>
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered payroll	\$ 10,118	\$ 10,028	\$ 10,419	\$ 10,616	\$ 10,099	\$ 9,974	\$ 9,846
Contributions as a percentage of covered payroll	15.02%	14.46%	14.60%	14.72%	14.79%	16.99%	18.42%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,135	\$ 3,729	\$ 3,321	\$ 3,893	\$ 3,893	\$ 4,333	\$ 5,543
Contributions in relation to the contractually required contribution	<u>3,135</u>	<u>3,729</u>	<u>3,321</u>	<u>3,893</u>	<u>3,893</u>	<u>4,333</u>	<u>5,543</u>
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered payroll	\$ 36,556	\$ 35,776	\$ 36,348	\$ 34,403	\$ 33,603	\$ 31,860	\$ 31,191
Contributions as a percentage of covered payroll	8.57%	10.42%	9.14%	11.32%	11.59%	13.60%	17.77%

***Note to Required Supplementary Information**

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

Change from adopted budget to final budget:

Original budget	\$ 96,208,308	
Add: Prior year's encumbrances	<u>2,246,504</u>	
Final budget		<u>\$ 98,454,812</u>

§1318 of real property tax law limit calculation:

2021-2022 voter-approved budget		<u>\$ 96,978,058</u>
Maximum allowed (4% of 2021-2022 budget)		<u>\$ 3,879,122</u>

General Fund fund balance subject to §1318 of real property tax law:

Unrestricted fund balance:		
Assigned fund balance	\$ 3,886,898	
Committed fund balance	1,600,000	
Unassigned fund balance	<u>3,878,538</u>	\$ 9,365,436
Less:		
Appropriated fund balance	2,882,549	
Encumbrances	<u>1,004,349</u>	<u>3,886,898</u>
General Fund fund balance subject to §1318 of real property tax law		<u>\$ 5,478,538</u>
Actual percentage		<u>5.65%</u>

SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021

Project Title	Expenditures					Methods of Financing					Fund Balance June 30, 2021
	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	
Sunrise Drive Unit Vents	\$ 543,136	\$ 615,439	\$ 26,141	\$ 474,791	\$ 500,932	\$ 114,507	\$ -	\$ -	\$ 615,439	\$ 615,439	\$ 114,507
Middle School Vents	267,693	818,902	779,950	38,952	818,902	-	-	-	818,902	818,902	-
Smart Bond	71,399	1,064,748	897,693	167,055	1,064,748	-	-	1,064,748	-	1,064,748	-
High School Masonry Reconstruction	36,969	36,969	-	22,049	22,049	14,920	-	-	36,969	36,969	14,920
2019 Energy Performace Contract - District-wide	6,151,774	6,151,774	5,988,959	162,815	6,151,774	-	6,151,774	-	-	6,151,774	-
Bond Issues - District-wide Improvements*	-	19,230,618	18,878,274	232,340	19,110,614	120,004	17,575,000	-	1,655,618	19,230,618	120,004
Middle School Pool Locker Room Alterations	763,031	763,032	-	39,401	39,401	723,631	-	-	763,032	763,032	723,631
Totals	\$ 7,834,002	\$ 28,681,482	\$ 26,571,017	\$ 1,137,403	\$ 27,708,420	\$ 973,062	\$ 23,726,774	\$ 1,064,748	\$ 3,889,960	\$ 28,681,482	\$ 973,062

OTHER
SUPPLEMENTARY
INFORMATION

SAYVILLE UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021

Capital assets, net		\$ 64,408,511
Add:		
Deferred charges for advance refunding		368,219
Deduct:		
Short-term portion of bonds payable, net	\$ 2,670,232	
Long-term portion of bonds payable, net	22,051,103	
Short-term portion of energy performance contract payable	913,212	
Long-term portion of energy performance contract payable	<u>8,064,913</u>	<u>33,699,460</u>
Net investment in capital assets		<u>\$ 31,077,270</u>

**SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass - Through Grantor/ Cluster Title/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Education</u>			
<u>Passed Through Programs From:</u>			
New York State Department of Education			
Special Education Cluster:			
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-21-0461	\$ 733,652
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-21-0461	<u>35,700</u>
Total Special Education Cluster			<u>769,352</u>
CARES Act, Education Stabilization Fund Cluster:			
CARES Act, ESF, Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-3790	178,709
CARES Act, ESF, Governor's Emergency Education Relief Fund	84.425C	5895-21-3790	<u>19,488</u>
Total CARES Act, Education Stabilization Fund Cluster			<u>198,197</u>
Title I, Part A Cluster:			
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-21-1680	162,101
ESEA, Title II, Part A, Improving Teacher Quality State Grants	84.367A	0147-21-3125	35,252
Student Support and Academic Enrichment Program	84.424A	0204-21-3125	<u>9,947</u>
Total U.S. Department of Education			<u>1,174,849</u>
<u>U.S. Department of Agriculture</u>			
<u>Passed Through Programs From:</u>			
New York State Office of General Services			
Child Nutrition Cluster:			
Summer Food Service Program	10.559	N/A	465,798
Emergency Food Assistance Program	10.569	N/A	<u>48,184</u>
Total Child Nutrition Cluster			<u>513,982</u>
Total U.S. Department of Agriculture			<u>513,982</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 1,688,831</u></u>

The accompanying notes should be read
in conjunction with this schedule.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Sayville Union Free School District (the "District") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

2. BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

Non-monetary assistance is reported in the schedule at the fair market value of commodities received, which is provided by New York State.

3. INDIRECT COSTS

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

4. SUBRECIPIENTS

No amounts were provided to subrecipients.

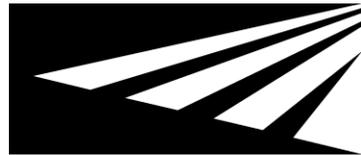
5. OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

6. MAJOR PROGRAM DETERMINATION

The District was deemed to be a "low-risk auditee", therefore, major programs were determined based on 20% of total federal award expenditures.



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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of the
Sayville Union Free School District
Sayville, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Sayville Union Free School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified. Reference is made to the Schedule of Findings and Recommendations accompanying this report for additional observations on internal control.

NawrockiSmith

Compliance and Other Matters

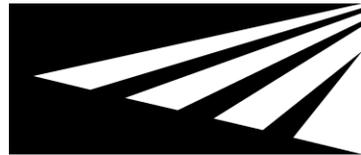
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hauppauge, New York
October 14, 2021

Nawrocki Smith LLP



NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education of the
Sayville Union Free School District
Sayville, New York:

Report on Compliance for Each Major Federal Program

We have audited the Sayville Union Free School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2021.

NawrockiSmith

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Hauppauge, New York
October 14, 2021

Nawrocki Smith LLP

**SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. Summary Of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies or material weaknesses were reported during the audit of the financial statements.
3. No instances of noncompliance was disclosed during the audit of the financial statements.
4. No significant deficiencies or material weaknesses were reported during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs that are required to be reported in accordance with section 2 CFR 200.516 (a) of the Uniform Guidance, were disclosed during the audit.
7. The programs tested as a major program included:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.559	<i>U.S. Department of Education -</i> Summer Food Service Program
10.569	Emergency Food Assistance Program

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Auditee was determined to be a low-risk auditee.

2. Findings - Financial Statement Audit

None reported.

3. Findings And Questioned Costs - Major Federal Award Program Audit

None reported.

**SAYVILLE UNION FREE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Findings - Financial Statement Audit

2020-001: Recommendation: The District should monitor fund balance throughout the year, as opposed to after year-end, to comply with New York State requirements.

Status: We noticed this recommendation was implemented.

2020-002: Recommendation: The District should implement procedures to ensure sufficient time to comply with New York State Education Department reporting requirements.

Status: We noticed this recommendation was implemented.

Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

**SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2021**

CURRENT YEAR FINDINGS AND RECOMMENDATIONS:

We noted no other areas of improvement as a result of our audit procedures for the current year.