



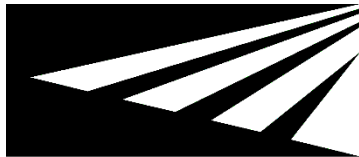
SAYVILLE UNION FREE SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

**SAYVILLE UNION FREE SCHOOL DISTRICT
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Sayville Union Free School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

NawrockiSmith

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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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 4-15 and 56-59, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information, as required by the New York State Education Department, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Change in Accounting Principle

As described in Note 17 to the financial statements, in fiscal 2025 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The effect of GASB Statement No. 101 required a restatement to the financial statements. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 9, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hauppauge, New York
October 9, 2025

Nawrocki Smith LLP

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund 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. *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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 (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

Table A-1: Major Features of the District-wide and Fund Financial Statements			
	District-wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activity monies
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 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during 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	All additions and deductions during the year, regardless of when cash is received or paid

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.

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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.

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.
- Fiduciary funds are used to account for assets held by the District in its capacity as custodian or trustee and utilize the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL HIGHLIGHTS

- 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 \$99,282,943. The District's total net position decreased by \$4,867,321 for the year ended June 30, 2025. The unrestricted portion of net position as of June 30, 2025 was a deficit of \$159,445,495, 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.

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

- Principal paid down on outstanding serial bond debt amounted to \$2,580,000.
- During 2025 the District issued a bond for capital construction and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities bear interest at various rates and have maturity dates through 2039.
- The District continued to offer all programs, without reducing services.
- The District's residents authorized the proposed 2025-26 budget in the amount of \$105,676,793 in accordance with the New York State Tax Levy Limit.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position increased by 4.7% from the year before to a net deficit position balance of \$99,282,943 as detailed in Tables A-2 and A-3.

The restricted net position balance of \$22,183,119 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2025, the District has an unrestricted net deficit of \$159,445,495. This deficit is driven by the District's recognition of the other post-employment benefit ("OPEB") liability of \$140,658,148 (see Note 17 to the financial statements).

	(As Restated)			
	<u>6/30/25</u>	<u>6/30/24</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	\$ 23,842,466	\$ 32,404,797	\$ (8,562,331)	(26.4)
Noncurrent assets	22,183,119	18,657,209	3,525,910	18.9
Capital assets, net	<u>70,439,620</u>	<u>66,263,066</u>	<u>4,176,554</u>	6.3
Total assets	<u>116,465,205</u>	<u>117,325,072</u>	<u>(859,867)</u>	(0.7)
Deferred outflows of resources	<u>24,267,157</u>	<u>31,078,992</u>	<u>(6,811,835)</u>	(21.9)
Current liabilities	18,196,028	33,457,082	(15,261,054)	(45.6)
Long-term liabilities	<u>177,710,813</u>	<u>190,169,635</u>	<u>(12,458,822)</u>	(6.6)
Total liabilities	<u>195,906,841</u>	<u>223,626,717</u>	<u>(27,719,876)</u>	(12.4)
Deferred inflows of resources	<u>44,108,464</u>	<u>28,927,611</u>	<u>15,180,853</u>	52.5
Net position:				
Net investment in capital asset:				
Restricted	37,979,433	42,697,105	(4,717,672)	(11.0)
Unrestricted (deficit)	22,183,119	17,635,267	4,547,852	25.8
Total net position (deficit)	<u>(159,445,495)</u>	<u>(164,482,636)</u>	<u>5,037,141</u>	3.1
Total net position (deficit)	<u>\$ (99,282,943)</u>	<u>\$ (104,150,264)</u>	<u>\$ 4,867,321</u>	4.7

As of June 30, 2025, the District had a working capital of positive \$5,646,438 as compared to \$1,052,285 as of June 30, 2024. The increase is primarily due to a decrease in Bond Anticipation Note payable as of June 30, 2025.

As of June 30, 2025, the District had a net investment in capital assets of \$37,979,433 as compared to \$42,697,105 as of June 30, 2024. The decrease is primarily due to the unspent bond proceeds related to the current year bond issuance.

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

Changes in Net Position

The District's fiscal year 2025 revenues totaled \$103,895,192 (See Table A-3). Property and other taxes and State sources accounted for most of the District's revenues (91.4%) (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 0.6% or \$614,634, primarily as a direct result of an increase in real property taxes, state sources and federal sources, offset by decreases in all other categories.

The District's fiscal year 2025 expenses totaled \$99,027,871 (See Table A-3). These expenses (92.2%) are predominantly related to instruction and general support (See Table A-6).

Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only				
	<u>6/30/25</u>	<u>6/30/24</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 1,394,651	\$ 1,828,315	\$ (433,664)	(23.7)
Operating grants	3,042,826	3,789,621	(746,795)	(19.7)
Capital grants	-	481,351	(481,351)	(100.0)
General revenues:				
Real property taxes	62,677,554	60,127,728	2,549,826	4.2
Other real property tax items	4,134,690	4,260,100	(125,410)	(2.9)
Use of money and property	3,241,812	3,529,545	(287,733)	(8.2)
Sale of property and compensation for loss	90,775	135,974	(45,199)	(33.2)
State sources	28,103,932	27,863,264	240,668	0.9
Federal sources	155,229	131,054	24,175	18.4
Miscellaneous	1,053,723	1,133,606	(79,883)	(7.0)
Total revenues	<u>103,895,192</u>	<u>103,280,558</u>	<u>614,634</u>	0.6
Expenses				
General support	15,881,954	17,230,956	(1,349,002)	(7.8)
Instruction	75,420,445	84,391,611	(8,971,166)	(10.6)
Pupil transportation	4,868,790	4,260,216	608,574	14.3
Community services	119,899	129,960	(10,061)	(7.7)
Debt service - interest	1,452,947	1,169,428	283,519	24.2
School lunch program	1,283,836	1,268,723	15,113	1.2
Total expenses	<u>99,027,871</u>	<u>108,450,894</u>	<u>(9,423,023)</u>	(8.7)
Change in net position	4,867,321	(5,170,336)	10,037,657	(194.1)
Net position (deficit), beginning of year	<u>(104,150,264)</u>	<u>(98,786,514)</u>	<u>(5,363,750)</u>	(5.4)
Prior period adjustment, see note 17	<u>-</u>	<u>(193,414)</u>	<u>193,414</u>	100.0
Net position (deficit), end of year	<u>\$ (99,282,943)</u>	<u>\$ (104,150,264)</u>	<u>\$ 4,867,321</u>	4.7

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

Table A-4: Sources of Revenues for Fiscal Year 2025

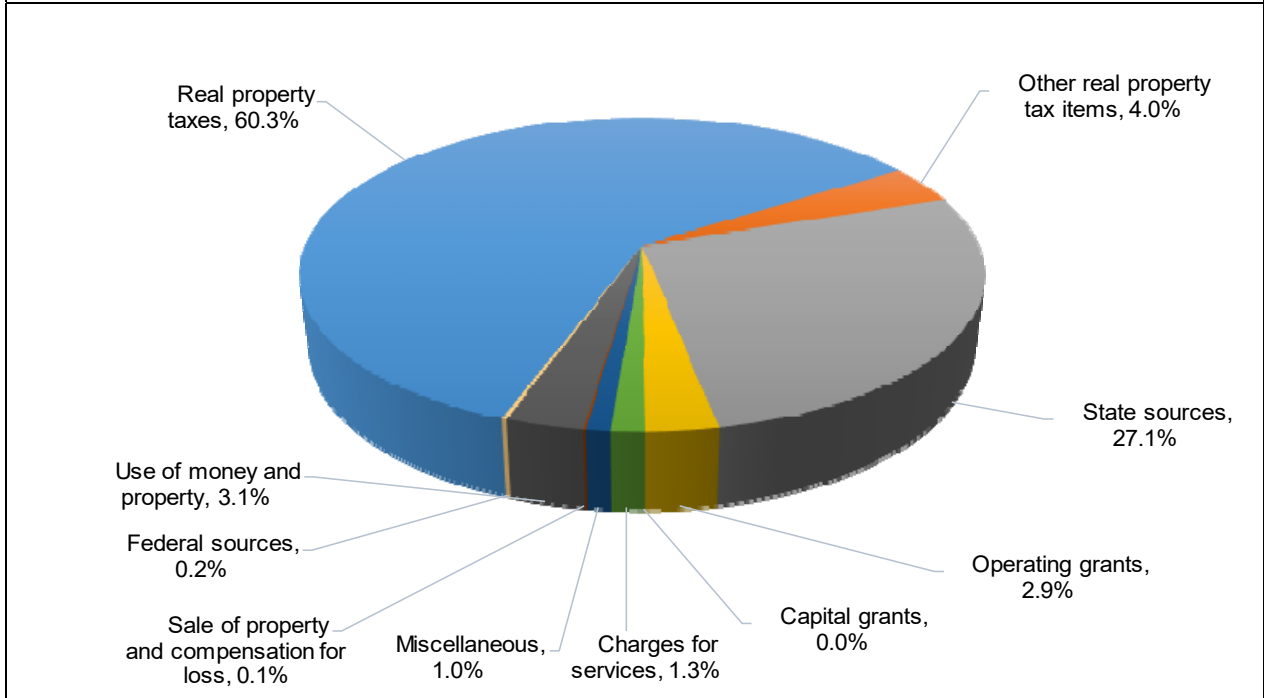
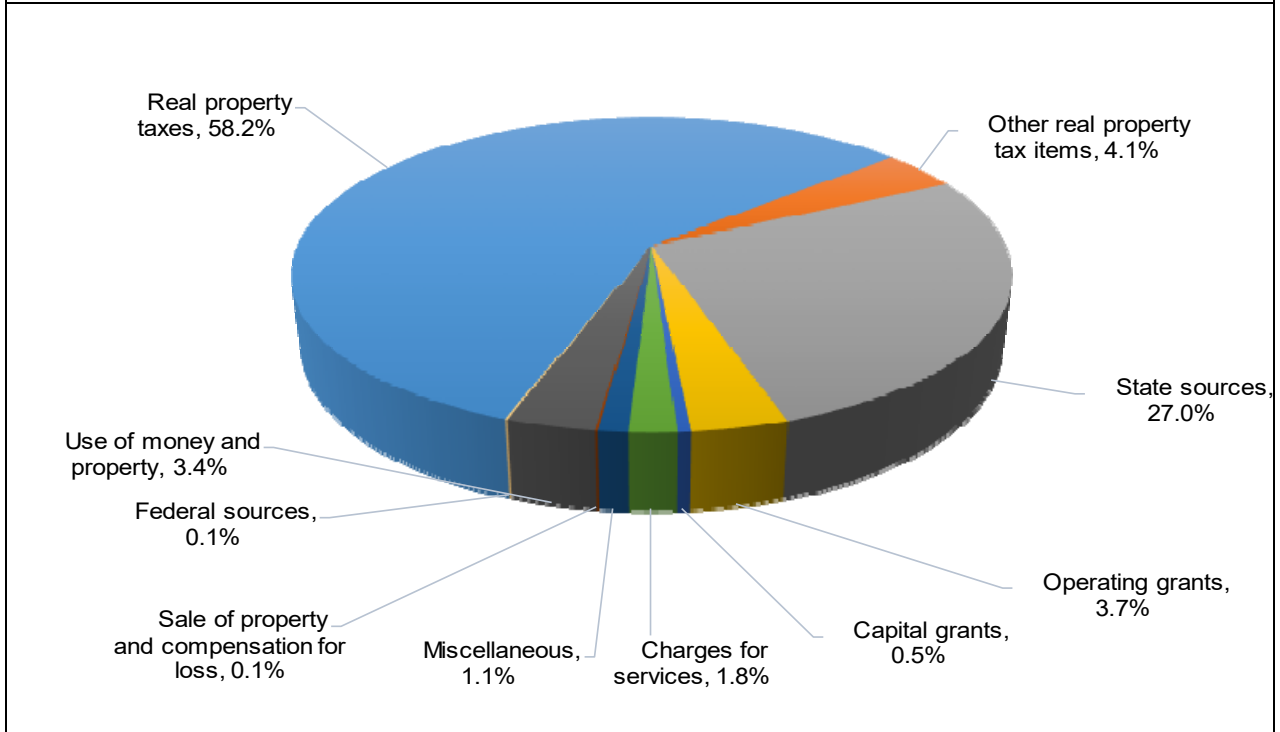


Table A-5: Sources of Revenues for Fiscal Year 2024



**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

Table A-6: Sources of Expenses for Fiscal Year 2025

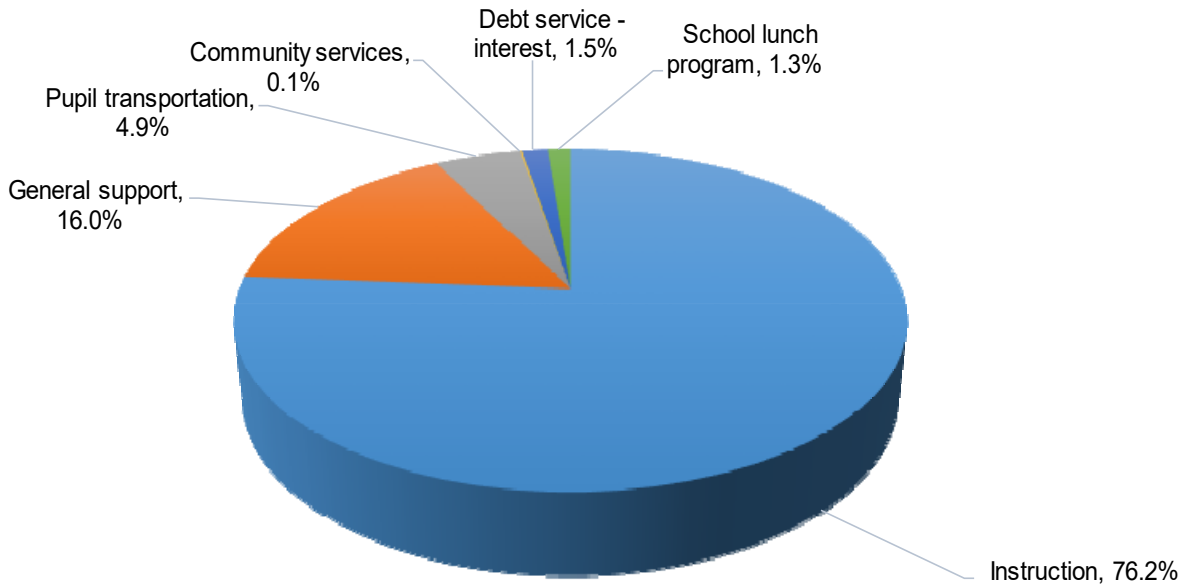
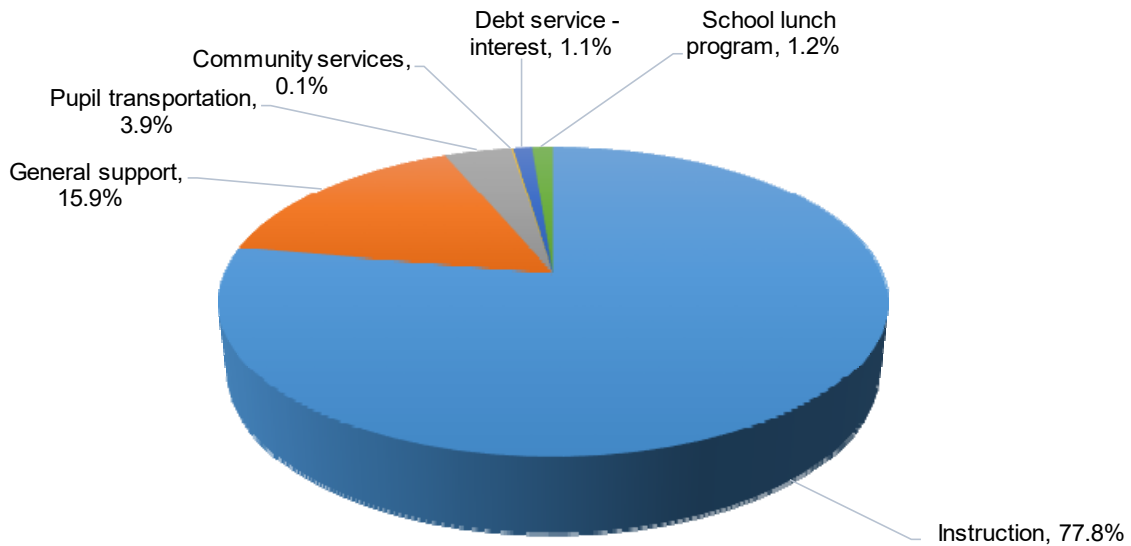


Table A-7: Sources of Expenses for Fiscal Year 2024



**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

Governmental Activities

Revenues for the District's governmental activities totaled \$103,895,192 while total expenses equaled \$99,027,871. 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 \$2,549,826. 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.
- Use of money and property decreased by \$287,733 due to a decrease in interest revenue.

Expenses:

- Instruction related expenses decreased by \$8,971,166 primarily due to decreases related to other post-employment benefits and pension costs expenses.

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, 2025, the District's combined governmental funds reported a total fund balance of \$27,871,480 which is a increase of \$5,999,049 from the prior year.

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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>6/30/25</u>	<u>6/30/24</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund				
Nonspendable:				
Leases	\$ 230,791	\$ 160,261	\$ 70,530	44.0
Restricted:				
Retirement Contributions	5,873,043	7,750,787	(1,877,744)	(24.2)
Workers' Compensation	745,191	1,120,191	(375,000)	(33.5)
Unemployment Insurance	322,226	1,039,677	(717,451)	(69.0)
Employee Benefit Accrued Liability	6,345,846	6,511,441	(165,595)	(2.5)
Bonded Debt	899,408	464,321	435,087	93.7
Capital Reserve	1,069,075	1,021,942	47,133	4.6
Assigned:				
Appropriated for subsequent year's expenditures	2,900,000	2,900,000	-	0.0
Encumbrances	1,404,828	2,370,766	(965,938)	(40.7)
Committed:				
Health Insurance	-	434,000	(434,000)	(100.0)
Unassigned	<u>3,967,099</u>	<u>3,005,396</u>	<u>961,703</u>	32.0
Total General Fund	<u>23,757,507</u>	<u>26,778,782</u>	<u>(3,021,275)</u>	(11.3)
School Lunch Fund				
Nonspendable:				
Inventory	50,938	44,950	5,988	13.3
Assigned:				
Food service program	<u>402,200</u>	<u>462,112</u>	<u>(59,912)</u>	(13.0)
Total School Lunch Fund	<u>453,138</u>	<u>507,062</u>	<u>(53,924)</u>	(10.6)
Other Miscellaneous Special Revenue Fund				
Restricted:				
Scholarships	771,501	748,850	22,651	3.0
Committed:				
Extraclassroom activity funds	177,409	200,113	(22,704)	(11.3)
Assigned:				
Student activities	<u>119,001</u>	<u>119,402</u>	<u>(401)</u>	(0.3)
Total Other Miscellaneous Special Revenue Fund	<u>1,067,911</u>	<u>1,068,365</u>	<u>(454)</u>	(0.0)
Capital Projects Fund				
Assigned:				
District improvements	2,592,924	-	2,592,924	100.0
Unassigned:	<u>-</u>	<u>(6,481,778)</u>	<u>6,481,778</u>	100.0
Total Capital Projects Fund	<u>2,592,924</u>	<u>(6,481,778)</u>	<u>9,074,702</u>	140.0
Total fund balance	<u>\$ 27,871,480</u>	<u>\$ 21,872,431</u>	<u>\$ 5,999,049</u>	27.4

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

General Fund

The General Fund reported a decrease in fund balance of \$3,021,275 for fiscal 2025, as compared to a decrease of \$4,885,680 for fiscal 2024. Revenues increased \$1,928,846 mainly as a result of a higher real property tax levy. Expenditures increased \$683,912 primarily as a result of pupil transportation and employee benefits. As a result of expenditures being greater than revenues, the District reported a decrease in the change in fund balance.

General Fund Budgetary Highlights

As of June 30, 2025, the District's unassigned and committed fund balance was \$3,967,099 which was within the allowable 4% of the subsequent year's original budget \$105,676,793 as promulgated by New York State (see page 60). The following is a reconciliation of the General Fund's unassigned and committed fund balance for the year ended June 30, 2025:

Unassigned and committed fund balance, beginning of year	\$ 3,439,396
Add:	
Prior-year encumbrances	2,370,766
Prior-year appropriated fund balance	2,900,000
Prior-year nonspendable fund balance	160,261
Board approved use of Retirement Contributions Reserve	2,150,000
Board approved use of Workers' Compensation Reserve	375,000
Board approved use of Unemployment Reserve	717,451
Board approved use of Bonded Debt Reserve	79,182
Board approved use of Employee Benefit Accrued Liability Reserve	351,207
Less:	
Current-year encumbrances	(1,404,828)
Current-year appropriated fund balance	(2,900,000)
Current-year nonspendable fund balance	(230,791)
Transfer to Retirement Contribution Reserves (including allocated interest)	(272,256)
Transfer to Capital Reserve (including allocated interest)	(47,133)
Transfer to Bonded Debt Reserves (including allocated interest)	(514,269)
Transfer to Employee Benefit Accrued Liability Reserve (including allocated interest)	(185,612)
Net change in fund balance	<u>(3,021,275)</u>
Unassigned and committed fund balance, end of year	<u><u>\$ 3,967,099</u></u>

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2025, the District had invested \$70,439,620 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>6/30/25</u>	<u>6/30/24</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 303,740	\$ 303,740	\$ -	-
Construction-in-progress	3,197,368	8,201,015	(5,003,647)	(61.0)
Buildings and building improvements	60,029,917	51,299,214	8,730,703	17.0
Machinery and equipment	2,933,982	2,166,145	767,837	35.4
Vehicles	197,474	195,000	2,474	1.3
Site improvements	2,994,731	3,190,412	(195,681)	(6.1)
Right-of-use assets	782,408	907,540	(125,132)	(13.8)
Totals	<u>\$ 70,439,620</u>	<u>\$ 66,263,066</u>	<u>\$ 4,176,554</u>	6.3

Long-Term Liabilities

At year-end, the District had \$183,932,664 in general obligation bonds and other long-term liabilities.

	<u>6/30/25</u>	<u>(As Restated) 6/30/24</u>	<u>\$ Change</u>	<u>% Change</u>
Bonds payable, net	\$ 29,317,024	\$ 16,715,639	\$ 12,601,385	75.4
Installment purchase debt payable	5,152,352	6,152,918	(1,000,566)	(16.3)
Lease liabilities	762,959	892,873	(129,914)	(14.6)
Other post-employment benefits	140,658,148	161,474,106	(20,815,958)	(12.9)
Compensated absences	8,042,181	7,989,212	52,969	0.7
Totals	<u>\$ 183,932,664</u>	<u>\$ 193,224,748</u>	<u>\$ (9,292,084)</u>	(4.8)

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:

- New York State imposed a maximum tax levy increase of the lesser of 2% or the CPI for the fiscal year 2025-2026 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 evaluate and 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.

**SAYVILLE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

- The General Fund budget for the 2025-2026 school year was approved by the voters in the amount of \$105,676,793. This is a decrease of .33% over the previous year's budget.
- The 2025-2026 budget is impacted by certain trends affecting school districts. These include increases in health insurance costs, retirement costs, workers' compensation judgments, 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
Assistant Superintendent for Business
99 Greeley Avenue
Sayville, New York 11782

SAYVILLE UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS	
Unrestricted cash	\$ 13,104,789
Unrestricted investments	1,569,853
Receivables:	
State and federal aid	3,091,049
Due from other governments	616,206
Other	62,274
Leases receivable	5,347,357
Inventories	50,938
Restricted cash	14,957,215
Proportionate share of net pension asset	6,156,829
Restricted investments	1,069,075
Capital assets:	
Non-depreciable/amortized	3,501,108
Depreciable/amortizable, net of accumulated depreciation of \$83,222,075	<u>66,938,512</u>
Total assets	<u>116,465,205</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on bond refunding	179,224
Deferred outflows from pensions	17,231,373
Deferred outflows from OPEB	<u>6,856,560</u>
Total deferred outflows of resources	<u>24,267,157</u>
LIABILITIES	
Accounts payable	1,013,348
Accrued liabilities	989,918
Due to other governments	16
Accrued interest payable	175,082
Due to teachers' retirement system	4,239,934
Due to employees' retirement system	441,299
Unearned revenue	42,851
Long-term liabilities, due within one year:	
Bonds payable, net	3,441,826
Energy performance contract payable	1,031,511
Lease liabilities	316,986
Compensated absences	153,344
Other postemployment benefits obligation	6,349,913
Long-term liabilities, due after one year:	
Bonds payable, net	25,875,198
Energy performance contract payable	4,120,841
Lease liabilities	445,973
Compensated absences	8,042,181
Proportionate share of net pension liability	4,918,385
Other postemployment benefits obligation	<u>134,308,235</u>
Total liabilities	<u>195,906,841</u>
DEFERRED INFLOWS OF RESOURCES	
Leases	5,116,566
Deferred inflows from pensions	7,992,874
Deferred inflows from OPEB	<u>30,999,024</u>
Total deferred inflows of resources	<u>44,108,464</u>
NET POSITION	
Net investment in capital assets	37,979,433
Restricted:	
Pension assets	6,156,829
Capital	1,069,075
Retirement Contributions	5,873,043
Workers' Compensation	745,191
Unemployment Insurance	322,226
Employee Benefit Accrued Liability	6,345,846
Bonded debt	899,408
Scholarships	771,501
Unrestricted (deficit)	<u>(159,445,495)</u>
Total net position (deficit)	<u>\$ (99,282,943)</u>

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

**SAYVILLE UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Expenses</u>	<u>Program Revenues</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	\$ 15,881,954	\$ -	\$ -	\$ (15,881,954)
Instruction	75,420,445	517,013	2,728,768	(72,174,664)
Pupil transportation	4,868,790	-	-	(4,868,790)
Community services	119,899	-	-	(119,899)
Debt service - interest	1,452,947	-	-	(1,452,947)
School lunch program	1,283,836	877,638	314,058	(92,140)
Total functions and programs	<u>\$ 99,027,871</u>	<u>\$ 1,394,651</u>	<u>\$ 3,042,826</u>	<u>(94,590,394)</u>
General revenues:				
Real property taxes				62,677,554
Other tax items				4,134,690
Use of money and property				3,241,812
Sale of property and compensation for loss				90,775
State sources				28,103,932
Federal sources - Medicaid				155,229
Miscellaneous				1,053,723
Total general revenues				<u>99,457,715</u>
Change in net position				4,867,321
Total net position, beginning of year, as restated (see note 17)				<u>(104,150,264)</u>
Total net position, end of year				<u>\$ (99,282,943)</u>

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

**SAYVILLE UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Major Funds					
	General	Special Revenue			Capital Projects	Total Governmental Funds
		Special Aid	School Lunch	Other Miscellaneous Special Revenue		
ASSETS						
Unrestricted cash	\$ 9,581,907	\$ 115,718	\$ 448,158	\$ 296,410	\$ 2,662,596	\$ 13,104,789
Unrestricted investments	1,569,853	-	-	-	-	1,569,853
Receivables:						
State and federal aid	1,180,455	1,322,387	45,016	-	543,191	3,091,049
Due from other funds	1,974,468	-	-	-	-	1,974,468
Due from other governments	616,206	-	-	-	-	616,206
Other	62,274	-	-	-	-	62,274
Leases receivable	5,347,357	-	-	-	-	5,347,357
Inventories	-	-	50,938	-	-	50,938
Restricted cash	14,185,714	-	-	771,501	-	14,957,215
Restricted investments	1,069,075	-	-	-	-	1,069,075
Total assets	\$ 35,587,309	\$ 1,438,105	\$ 544,112	\$ 1,067,911	\$ 3,205,787	\$ 41,843,224
LIABILITIES						
Payables:						
Accounts payable	\$ 929,601	\$ 70,194	\$ 13,553	\$ -	\$ -	\$ 1,013,348
Accrued liabilities	949,058	2,065	38,795	-	-	989,918
Due to other governments	-	-	16	-	-	16
Due to other funds	-	1,361,605	-	-	612,863	1,974,468
Due to teachers' retirement system	4,239,934	-	-	-	-	4,239,934
Due to employees' retirement system	441,299	-	-	-	-	441,299
Compensated absences	153,344	-	-	-	-	153,344
Unearned revenues	-	4,241	38,610	-	-	42,851
Total liabilities	6,713,236	1,438,105	90,974	-	612,863	8,855,178
DEFERRED INFLOWS OF RESOURCES						
Leases	5,116,566	-	-	-	-	5,116,566
Total deferred inflows of resources	5,116,566	-	-	-	-	5,116,566
FUND BALANCE						
Nonspendable	230,791	-	50,938	-	-	281,729
Restricted	15,254,789	-	-	771,501	-	16,026,290
Committed	-	-	-	177,409	-	177,409
Assigned	4,304,828	-	402,200	119,001	2,592,924	7,418,953
Unassigned	3,967,099	-	-	-	-	3,967,099
Total fund balance	23,757,507	-	453,138	1,067,911	2,592,924	27,871,480
Total liabilities and fund balance	\$ 35,587,309	\$ 1,438,105	\$ 544,112	\$ 1,067,911	\$ 3,205,787	\$ 41,843,224

The accompanying notes to the basic 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, 2025**

Total Fund Balance - Governmental Funds \$ 27,871,480

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/amortizable	\$ 3,501,108	
Depreciable/amortizable	150,160,587	
Accumulated depreciation/amortization	<u>(83,222,075)</u>	70,439,620

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.	179,224
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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	17,231,373	
Proportionate share of net pension asset	6,156,829	
Proportionate share of net pension liability	(4,918,385)	
Deferred inflows of resources - pension related	<u>(7,992,874)</u>	10,476,943

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	(30,999,024)	
Deferred outflows of resources - OPEB related	6,856,560	
Total OPEB liability	<u>(140,658,148)</u>	(164,800,612)

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	(29,317,024)	
Installment purchase debt payable	(5,152,352)	
Lease liabilities, net	(762,959)	
Compensated absences payable	<u>(8,042,181)</u>	(43,274,516)

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.

(175,082)

Net Position - Governmental Activities	<u>\$ (99,282,943)</u>
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The accompanying notes to the basic 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, 2025

	Major Funds					
	General	Special Revenue			Capital Projects	Total Governmental Funds
		Special Aid	School Lunch	Other Miscellaneous Special Revenue		
REVENUES						
Real property taxes	\$ 62,677,554	\$ -	\$ -	\$ -	\$ -	\$ 62,677,554
Other real property tax items	4,134,690	-	-	-	-	4,134,690
Charges for services	517,013	-	-	-	-	517,013
Use of money and property	3,172,463	-	21,658	47,691	-	3,241,812
Sale of property and compensation for loss	90,775	-	-	-	-	90,775
State sources	28,103,932	1,299,080	11,050	-	-	29,414,062
Federal sources	155,229	1,429,688	303,008	-	-	1,887,925
Sales	-	-	877,638	-	-	877,638
Miscellaneous	594,201	337	36,811	422,374	-	1,053,723
Total revenues	<u>99,445,857</u>	<u>2,729,105</u>	<u>1,250,165</u>	<u>470,065</u>	<u>-</u>	<u>103,895,192</u>
EXPENDITURES						
Current -						
General support	12,965,020	-	-	-	-	12,965,020
Instruction	53,338,263	2,678,012	-	470,519	-	56,486,794
Pupil transportation	4,662,192	130,564	-	-	-	4,792,756
Community services	81,882	-	-	-	-	81,882
Employee benefits	25,316,681	57,791	90,685	-	-	25,465,157
Cost of sales	-	-	1,213,404	-	-	1,213,404
Capital outlay	-	-	-	-	7,050,298	7,050,298
Debt service -						
Principal	4,076,633	-	-	-	-	4,076,633
Interest	1,521,969	-	-	-	-	1,521,969
Total expenditures	<u>101,962,640</u>	<u>2,866,367</u>	<u>1,304,089</u>	<u>470,519</u>	<u>7,050,298</u>	<u>113,653,913</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,516,783)</u>	<u>(137,262)</u>	<u>(53,924)</u>	<u>(454)</u>	<u>(7,050,298)</u>	<u>(9,758,721)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of serial bonds	-	-	-	-	14,880,000	14,880,000
Bond anticipation note - redeemed from appropriations	-	-	-	-	120,000	120,000
Issuance of leases	246,153	-	-	-	-	246,153
Premium on obligations	511,617	-	-	-	-	511,617
Transfers in	-	137,262	-	-	1,125,000	1,262,262
Transfers out	(1,262,262)	-	-	-	-	(1,262,262)
Total other financing sources (uses)	<u>(504,492)</u>	<u>137,262</u>	<u>-</u>	<u>-</u>	<u>16,125,000</u>	<u>15,757,770</u>
Change in fund balance	(3,021,275)	-	(53,924)	(454)	9,074,702	5,999,049
Fund balance, beginning of year	<u>26,778,782</u>	<u>-</u>	<u>507,062</u>	<u>1,068,365</u>	<u>(6,481,778)</u>	<u>21,872,431</u>
Fund balance, end of year	<u>\$ 23,757,507</u>	<u>\$ -</u>	<u>\$ 453,138</u>	<u>\$ 1,067,911</u>	<u>\$ 2,592,924</u>	<u>\$ 27,871,480</u>

The accompanying notes to the basic 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, 2025**

Net Change in Fund Balance - Governmental Funds \$ 5,999,049

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:

Capital outlay, net	\$ 3,209,936	
Depreciation/amortization expense	912,293	
Retirement of partially depreciated capital assets	54,325	4,176,554

Amortization of bond premiums and deferred charges on bond refundings do not affect the governmental funds, but are recorded in the Statement of Activities.

Amortization of bond premiums	210,232	
Amortization of deferred charges	(47,248)	162,984

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.

Issuance of leases	(246,153)	
Proceeds of issuance of bonds	(14,880,000)	
Premium on bond issuance	(511,617)	
Repayment of bond principal	2,580,000	
Repayment of installment purchase debt payable	1,000,566	
Principal payments on lease liabilities	376,067	(11,681,137)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences payable	(52,969)	
Accrued interest costs	(93,962)	(146,931)

Changes in the total OPEB liability, deferred outflows of resources and deferred inflows of resources 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.

Deferred outflows of resources from OPEB	(3,510,138)	
Total OPEB liability	20,815,958	
Deferred inflows of resources from OPEB	(11,863,232)	5,442,588

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.

Proportionate share of net pension liability	2,204,454	
Proportionate share of net pension asset	6,156,829	
Deferred outflows of resources from pensions	(3,254,449)	
Deferred inflows of resources from pensions	(4,192,620)	914,214

Change in Net Position - Governmental Activities \$ 4,867,321

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

**SAYVILLE UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
JUNE 30, 2025**

	Custodial
ASSETS	
Cash and cash equivalents	\$ -
NET POSITION	
Restricted for individuals, organizations and other governments	\$ -

**SAYVILLE UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Custodial
ADDITIONS	
Real property taxes collected for the library	\$ 4,600,886
Real property taxes collected for Sayville Historical Society	56,000
Total	4,656,886
DEDUCTIONS	
Real property taxes collected for the library	4,600,886
Real property taxes collected for Sayville Historical Society	56,000
Total	4,656,886
Change in net position	-
Net position, beginning of year	-
New position, end of year	\$ -

The accompanying notes to the basic 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, 2025**

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 seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. 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 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 (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

During the year, the District was billed \$6,569,721 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,608,739.

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 and amortization, 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, including fiduciary 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 and report transactions of the school food service program.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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 major repair of capital facilities, leasing and other capital assets.

Fiduciary Funds: These are used to account for activities in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used to finance the District's operations. The following is the District's fiduciary fund:

Custodial Fund: Used to account for real property taxes collected on behalf of other governments and disbursed to those governments.

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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgements, pension costs, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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.

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 12 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, computation of the expected lease payments or receipts to present value, the proportionate share of net pension assets and liabilities, and the total OPEB liability.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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.

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. Investments

The District participates in the New York Cooperative Liquid Assets Securities System ("NYCLASS") a cooperative investment pool established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. In accordance with the provisions of General Municipal Law, Article 3A, NYCLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of NYCLASS.

The pools are authorized to invest in various securities issued by the United States and its agencies. The amounts represent the amortized cost of the cooperative shares and are considered to approximate fair value. The District's position in the pools is equal to the value of the pool shares. Additional information concerning the NYCLASS is presented in the annual report which may be obtained from Public Trust Advisors, LLC, 717 17th Street, Suite 1850, Denver, CO 80202.

NYCLASS is rated AAAM by Standard and Poor's Rating Service. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The pool invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State. The District also invests in obligations of the United States (i.e. U.S. Treasury Strips). Obligations of the United States are permissible municipal investments in New York State. These obligations are backed by the full faith and credit of the United States.

Investments are stated at fair value.

K. 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.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

L. Lease receivable

The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in the amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

M. 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) has been identified as not available for other subsequent expenditures (nonspendable).

N. 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.

O. 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:

	<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
Leased equipment	\$ 35,000	Straight-line	Lease term

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

P. Right-to-use assets

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

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

Q. 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 assets 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.

R. 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 five 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. The fifth item is related to leases which are recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable and are amortized on a straight-line basis over the term of the lease.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

S. 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.

T. Vested employee benefits - compensated absences

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

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

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.

Consistent with GASB Statement No. 101, a liability is recognized for accumulated vacation, sick leave or compensatory time (compensated absences) if the leave time is attributable to services already rendered, the leave time accumulates from year to year and the leave time has a more than a 50% chance to be used for time off or otherwise paid in cash or settled through noncash means. In addition, the liability also recognizes an estimated amount of unused leave earned as of year-end that will be used by employees as time off in future years. The compensated absence liability is recorded as current and non-current obligations in the District-wide financial statements. The current portion of this debt is estimated based on historical trends or expected payouts. In the fund financial statements, only the amount of matured liabilities is accrued within the General Fund for example, as a result of an employee's resignation or retirement before year end and payment is made after year end with expendable available financial resources.

U. 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.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

V. 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. 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.

W. 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.

X. Leases

Lessee

The District is a lessee for a noncancellable leases for equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the District-wide financial statements.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value (2) lease term, and (3) lease payments.

1. The District uses the interest rate charged by the lessor at the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
2. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonable certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

Lessor

The District is the lessor for various noncancellable leases of facilities and land usage. The District recognizes a lease receivable and a deferred inflow of resources in the District-wide and fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease payments.

1. The District uses its estimated incremental borrowing rate as the discount rate for leases.
2. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

Y. 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 net 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.

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 difference between the lease receivable and deferred inflows of resources for leases of \$230,791 and the inventory recorded in the School Lunch Fund of \$50,938.
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.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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.

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.

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.

Capital Reserve

The Capital Reserve is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the people at any special or annual meeting. Such authorization is further required for payments from the capital reserve. The form of the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of Education Law.

3. Committed - Includes amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Education is the decision-making authority that can, by Board resolution, commit fund balance. The District has committed fund balances as of June 30, 2025 of \$177,409 in the Other Miscellaneous Special Revenue Fund.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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.

Fund balances for all governmental funds as of June 30, 2025 were distributed as follows:

	General	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
Nonspendable:					
Inventory	\$ -	\$ 50,938	\$ -	\$ -	\$ 50,938
Leases	230,791	-	-	-	230,791
Total nonspendable	230,791	50,938	-	-	281,729
Restricted:					
Retirement Contributions	5,873,043	-	-	-	5,873,043
Workers' Compensation	745,191	-	-	-	745,191
Unemployment Insurance	322,226	-	-	-	322,226
Employee Benefit Accrued Liability	6,345,846	-	-	-	6,345,846
Bonded Debt	899,408	-	-	-	899,408
Capital Reserve	1,069,075	-	-	-	1,069,075
Scholarships	-	-	771,501	-	771,501
Total restricted	15,254,789	-	771,501	-	16,026,290
Committed:					
Extraclassroom activity funds	-	-	177,409	-	177,409
Total committed:	-	-	177,409	-	177,409
Assigned:					
Appropriated for subsequent year's expenditures	2,900,000	-	-	-	2,900,000
Encumbrances	1,404,828	-	-	-	1,404,828
Capital	-	-	-	2,592,924	2,592,924
Student activities	-	-	119,001	-	119,001
Food service program	-	402,200	-	-	402,200
Total assigned	4,304,828	402,200	119,001	2,592,924	7,418,953
Unassigned	3,967,099	-	-	-	3,967,099
Total	\$ 23,757,507	\$ 453,138	\$ 1,067,911	\$ 2,592,924	\$ 27,871,480

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.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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.

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 four 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.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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.

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 and Other Postemployment Benefits differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting whereby an expenditure is recognized for health insurance premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

3. **CHANGE IN ACCOUNTING PRINCIPLE**

Effective for the 2025 fiscal year, the District implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 provides guidance for identifying and recognizing compensated absence liabilities. Previously recognized was the value of unused leave time owed to employees upon separation from employment. In accordance with the new guidance, the District must also recognize as part of the compensated absences liability an estimated amount of unused leave earned as of year-end that will be used by employees as time off in future years. As a result, the District has reported a restatement to opening net position of governmental activities of \$193,414 (see Note 17 to the financial statements).

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.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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. Supplemental appropriations during the fiscal year consisted of donations and other budget revisions.

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, 2025.

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.

School Lunch Fund fund balance

The portion of the District's School Lunch Fund fund balance subject to federal regulations 7CFR Part 210.14(b) limit exceeded the amount allowable, which is three months average expenditure level. Actions the District plans to pursue to address this issue include purchasing several new pieces of kitchen equipment and making substantial improvements to the school kitchen serving lines in the upcoming year.

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.

5. CASH AND CASH EQUIVALENTS AND INVESTMENTS - 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	\$ 31,831,959
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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 \$14,957,215 within the governmental funds.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2025:

- Level 1 - U.S. Government fixed income, repurchase agreements and bank deposits \$2,638,928 fluctuate in value in response to changes in interest rates and credit risk.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

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. The District is exposed to interest-rate risk as follows:

	Fair Value	< 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government Fixed Income	\$ 2,638,928	\$ 2,638,928	\$ -	\$ -	\$ -
	<u>\$ 2,638,928</u>	<u>\$ 2,638,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

The quality ratings of investments are as follows:

<u>Quality rating</u>	<u>Balance Fair Value</u>	<u>Percentage of Portfolio</u>
AAAm	<u>\$ 2,638,928</u>	<u>100.00%</u>

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025 consisted of the following:

General Fund:

Excess cost aid	\$ 456,522
BOCES aid	723,933

Special Aid Fund:

State and federal grants	1,322,387
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School Lunch Fund:

School lunch reimbursement	45,016
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Capital Projects Fund:

State and federal grants	543,191
	<u>\$ 3,091,049</u>

District management has deemed the amounts to be fully collectible.

7. LEASE RECEIVABLE

The District entered into agreements to lease property to Eastern Suffolk BOCES. Under the agreements, the District receives 12 monthly installments for each fiscal year. The annual rent will increase by the property tax cap's most recent allowable growth factor as set forth in Education Law Section 2023-a, i.e., the lesser of 2% or the allowable growth factor effective for the fiscal year for which said rent will be calculated. If these leases are extended by BOCES in accordance with its terms, the annual rent shall continue to be determined on this same basis through July 31, 2043. As of June 30, 2025, the present value of the leases receivable and the corresponding deferred inflows of resources, measured using an implicit interest rate varying from 2.16% to 3.93%, was \$5,347,357 and \$5,116,566, respectively. During the year ended June 30, 2025, the District recognized lease revenue and lease interest in the amounts of \$822,962 and \$191,731, respectively.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

8. CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 303,740	\$ -	\$ -	\$ 303,740
Construction-in-progress	8,201,015	7,050,298	(12,053,945)	3,197,368
Total nondepreciable assets	<u>8,504,755</u>	<u>7,050,298</u>	<u>(12,053,945)</u>	<u>3,501,108</u>
Capital assets that are depreciated:				
Buildings and building improvements	128,049,994	430,877	7,160,846	135,641,717
Machinery and equipment	6,130,449	1,156,149	(694,298)	6,592,300
Vehicles	845,911	51,527	-	897,438
Site improvements	5,247,215	38,732	-	5,285,947
Right-to-use lease assets	1,673,435	246,153	(176,403)	1,743,185
Total depreciable assets	<u>141,947,004</u>	<u>1,923,438</u>	<u>6,290,145</u>	<u>150,160,587</u>
Less accumulated depreciation:				
Buildings and building improvements	76,750,780	3,728,565	(4,867,545)	75,611,800
Machinery and equipment	3,964,304	359,541	(665,527)	3,658,318
Vehicles	650,911	49,053	-	699,964
Site improvements	2,056,803	234,413	-	2,291,216
Right-to-use lease assets	765,895	371,285	(176,403)	960,777
Total accumulated depreciation	<u>84,188,693</u>	<u>4,742,857</u>	<u>(5,709,475)</u>	<u>83,222,075</u>
Total capital assets, net	<u>\$ 66,263,066</u>	<u>\$ 4,230,879</u>	<u>\$ (54,325)</u>	<u>\$ 70,439,620</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 700,751
Instruction	4,021,853
School lunch	20,253
	<u>\$ 4,742,857</u>

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

9. SHORT-TERM DEBT

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

	Beginning Balance	Issued	Redeemed	Ending Balance
TAN matured on 1/28/25 at 4.00%	\$ -	\$ 10,000,000	\$ 10,000,000	\$ -
TAN matured on 6/17/25 at 4.00%	-	7,000,000	7,000,000	-
BAN matured on 5/8/25 at 4.50%	15,000,000	-	15,000,000	-
	<u>\$ 15,000,000</u>	<u>\$ 17,000,000</u>	<u>\$ 32,000,000</u>	<u>\$ -</u>

Interest on short-term debt for the year was \$786,578.

10. LONG-TERM LIABILITIES

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

	(As Restated) Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 15,565,000	\$ 14,880,000	\$ 2,580,000	\$ 27,865,000	\$ 3,240,000
Bond premium	1,150,639	511,617	210,232	1,452,024	201,826
Bonds payable, net	16,715,639	15,391,617	2,790,232	29,317,024	3,441,826
Energy performance contract debt payable	6,152,918	-	1,000,566	5,152,352	1,031,511
Lease liabilities	892,873	246,153	376,067	762,959	316,986
Other post-employment benefits	161,474,106	10,360,323	31,176,281	140,658,148	6,349,913
Compensated absences	7,989,212	52,969	-	8,042,181	-
Total long-term liabilities	<u>\$ 193,224,748</u>	<u>\$ 26,051,062</u>	<u>\$ 35,343,146</u>	<u>\$ 183,932,664</u>	<u>\$ 11,140,236</u>

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2025
Serial bonds - refunding	2016	2029	4.00%	\$ 2,315,000
Serial bonds - refunding	2016	2028	4.00%	1,995,000
Serial bonds	2017	2032	2.00 - 3.00%	6,675,000
Serial bonds	2018	2033	3.00 - 3.25%	2,000,000
Serial bonds	2025	2039	4.00-5.00%	<u>14,880,000</u>
				<u>\$ 27,865,000</u>
Energy performance contract	2011	2026	3.24%	\$ 926,738
Energy performance contract	2019	2034	2.82%	<u>4,225,614</u>
				<u>\$ 5,152,352</u>

Year Ended June 30,	Serial Bonds		Energy Performance Contracts		Total
	Principal	Interest	Principal	Interest	
2026	\$ 3,240,000	\$ 1,081,706	\$ 1,031,511	\$ 141,333	\$ 5,494,550
2027	3,260,000	967,025	744,446	109,427	5,080,898
2028	3,295,000	840,275	442,782	92,115	4,670,172
2029	2,575,000	711,725	455,356	79,540	3,821,621
2030	2,165,000	611,775	468,288	66,609	3,311,672
2031-2035	8,140,000	1,875,038	2,009,969	129,616	12,154,623
2036-2039	<u>5,190,000</u>	<u>529,400</u>	<u>-</u>	<u>-</u>	<u>5,719,400</u>
	<u>\$ 27,865,000</u>	<u>\$ 6,616,944</u>	<u>\$ 5,152,352</u>	<u>\$ 618,640</u>	<u>\$ 40,252,936</u>

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

Interest paid	\$ 735,391
Less interest accrued in the prior year	(81,120)
Plus amortization of deferred charges	47,248
Less amortization of bond premium	(210,232)
Plus interest accrued in the current year	<u>175,082</u>
Total interest expense	<u>\$ 666,369</u>

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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
2026	\$ 201,826	\$ (44,806)	\$ 157,020
2027	241,184	(44,806)	196,378
2028	241,182	(44,806)	196,376
2029	241,182	(44,806)	196,376
2030	83,434	-	83,434
2031-2035	285,796	-	285,796
2036-2039	157,420	-	157,420
Total	<u>\$ 1,452,024</u>	<u>\$ (179,224)</u>	<u>\$ 1,272,800</u>

Lease liabilities

The District has entered into agreements to lease certain equipment. The Lease agreements qualify as other than short-term leases under GASB Statement No. 87 and therefore, have been recorded at the present value of the future minimum lease payments as of their commencement date.

The first agreement was executed on July 1, 2021, to lease an equipment and requires 41 monthly payments of \$4,228. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.46%, which was the District's borrowing rate at the inception of the lease agreement This lease terminated during the fiscal year end June 30, 2025.

The second agreement was executed on July 1, 2021, to lease an equipment and requires 53 monthly payments of \$7,062. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.40%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of \$34,182 as June 30, 2025.

The third agreement was executed on July 1, 2021, to lease a copier machine and requires 44 monthly payments of \$6. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.16%, which was the District's borrowing rate at the inception of the lease agreement This lease terminated during the fiscal year end June 30, 2025.

The fourth agreement was executed on January 21, 2022, to lease an equipment and requires 65 monthly payments of \$5,219. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.92%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of \$114,285 as June 30, 2025.

The fifth agreement was executed on March 24, 2023, to lease an equipment and requires 60 monthly payments of \$9,353. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.61%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of \$268,408 as of June 30, 2025.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

The sixth agreement was executed on March 24, 2023, to lease an equipment and requires 60 monthly payments of \$5,733. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.61%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of \$164,508 as of June 30, 2025.

The seventh agreement was executed on August 7, 2024, to lease and requires 60 monthly payments of \$5,046. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.91%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of \$201,025 as of June 30, 2025.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2025, were as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 316,986	\$ 29,005	\$ 345,991
2027	253,051	17,426	270,477
2028	139,413	6,616	146,029
2029	53,509	1,999	55,508
	<u>\$ 762,959</u>	<u>\$ 55,046</u>	<u>\$ 818,005</u>

11. 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 Annual Comprehensive Financial report, which can be found on the System's website at www.nystrs.org.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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 Annual Comprehensive Financial 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>
2025	\$ 1,588,386	\$ 3,845,489
2024	1,430,310	3,943,183
2023	1,215,660	3,689,486

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

At June 30, 2025, the District reported the following asset for its proportionate share of the net pension asset for each of the Systems. The net pension liability was measured as of June 30, 2024 for NYSTRS and March 31, 2025 for NYSERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District’s proportion of the net pension 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 (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2025	June 30, 2024
Net pension asset/(liability)	\$ (4,918,385)	\$ 6,156,829
District's portion of the Plan's total net pension liability	0.0286858%	0.206355%

For the year ended June 30, 2025, the District recognized pension expense of \$1,212,989 for NYSERS and \$3,420,758 for NYSTRS. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources - 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	\$ 1,220,776	\$ 6,629,774	\$ 57,585	\$ -
Changes of assumptions	206,267	3,683,031	-	619,520
Net difference between projected and actual earnings on pension plan investments	385,883	-	-	6,840,762
Changes in proportion and differences between the District's contributions and proportionate share of contributions	489,931	282,499	382,537	92,470
Employer contributions subsequent to the measurement date	441,299	3,891,913	-	-
Total	<u>\$ 2,744,156</u>	<u>\$ 14,487,217</u>	<u>\$ 440,122</u>	<u>\$ 7,552,752</u>

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

	<u>NYSERS</u>	<u>NYSTRS</u>
<u>Year ended June 30,</u>		
2026	\$ 927,747	\$ (3,145,868)
2027	1,336,330	7,584,636
2028	(409,658)	(1,201,015)
2029	8,316	(1,340,259)
2030	-	830,657
Thereafter	-	314,401

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

Actuarial assumptions

The total pension asset 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 to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Interest rate	5.90%	6.95%
Salary scale	4.30%	*Rates of increase differ based on service
Decrement tables	April 1, 2015 to April 1, 2020 System's Experience	July 1, 2015 to June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%

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

<u>Service</u>	<u>Rate</u>
5	5.18%
15	3.64%
25	2.50%
35	1.95%

For NYSTRS, annuitant mortality rates are based on July 1, 2015 - June 30, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. 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-2021.

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

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 (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

	<u>NYSERS</u>		<u>NYSTRS</u>	
	<u>Target allocation</u>	<u>Long-term rate</u>	<u>Target allocation</u>	<u>Long-term rate</u>
Measurement date	March 31, 2025	March 31, 2025	June 30, 2024	June 30, 2024
Asset type				
Cash	1.00%	0.25%	1.00%	0.50%
Credit	4.00%	5.40%	-	-
Domestic equity	25.00%	3.54%	33.00%	6.60%
Domestic fixed income	-	-	16.00%	2.60%
Fixed income	22.00%	2.00%	-	-
Global equity	-	-	4.00%	6.90%
Global fixed income	-	-	2.00%	2.50%
High-yield fixed income	-	-	1.00%	4.80%
International equity	14.00%	6.57%	15.00%	7.40%
Opportunistic portfolio	3.00%	5.25%	-	-
Private debt	-	-	2.00%	5.90%
Private equity	15.00%	7.25%	9.00%	10.00%
Real assets	4.00%	5.55%	-	-
Real estate debt	-	-	6.00%	3.90%
Real estate equities	12.00%	4.95%	11.00%	6.30%
	<u>100.00%</u>		<u>100.00%</u>	

Discount rate

The discount rate used to calculate the total pension asset was 5.90% for NYSERS and 6.95% 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.

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 calculated using the discount rate of 5.90% for NYSERS and 6.95% for NYSTRS, as well as what the District's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (4.90% for NYSERS and 5.95% for NYSTRS) or 1 percentage point higher (6.90% for NYSERS and 7.95% for NYSTRS) than the current rate:

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

	1% Decrease (4.90%)	Current assumption (5.90%)	1% Increase (6.90%)
<u>NYSERS</u>			
Employer's proportionate share of the net pension asset/(liability)	\$ (14,234,426)	\$ (4,918,385)	\$ 2,860,515
	1% Decrease (5.95%)	Current assumption (6.95%)	1% Increase (7.95%)
<u>NYSTRS</u>			
Employer's proportionate share of the net pension asset/(liability)	\$ (28,438,748)	\$ 6,156,829	\$ 35,252,638

Pension plan fiduciary net position

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

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

Payables to the pension plan

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the system in September, October and November 2025 through a State aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 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, 2025 amounted to \$3,891,913.

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, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid NYSERS covered wages multiplied by the employer's contribution rate, by tier. Accrued employer retirement contributions as of June 30, 2025 amounted to \$441,299. Employee contributions are remitted monthly.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

12. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	Interfund			
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,974,468	\$ -	\$ -	\$ 1,262,262
Special Aid Fund	-	1,361,605	137,262	-
School Lunch Fund	-	-	-	-
Capital Projects Fund	-	612,863	1,125,000	-
Totals	\$ 1,974,468	\$ 1,974,468	\$ 1,262,262	\$ 1,262,262

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.

13. 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, 2023, 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	562
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	322
Total plan members	884

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

B. Total OPEB liability

The District's total OPEB liability of \$140,658,148 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2023.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2023 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	2.40%
Salary increases	2.40% average, including inflation
Discount rate	5.20%
Healthcare cost trend rates	6.8% scaling down to 3.8% over 50 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, 2025 Bond Buyer GO 20-Bond Municipal Index.

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table for Teaching positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions, projected using the MP-2021 Ultimate Scale.

C. Changes in the total OPEB liability

Balance as of June 30, 2024	<u>\$ 161,474,106</u>
<u>Changes for the year -</u>	
Service cost	3,976,026
Interest	6,384,297
Change of assumptions	(25,118,251)
Benefit payments	<u>(6,058,030)</u>
Net changes	<u>(20,815,958)</u>
Balance as of June 30, 2025	<u><u>\$ 140,658,148</u></u>

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current discount rate:

	1% Decrease (4.20%)	Current assumption (5.20%)	1% Increase (6.20%)
Total OPEB liability as of June 30, 2025	\$ 159,886,149	\$ 140,658,148	\$ 124,819,602

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 (5.80%) or one percentage point higher (7.80%) than the current discount rate:

	1% Decrease (5.80% decreasing to 2.80%)	Current assumption (6.80% decreasing to 3.80%)	1% Increase (7.80% decreasing to 4.80%)
Total OPEB liability as of June 30, 2025	\$ 119,388,980	\$ 140,658,148	\$ 167,239,334

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$615,442. At June 30, 2025 the District reported the following deferred inflows of resources and deferred outflows of resources:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Demographic gains or losses	\$ 3,819,819	\$ 4,441,674
Changes in assumptions	3,036,741	26,557,350
Total	\$ 6,856,560	\$ 30,999,024

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>	
2026	\$ (9,921,892)
2027	(5,469,788)
2028	(5,473,216)
2029	(3,277,568)
2030	-
Thereafter	-

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

14. 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 three years.

The District has not purchased any annuity contracts.

15. CONTINGENCIES AND COMMITMENTS

Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. During the fiscal year ended June 30, 2025, the District encumbered the following amounts:

General Fund:	
General support	\$ 805,483
Instruction	423,418
Pupil transportation	21,294
Employee benefits	<u>154,633</u>
	1,404,828
School Lunch Fund	12,913
Special Aid Fund	2,872
Capital Projects Fund	<u>1,052,176</u>
	<u>\$ 2,472,789</u>

Appropriated for subsequent year's budget

The amount of \$2,900,000 has been assigned as the amount to be appropriated to reduce taxes for the year ending June 30, 2026.

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, 2024, 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, 2024 at 1.02 (before exemptions). School districts can exceed the tax levy limit by a 60% vote of the governing body, subject to voter approval.

**SAYVILLE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025**

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.

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, 2025, the District received \$779,300 as a PILOT payment.

17. PRIOR PERIOD ADJUSTMENT

Compensated absence liability balances as of July 1, 2024 have been restated to reflect the adoption of GASB Statement No. 101. The District's financial statements for the year ended June 30, 2024 have been restated as of July 1, 2024 to give effect to the following:

	Compensated Absences	Net Position
Balance as of July 1, 2024, as previously stated	\$ 7,795,798	\$ (103,956,850)
GASB Statement No. 101 implementation:		
Add: Net change in compensated absences (calculated under GASB 101)	193,414	(193,414)
Balance as of July 1, 2024, as restated	\$ 7,989,212	\$ (104,150,264)

18. 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:

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
Statement No. 103	Financial Reporting Model Improvements	June 30, 2026
Statement No. 104	Disclosure of Certain Capital Assets	June 30, 2026

19. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 9, 2025 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, 2025**

	Adopted Budget	Final Budget	Actual	Year-end Encumbrances	Variance
REVENUES					
Local sources:					
Real property taxes	\$ 62,478,344	\$ 62,478,344	\$ 62,677,554		\$ 199,210
Other real property tax items	4,308,110	4,308,110	4,134,690		(173,420)
Charges for services	825,000	825,000	517,013		(307,987)
Use of money and property	2,850,449	2,850,449	3,172,463		322,014
Sale of property and compensation for loss	27,200	27,200	90,775		63,575
Miscellaneous	275,000	295,000	594,201		299,201
Total local sources	70,764,103	70,784,103	71,186,696		402,593
State sources	29,126,346	29,126,346	28,103,932		(1,022,414)
Federal sources	150,000	150,000	155,229		5,229
Total revenues	100,040,449	100,060,449	99,445,857		<u>\$ (614,592)</u>
APPROPRIATED FUND BALANCE					
Issuance of leases	-	-	246,153		
Premium on obligations	-	-	511,617		
Appropriated fund balance	2,900,000	2,900,000	-		
Prior year encumbrances	2,370,766	2,370,766	-		
Appropriated reserves	3,088,182	3,398,432	-		
Total revenues, other financing sources and appropriated fund balance	108,399,397	108,729,647	100,203,627		
EXPENDITURES					
General support:					
Board of Education	92,463	87,235	73,217	\$ 499	\$ 13,519
Central administration	397,708	400,213	395,674	3,726	813
Finance	1,472,443	1,433,956	1,310,803	73,198	49,955
Staff	803,860	696,906	661,008	21,672	14,226
Central services	10,359,275	10,470,956	9,397,670	706,388	366,898
Special items	1,126,694	1,131,368	1,126,648	-	4,720
Total general support	14,252,443	14,220,634	12,965,020	805,483	450,131
Instruction:					
Instruction, administration and improvement	3,782,658	3,609,769	3,408,237	36,657	164,875
Teaching - regular school	26,727,460	26,864,404	26,354,937	52,439	457,028
Programs for children with handicapping conditions	13,067,362	13,065,428	12,753,323	184,942	127,163
Occupational education	826,000	854,001	725,400	-	128,601
Teaching - special school	97,346	97,346	81,964	-	15,382
Instructional media	4,590,225	4,499,042	4,285,855	44,073	169,114
Pupil services	5,750,844	6,017,194	5,728,547	105,307	183,340
Total instruction	54,841,895	55,007,184	53,338,263	423,418	1,245,503
Pupil transportation	4,747,887	4,809,383	4,662,192	21,294	125,897
Community services	115,632	115,202	81,882	-	33,320
Employee benefits	27,022,070	26,782,003	25,316,681	154,633	1,310,689
Debt service:					
Principal	4,375,566	4,751,633	4,076,633	-	675,000
Interest	1,883,904	1,758,608	1,521,969	-	236,639
Total expenditures	107,239,397	107,444,647	101,962,640	1,404,828	4,077,179
OTHER FINANCING USES					
Transfers out	1,160,000	1,285,000	1,262,262	-	22,738
Total expenditures and other financing uses	108,399,397	108,729,647	103,224,902	\$ 1,404,828	\$ 4,099,917
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(3,021,275)		
Fund balance, beginning of year			26,778,782		
Fund balance, end of year			<u>\$ 23,757,507</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 EIGHT FISCAL YEARS**

Measurement date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability								
Service cost	\$ 3,976,026	\$ 4,202,659	\$ 3,872,072	\$ 4,649,093	\$ 5,198,002	\$ 5,450,542	\$ 5,913,107	\$ 5,740,881
Interest	6,384,297	5,789,916	5,174,007	3,794,544	3,772,510	5,777,669	5,167,585	4,985,348
Plan changes	-	-	-	-	-	(43,398)	-	-
Demographic gains or losses	-	6,284,217	-	(19,247,254)	-	7,526,422	-	(661,373)
Changes in assumptions or inputs	(25,118,251)	(6,349,125)	8,395,692	(13,174,707)	1,357,249	(7,937,705)	(13,098,652)	-
Benefit payments	<u>(6,058,030)</u>	<u>(5,706,338)</u>	<u>(4,907,946)</u>	<u>(4,629,217)</u>	<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	(20,815,958)	4,221,329	12,533,825	(28,607,541)	5,344,796	5,979,705	(6,623,502)	6,338,901
Total OPEB liability - beginning of year	<u>161,474,106</u>	<u>157,252,777</u>	<u>144,718,952</u>	<u>173,326,493</u>	<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>\$ 140,658,148</u>	<u>\$ 161,474,106</u>	<u>\$ 157,252,777</u>	<u>\$ 144,718,952</u>	<u>\$ 173,326,493</u>	<u>\$ 167,981,697</u>	<u>\$ 162,001,992</u>	<u>\$ 168,625,494</u>
Covered payroll	\$ 34,565,883	\$ 34,565,883	\$ 33,750,901	\$ 33,750,901	\$ 32,673,467	\$ 32,673,467	\$ 41,059,180	\$ 41,059,180
Total OPEB liability as a percentage of covered payroll	406.93%	467.15%	465.92%	428.79%	530.48%	514.12%	394.56%	410.69%
Discount rate	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%

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
SHARE OF THE NET PENSION ASSET/(LIABILITY) - NYSERS & NYSTRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)**

NYSERS										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportionate share of the net pension asset/(liability)	0.02869%	0.03226%	0.03206%	0.02826%	0.03032%	0.03036%	0.03324%	0.03405%	0.03390%	0.03363%
District's proportionate share of the net pension asset/(liability)	\$ (4,918)	\$ (4,750)	\$ (6,875)	\$ 2,311	\$ (30)	\$ (8,040)	\$ (2,355)	\$ (1,099)	\$ (3,185)	\$ (5,398)
District's covered payroll	\$ 10,930	\$ 10,847	\$ 11,164	\$ 10,823	\$ 9,504	\$ 10,667	\$ 10,426	\$ 10,471	\$ 10,501	\$ 9,935
District's proportionate share of the net pension asset/(liability) as a percentage of covered payroll	45.00%	43.79%	61.58%	21.35%	0.32%	75.37%	22.59%	10.50%	30.33%	54.33%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
Discount rate	5.90%	5.90%	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%

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

NYSTRS										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportionate share of the net pension asset/(liability)	0.20636%	0.20748%	0.21252%	0.21295%	0.20844%	0.21038%	0.20804%	0.20959%	0.21174%	0.21048%
District's proportionate share of the net pension asset/(liability)	\$ 6,157	\$ (2,373)	\$ (4,078)	\$ 36,902	\$ (5,760)	\$ 5,466	\$ 3,762	\$ 1,593	\$ (2,268)	\$ 21,863
District's covered payroll	\$ 39,923	\$ 39,101	\$ 36,769	\$ 36,556	\$ 35,776	\$ 36,348	\$ 34,403	\$ 33,603	\$ 31,860	\$ 31,191
District's proportionate share of the net pension asset/(liability) as a percentage of covered payroll	15.42%	6.07%	11.09%	100.95%	16.10%	15.04%	10.94%	4.74%	7.12%	70.09%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	102.09%	99.17%	98.57%	97.76%	97.76%	102.17%	105.53%	111.48%	110.46%	99.01%
Discount rate	6.95%	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.50%	8.00%

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

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

NYSERS										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,588	\$ 1,430	\$ 1,216	\$ 1,534	\$ 1,519	\$ 1,450	\$ 1,521	\$ 1,563	\$ 1,494	\$ 1,695
Contributions in relation to the contractually required contribution	<u>1,588</u>	<u>1,430</u>	<u>1,216</u>	<u>1,534</u>	<u>1,519</u>	<u>1,450</u>	<u>1,521</u>	<u>1,563</u>	<u>1,494</u>	<u>1,695</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,917	\$ 11,156	\$ 11,128	\$ 10,812	\$ 10,118	\$ 10,028	\$ 10,419	\$ 10,616	\$ 10,099	\$ 9,974
Contributions as a percentage of covered payroll	14.55%	12.82%	10.92%	14.19%	15.02%	14.46%	14.60%	14.72%	14.79%	16.99%
NYSTRS										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 3,845	\$ 3,943	\$ 3,689	\$ 3,445	\$ 3,135	\$ 3,729	\$ 3,321	\$ 3,893	\$ 3,893	\$ 4,333
Contributions in relation to the contractually required contribution	<u>3,845</u>	<u>3,943</u>	<u>3,689</u>	<u>3,445</u>	<u>3,135</u>	<u>3,729</u>	<u>3,321</u>	<u>3,893</u>	<u>3,893</u>	<u>4,333</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 38,915	\$ 39,923	\$ 39,101	\$ 36,769	\$ 36,556	\$ 35,776	\$ 36,348	\$ 34,403	\$ 33,603	\$ 31,860
Contributions as a percentage of covered payroll	9.88%	9.88%	9.44%	9.37%	8.57%	10.42%	9.14%	11.32%	11.59%	13.60%

**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, 2025**

Change from adopted budget to final budget:

Adopted budget	\$ 106,028,631	
Add: Prior year's encumbrances	<u>2,370,766</u>	
Original budget		\$ 108,399,397
Budget revisions relating to:		
Warranty settlement		20,000
Appropriations from EBALR reserve		185,250
Appropriations for emergency bathroom project		<u>125,000</u>
Final budget		<u><u>\$ 108,729,647</u></u>
 §1318 of real property tax law limit calculation:		
2025-2026 voter-approved budget		<u><u>\$ 105,676,793</u></u>
Maximum allowed (4% of 2025-2026 budget)		<u><u>\$ 4,227,072</u></u>
 General Fund fund balance subject to §1318 of real property tax law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 4,304,828	
Unassigned fund balance	<u>3,967,099</u>	\$ 8,271,927
Less:		
Appropriated fund balance	2,900,000	
Encumbrances	<u>1,404,828</u>	<u>4,304,828</u>
General Fund fund balance subject to §1318 of real property tax law		<u><u>\$ 3,967,099</u></u>
Actual percentage		<u><u>3.75%</u></u>

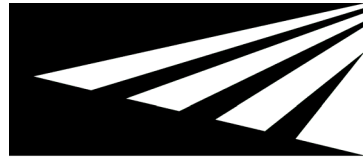
**SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2025**

Project Title	Expenditures					Methods of Financing					Fund Balance June 30, 2025
	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	
SMART Bond	\$ 71,399	\$ 2,278,214	\$ 2,278,149	\$ -	\$ 2,278,149	\$ 65	\$ -	\$ 2,278,149	\$ -	\$ 2,278,149	\$ -
Emergency Project-High School Boys Restroom	125,000	125,000	-	31,491	31,491	93,509	-	-	125,000	125,000	93,509
High School Restroom Alterations	-	-	-	17,167	17,167	(17,167)	-	-	-	-	(17,167)
Middle School Restroom Alterations	-	-	-	32,590	32,590	(32,590)	-	-	-	-	(32,590)
Sunrise Drive Restroom Alterations-Phase II	457,326	457,326	10,604	446,722	457,326	-	-	-	457,326	457,326	-
Cherry Ave Restroom Alterations	542,674	542,674	25,900	516,774	542,674	-	-	-	542,674	542,674	-
Bond Issue District Wide Roof Replacements/AC Systems	15,000,000	15,000,000	6,445,274	6,005,554	12,450,828	2,549,172	14,880,000	-	120,000	15,000,000	2,549,172
Totals	\$ 16,196,399	\$ 18,403,214	\$ 8,759,927	\$ 7,050,298	\$ 15,810,225	\$ 2,592,989	\$ 14,880,000.00	\$ 2,278,149	\$ 1,245,000	\$ 18,403,149	\$ 2,592,924

**OTHER
SUPPLEMENTARY
INFORMATION**

**SAYVILLE UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2025**

Capital assets, net		\$ 70,439,620
Add:		
Deferred charges for advance refunding		179,224
Unspent bond proceeds		2,592,924
Deduct:		
Short-term portion of bonds payable, net	\$ 3,441,826	
Long-term portion of bonds payable, net	25,875,198	
Short-term portion of energy performance contract payable	1,031,511	
Long-term portion of energy performance contract payable	4,120,841	
Short-term portion of lease liabilities	316,986	
Long-term portion of lease liabilities	445,973	<u>35,232,335</u>
Net investment in capital assets		<u><u>\$ 37,979,433</u></u>



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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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 9, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 9, 2025

Nawrocki Smith LLP

**SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

This section presents our findings and recommendations noted during the audit of the financial statements of the Sayville Union Free School District as of and for the year ended June 30, 2025.

CURRENT YEAR FINDING AND RECOMMENDATION:

None noted.