

SAYVILLE UNION FREE SCHOOL DISTRICT
TOWN OF ISLIP, NEW YORK

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

AS OF AND FOR THE YEAR ENDED JUNE 30, 2026

SAYVILLE UNION FREE SCHOOL DISTRICT
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NawrockiSmith

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, 2026, 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, 2026, 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.

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.

Prior Period Adjustment

As described in Note 15 to the financial statements, the District had an analysis performed by a third party of its workers' compensation liability. The effect of this change required a restatement to the financial statements as detailed in Note 15. Our opinion is not modified with respect to this matter.

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 4-17 and 59-63, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2026, 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
November 5, 2026

Nawrocki Smith LLP

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, 2026. 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.

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.

Table A-1: Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/ deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

District-wide Financial Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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 governmental funds 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 governmental funds financial statements are provided which explain the relationship (or differences) between them.

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 supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

FINANCIAL SUMMARY

- During the year ended June 30, 2026, the District implemented the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements*, which establishes improvements to the financial reporting model for state and local governments. The Statement includes changes to the presentation and disclosure requirements within the financial statements and management's discussion and analysis. In implementing GASB Statement No. 103, the District will identify significant variances requiring explanation within the notes to the required supplemental information and management's discussion and analysis. The implementation of this Statement did not have a material effect on the District's financial position or results of operations.

- 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 $92,451,441. The District's total net position increased by $7,246,101 for the year ended June 30, 2026. The unrestricted portion of net position as of June 30, 2026 was a deficit of $158,723,808, 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.

- During 2026, the District issued an energy performance contract for capital construction and improvements for $10,825,018. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. This long-term liability bears interest at 4.12% and has a final maturity date in fiscal year 2041.

- The District continued to offer all programs, without reducing services.

- The District's residents authorized the proposed 2026-27 budget in the amount of $107,721,878 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 7.3% from the year before to a net deficit position balance of $92,451,441 as detailed in Tables A-2 and A-3.

As of June 30, 2026, the District has an unrestricted net deficit position of 158,723,808. This deficit is driven by the District's required recognition of the total other post-employment benefits ("OPEB") liability of $162,750,919 as required by GASB Statement No. 75. The restricted net position balance of $27,758,480 on the Statement of Net Position represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

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

	6/30/26	(As Restated) 6/30/25	$ Change	% Change
Current assets	$ 17,912,966	$ 18,495,109	$ (582,143)	(3.1)
Noncurrent assets	32,691,380	27,530,476	5,160,904	18.7
Capital assets, net	78,426,049	70,439,620	7,986,429	11.3
Total assets	129,030,395	116,465,205	12,565,190	10.8
Deferred outflows of resources	35,807,088	24,267,157	11,539,931	47.6
Current liabilities	7,670,739	7,055,792	614,947	8.7
Long-term liabilities	214,700,966	189,265,648	25,435,318	13.4
Total liabilities	222,371,705	196,321,440	26,050,265	13.3
Deferred inflows of resources	34,917,219	44,108,464	(9,191,245)	(20.8)
Net position:				
Net investment in capital asset	38,513,887	37,979,433	534,454	1.4
Restricted	27,758,480	22,183,119	5,575,361	25.1
Unrestricted (deficit)	(158,723,808)	(159,860,094)	1,136,286	0.7
Total net position (deficit)	$ (92,451,441)	$ (99,697,542)	$ 7,246,101	7.3

Noncurrent assets increased $5,160,904 primarily due to an increase in the proportionate share of the net pension asset based on actuarial changes in the valuation.

The District's capital assets increased $7,986,429 primarily due to the current year capital outlay for ongoing district wide capital projects (see page 65 for a detailed schedule of ongoing capital projects), offset by current year depreciation.

Deferred outflows increased $11,539,931 and deferred inflows decreased $9,191,245 primarily due to changes in actuarial assumptions related to demographics, costs and trend assumptions, and the discount rate for other-post employment benefits ("OPEB") and pensions.

Long-term liabilities increased $25,435,318 primarily due to the change in actuarial assumptions in calculating the total OPEB liability and the proportionate share of the net pension liability. Long-term liabilities also increased due to the issuance of a $10.8 million energy performance contract in the current year.

Changes in Net Position

The District's revenues on the full accrual basis of accounting increased $3,912,827 or 3.8% to $107,808,019 (See Table A-3). Property, other tax items and non-property tax items (STAR and PILOTS), State sources, and operating grants accounting for 94.1% of total revenues (See Table A-4). The remainder came from fees charged for services, capital grants, use of money and property, sale of property and compensation for loss, federal sources and other miscellaneous sources.

The District's fiscal year 2026 expenses totaled $100,561,918 (See Table A-3). These expenses (91.7%) 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

	6/30/26	(As Restated) 6/30/25	$ Change	% Change
Revenues				
Program revenues:				
Charges for services	$ 1,261,316	$ 1,394,651	$ (133,335)	(9.6)
Operating grants	3,490,487	3,042,826	447,661	14.7
Capital grants	157,158	-	157,158	100.0
General revenues:				
Real property taxes	64,795,818	62,677,554	2,118,264	3.4
Other real property tax items	3,485,856	4,134,690	(648,834)	(15.7)
Use of money and property	3,225,669	3,241,812	(16,143)	(0.5)
Sale of property and compensation for loss	182,472	90,775	91,697	101.0
State sources	29,771,839	28,103,932	1,667,907	5.9
Federal sources	165,709	155,229	10,480	6.8
Miscellaneous	1,271,695	1,053,723	217,972	20.7
Total revenues	107,808,019	103,895,192	3,912,827	3.8
Expenses				
General support	15,128,636	15,881,954	(753,318)	(4.7)
Instruction	77,100,166	75,420,445	1,679,721	2.2
Pupil transportation	4,845,772	4,868,790	(23,018)	(0.5)
Community services	111,626	119,899	(8,273)	(6.9)
Debt service - interest	1,807,818	1,452,947	354,871	24.4
School lunch program	1,567,900	1,283,836	284,064	22.1
Total expenses	100,561,918	99,027,871	1,534,047	1.5
Change in net position	7,246,101	4,867,321	2,378,780	48.9
Net position (deficit), beginning of year	(99,697,542)	(104,150,264)	4,452,722	4.3
Prior period adjustment, see note 15	-	(414,599)	414,599	100.0
Net position (deficit), end of year	$ (92,451,441)	$ (99,697,542)	$ 7,246,101	7.3

Governmental Activities

Revenues for the District's governmental activities totaled $107,808,019 while total expenses were $100,561,918, for the year ended June 30, 2026. Therefore, the increase in net position for governmental activities was $7,246,101 in 2026. The District's financial condition is generally affected by:

- Continued leadership of the District's Board and Administration;
- Community support of the District's annual budget as reflected in the increase in revenue from real property taxes;
- Changes in State and Federal aid (sources);
- Conservative fiscal management of the District's expenditures; and
- Continued recognition of the liability for benefits provided to retirees other than pensions (OPEB).
- 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 $2,118,264. 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.

- State sources increased by $1,667,907, which is a result of an increase in state aid allocations to the District.

Expenses:

- Instruction expenses increased $1,679,721. The primary reason for the increase relates to the overall impact of changes in the total OPEB liability and the District's proportionate share of the net pension assets/liabilities.

Table A-4: Sources of Revenues for Fiscal Year 2026

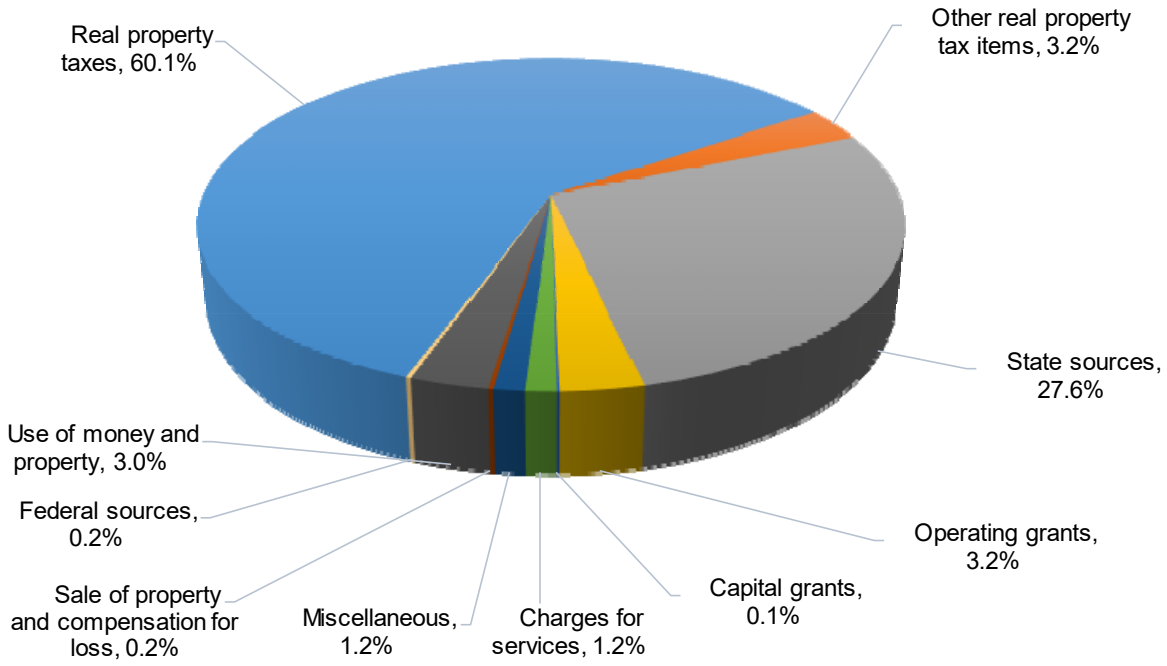


Table A-5: Sources of Revenues for Fiscal Year 2025

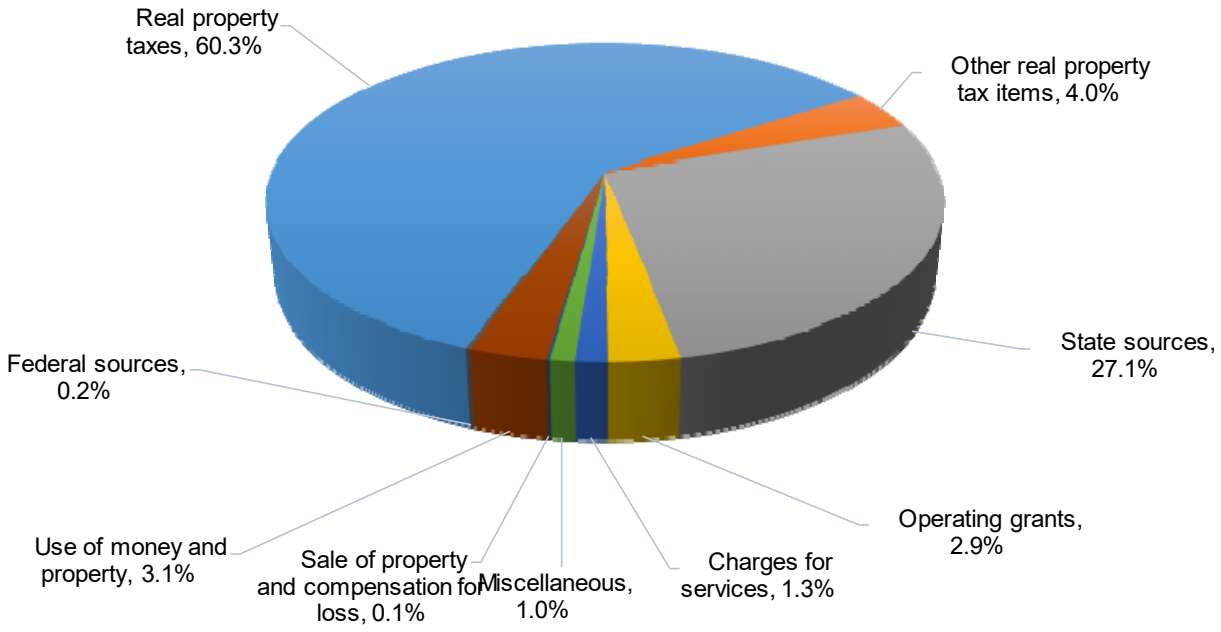


Table A-6: Sources of Expenses for Fiscal Year 2026

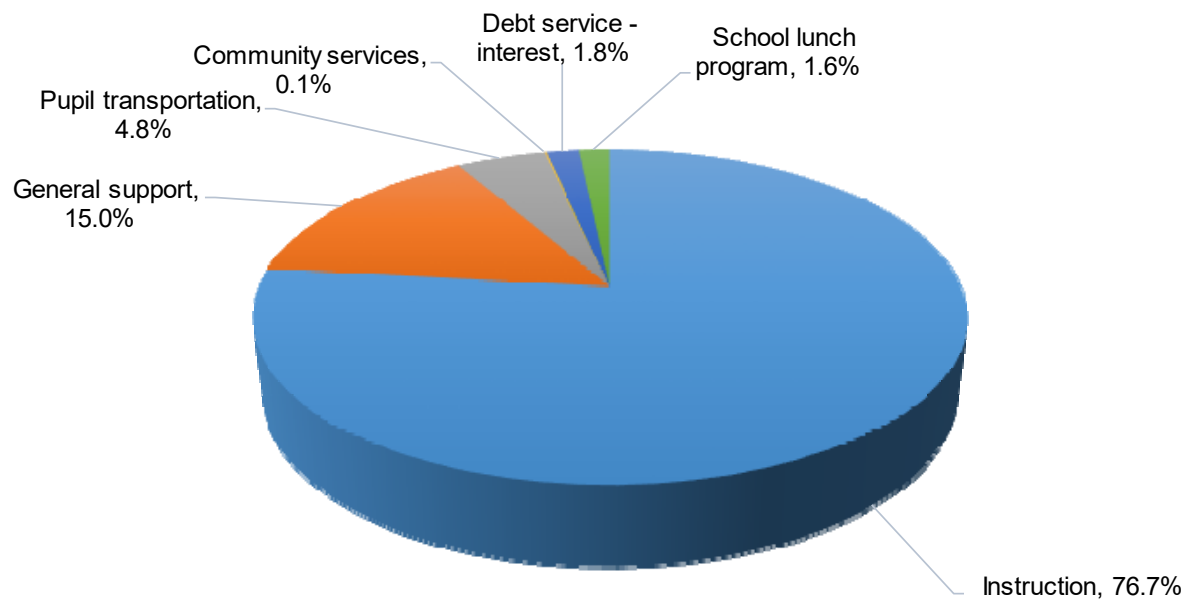
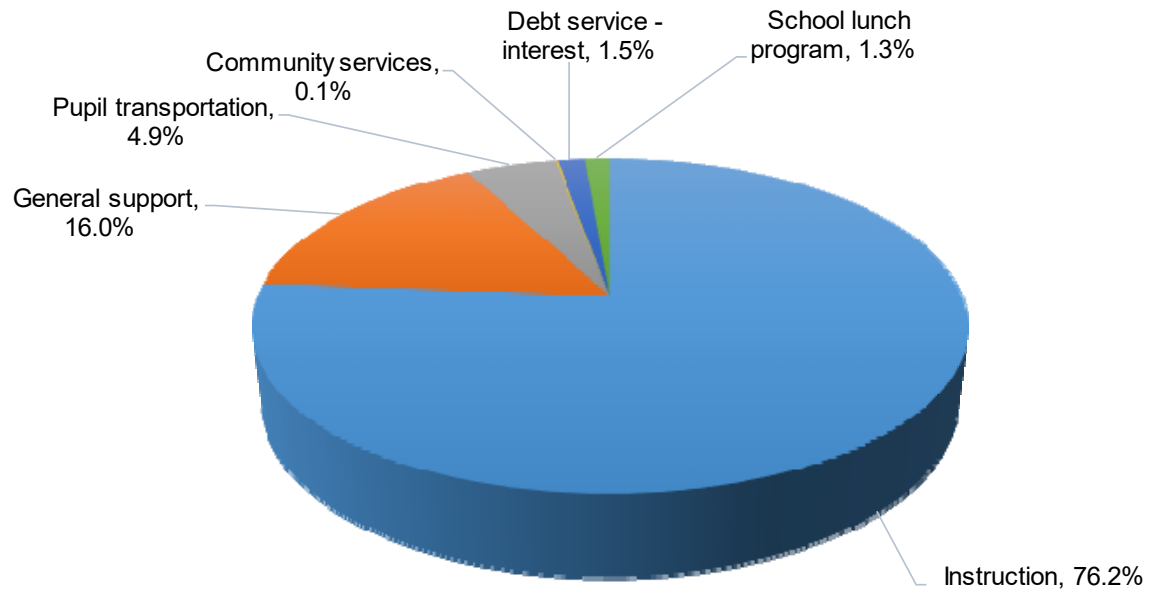


Table A-7: Sources of Expenses for Fiscal Year 2025



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

General Fund

Total assets decreased by $145,354 mainly as a result of a decrease in leases receivable offset by an increase in state and federal aid receivables. Total liabilities increased $194,483 due to increases in compensated absences payable and accounts payable, offset by a decrease in accrued liabilities and amounts due to the teachers' retirement system. The General Fund reported an increase in fund balance of $296,980 for fiscal 2026, as compared to a decrease in fund balance of $3,021,275 for fiscal 2025. Revenues increased $3,567,097 mainly due to an increase in real property taxes as a result of the increase in the voter approved tax levy and an increase in state sources. Expenditures increased $216,806 as a result of increases in employee benefits and principal payments, offset by decreases in instruction and general support costs.

Special Aid Fund

Total assets increased $264,964 mainly as a result of an increase in state and federal aid receivables, based upon the timing of payments received associated with grants. Total liabilities increased $264,964 due to the increase in amounts due to other funds. Revenues decreased $409,919 and expenditures decreased $402,900 mainly due to decreases in federal aid and related instructional costs due to the end of Education Stabilization grants.

School Lunch Fund

Total assets decreased $17,184 due to a decrease in unrestricted cash offset by an increase in state and federal aid receivable. Total liabilities decreased $10,819 mainly due to decreases in accounts payable, accrued liabilities and unearned revenues. The School Lunch Fund reported a decrease in fund balance of $6,365 for fiscal 2026, as compared to a decrease of $53,924 for fiscal 2025. Revenues increased $386,915 mainly due to an increase in state sources related to the universal school lunch program offset by a decrease in sales. Expenditures increased $339,356 due to the increase in food service program related costs.

Other Miscellaneous Special Revenue Fund

Total assets increased $85,613 related to an increase in cash. The Other Miscellaneous Special Revenue Fund reported an increase in fund balance of $85,613 in 2026, compared to a decrease in fund balance of $454 in 2025. Revenues increased $107,996 and expenditures increased $21,929 related to current year activity of scholarships, extraclassroom and other student activities.

Capital Projects Fund

Total assets decreased $1,375,863 mainly as a result of decreases in cash and state aid receivable. Liabilities decreased $538,884 due to the decrease in due to other funds. The Capital Projects Fund reported a decrease in fund balance of $836,979 for fiscal 2026, as compared to an increase in fund balance of $9,074,702 for fiscal 2025. Revenues increased $260,738 due to the District receiving insurance recoveries and SMART School state funding. Expenditures increased $5,769,409 due to the increase in current year expenditures related to various ongoing district wide improvements (see page 65). Other financing sources decreased $4,403,010 as a result of the issuance of an energy performance contract of $10,825,018 in 2026 compared to the issuance of a serial bond of $14,880,000 in 2025.

At June 30, 2026, the District's governmental funds reported a combined fund balance of $27,410,729 which is a decrease of $460,751 from 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

	6/30/26	6/30/25	$ Change	% Change
General Fund				
Nonspendable:				
Leases	$ 453,151	$ 230,791	$ 222,360	96.3
Restricted:				
Retirement Contributions	6,544,507	5,873,043	671,464	11.4
Workers' Compensation	615,433	745,191	(129,758)	(17.4)
Unemployment Insurance	279,432	322,226	(42,794)	(13.3)
Employee Benefit Accrued Liability	5,956,793	6,345,846	(389,053)	(6.1)
Bonded Debt	831,454	899,408	(67,954)	(7.6)
Capital Reserve	1,109,978	1,069,075	40,903	3.8
Assigned:				
Appropriated for subsequent year's expenditures	2,900,000	2,900,000	-	0.0
Encumbrances	1,196,879	1,404,828	(207,949)	(14.8)
Unassigned	4,166,860	3,967,099	199,761	5.0
Total General Fund	24,054,487	23,757,507	296,980	1.3
School Lunch Fund				
Nonspendable:				
Inventory	43,774	50,938	(7,164)	(14.1)
Assigned:				
Food service program	402,999	402,200	799	0.2
Total School Lunch Fund	446,773	453,138	(6,365)	(1.4)
Other Miscellaneous Special Revenue Fund				
Restricted:				
Scholarships	814,424	771,501	42,923	5.6
Committed:				
Extraclassroom activity funds	194,287	177,409	16,878	9.5
Assigned:				
Student activities	144,813	119,001	25,812	21.7
Total Other Miscellaneous Special Revenue Fund	1,153,524	1,067,911	85,613	8.0
Capital Projects Fund				
Assigned:				
District improvements	1,755,945	2,592,924	(836,979)	(32.3)
Total Capital Projects Fund	1,755,945	2,592,924	(836,979)	(32.3)
Total fund balance	$ 27,410,729	$ 27,871,480	$ (460,751)	(1.7)

General Fund Budgetary Highlights

Reference is made to the schedule on pages 59 and 60 which presents original and final budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were greater than the final budgeted revenues by $2,830,239 mainly due to higher than anticipated use of money and property ($417,883) and state sources ($1,242,690).

- Actual expenditures were $2,547,932 less than budgeted primarily due to lower than anticipated costs related to pupil transportation and various instruction and general support costs.

As of June 30, 2026, the District's unassigned fund balance was $4,166,860 which was within the allowable 4% of the subsequent year's original budget $107,721,878 as promulgated by New York State (see page 64). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2026:

Unassigned fund balance, beginning of year	$ 3,967,099
Add:	
Prior-year encumbrances	1,404,828
Prior-year appropriated fund balance	2,900,000
Prior-year nonspendable fund balance	230,791
Board approved use of Retirement Contributions Reserve	2,100,000
Board approved use of Workers' Compensation Reserve	375,000
Board approved use of Unemployment Reserve	42,794
Board approved use of Bonded Debt Reserve	69,078
Board approved use of Employee Benefit Accrued Liability Reserve	544,890
Net change in fund balance	296,980
Less:	
Current-year encumbrances	(1,196,879)
Current-year appropriated fund balance	(2,900,000)
Current-year nonspendable fund balance	(453,151)
Transfer to Retirement Contribution Reserves (including allocated interest)	(2,771,464)
Transfer to Workers' Compensation Reserve	(245,242)
Transfer to Capital Reserve (including allocated interest)	(40,903)
Transfer to Bonded Debt Reserves (including allocated interest)	(1,124)
Transfer to Employee Benefit Accrued Liability Reserve (including allocated interest)	(155,837)
Unassigned fund balance, end of year	$ 4,166,860

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

Capital Assets

As of June 30, 2026, the District had invested $78,426,049 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. See Note 7 in the accompanying notes to the financial statements for more information on capital assets.

Table A-9: Capital Assets (net of depreciation)

	6/30/26	6/30/25	$ Change	% Change
Land	$ 303,740	$ 303,740	$ -	-
Construction-in-progress	12,456,214	3,197,368	9,258,846	289.6
Buildings and building improvement	59,530,183	60,029,917	(499,734)	(0.8)
Machinery and equipment	2,287,490	2,933,982	(646,492)	(22.0)
Vehicles	151,006	197,474	(46,468)	(23.5)
Site improvements	2,759,247	2,994,731	(235,484)	(7.9)
Right-of-use assets	938,169	782,408	155,761	19.9
Totals	$ 78,426,049	$ 70,439,620	$ 7,986,429	11.3

During fiscal year 2026, the District continued several district-wide capital improvement projects, resulting in approximately $13.5 million of additions to capital assets. Significant projects included high school AC systems and district-wide solar installation. Funding for these projects were provided through debt proceeds.

Long-Term Liabilities

As of June 30, 2026, the District had $214,700,966 in general obligation bonds and other long-term liabilities. The increase results from the issuance of an energy performance contract and changes to the OPEB liability, offset by current year payments of bonds payable, energy performance contract debt payable and lease liabilities. The details of long-term liabilities are shown in Note 9 to the financial statements.

During fiscal year 2026, the District issued an energy performance contract for $10.8 million. The District also recognized additional lease liabilities related to equipment and other arrangements.

Table A-10: Outstanding Long-Term Liabilities

	6/30/26	(As Restated) 6/30/25	$ Change	% Change
Bonds payable, net	$ 25,875,198	$ 29,317,024	$ (3,441,826)	(11.7)
Energy performance contract debt payable	14,945,859	5,152,352	9,793,507	190.1
Workers' compensation	615,433	414,599	200,834	48.4
Lease liabilities	920,966	762,959	158,007	20.7
Other post-employment benefits	162,750,919	140,658,148	22,092,771	15.7
Net pension liability - proportionate share	1,551,707	4,918,385	(3,366,678)	(68.5)
Compensated absences	8,040,884	8,042,181	(1,297)	(0.0)
Totals	$214,700,966	$189,265,648	$ 25,435,318	13.4

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

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 2026-2027 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.

- The General Fund budget for the 2026-2027 school year was approved by the voters in the amount of $107,721,878. This is an increase of 1.94% over the previous year's budget.

- The 2026-2027 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, 2026

ASSETS	
Unrestricted cash	$ 12,202,960
Unrestricted investments	1,629,916
Receivables:	
State and federal aid	4,017,347
Other	18,969
Leases receivable	4,932,900
Inventories	43,774
Restricted cash	15,042,043
Proportionate share of net pension asset	11,606,459
Restricted investments	1,109,978
Capital assets:	
Non-depreciable/amortized	12,759,954
Depreciable/amortizable, net of accumulated depreciation of $86,773,228	65,666,095
Total assets	129,030,395
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on bond refunding	134,418
Deferred outflows from pensions	17,067,268
Deferred outflows from OPEB	18,605,402
Total deferred outflows of resources	35,807,088
LIABILITIES	
Accounts payable	1,252,534
Accrued liabilities	854,487
Due to other governments	21
Accrued interest payable	563,330
Due to teachers' retirement system	4,051,666
Due to employees' retirement system	456,875
Compensated absences	455,053
Unearned revenue	36,773
Long-term liabilities, due within one year:	
Bonds payable, net	3,501,183
Energy performance contract payable	1,290,622
Lease liabilities	371,941
Other postemployment benefits obligation	7,098,607
Long-term liabilities, due after one year:	
Bonds payable, net	22,374,015
Energy performance contract payable	13,655,237
Lease liabilities	549,025
Compensated absences	8,040,884
Workers' compensation claims payable	615,433
Proportionate share of net pension liability	1,551,707
Other postemployment benefits obligation	155,652,312
Total liabilities	222,371,705
DEFERRED INFLOWS OF RESOURCES	
Leases	4,479,749
Deferred inflows from pensions	12,378,854
Deferred inflows from OPEB	18,058,616
Total deferred inflows of resources	34,917,219
NET POSITION	
Net investment in capital assets	38,513,887
Restricted:	
Pension assets	11,606,459
Capital	1,109,978
Retirement Contributions	6,544,507
Workers' Compensation	615,433
Unemployment Insurance	279,432
Employee Benefit Accrued Liability	5,956,793
Bonded debt	831,454
Scholarships	814,424
Unrestricted (deficit)	(158,723,808)
Total net position (deficit)	$ (92,451,441)

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, 2026

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Capital Grants	
Functions and programs:					
General support	$ 15,128,636	$ -	$ -	$ -	$ (15,128,636)
Instruction	77,100,166	831,314	2,319,180	157,158	(73,792,514)
Pupil transportation	4,845,772	-	-	-	(4,845,772)
Community services	111,626	-	-	-	(111,626)
Debt service - interest	1,807,818	-	-	-	(1,807,818)
School lunch program	1,567,900	430,002	1,171,307	-	33,409
Total functions and programs	$ 100,561,918	$ 1,261,316	$ 3,490,487	$ 157,158	(95,652,957)
General revenues:					
Real property taxes					64,795,818
Other tax items					3,485,856
Use of money and property					3,225,669
Sale of property and compensation for loss					182,472
State sources					29,771,839
Federal sources - Medicaid					165,709
Miscellaneous					1,271,695
Total general revenues					102,899,058
Change in net position					7,246,101
Total net position, beginning of year, as restated (see note 15)					(99,697,542)
Total net position, end of year					$ (92,451,441)

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, 2026

	Major Funds					
		Special Revenue				
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	$ 9,600,779	$ 151,462	$ 281,695	$ 339,100	$ 1,829,924	$ 12,202,960
Unrestricted investments	1,629,916	-	-	-	-	1,629,916
Receivables:						
State and federal aid	2,264,281	1,551,607	201,459	-	-	4,017,347
Due from other funds	1,657,513	-	-	-	-	1,657,513
Other	18,969	-	-	-	-	18,969
Leases receivable	4,932,900	-	-	-	-	4,932,900
Inventories	-	-	43,774	-	-	43,774
Restricted cash	14,227,619	-	-	814,424	-	15,042,043
Restricted investments	1,109,978	-	-	-	-	1,109,978
Total assets	$ 35,441,955	$ 1,703,069	$ 526,928	$ 1,153,524	$ 1,829,924	$ 40,655,400
LIABILITIES						
Payables:						
Accounts payable	$ 1,126,766	$ 58,463	$ 6,803	$ -	$ 60,502	$ 1,252,534
Accrued liabilities	817,359	570	36,558	-	-	854,487
Due to other governments	-	-	21	-	-	21
Due to other funds	-	1,644,036	-	-	13,477	1,657,513
Due to teachers' retirement system	4,051,666	-	-	-	-	4,051,666
Due to employees' retirement system	456,875	-	-	-	-	456,875
Compensated absences	455,053	-	-	-	-	455,053
Unearned revenues	-	-	36,773	-	-	36,773
Total liabilities	6,907,719	1,703,069	80,155	-	73,979	8,764,922
DEFERRED INFLOWS OF RESOURCES						
Leases	4,479,749	-	-	-	-	4,479,749
Total deferred inflows of resources	4,479,749	-	-	-	-	4,479,749
FUND BALANCE						
Nonspendable	453,151	-	43,774	-	-	496,925
Restricted	15,337,597	-	-	814,424	-	16,152,021
Committed	-	-	-	194,287	-	194,287
Assigned	4,096,879	-	402,999	144,813	1,755,945	6,400,636
Unassigned	4,166,860	-	-	-	-	4,166,860
Total fund balance	24,054,487	-	446,773	1,153,524	1,755,945	27,410,729
Total liabilities and fund balance	$ 35,441,955	$ 1,703,069	$ 526,928	$ 1,153,524	$ 1,829,924	$ 40,655,400

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, 2026

Total Fund Balance - Governmental Funds		$ 27,410,729
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	$ 12,759,954	
Depreciable/amortizable	152,439,323	
Accumulated depreciation/amortization	(86,773,228)	78,426,049
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.		134,418
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	17,067,268	
Proportionate share of net pension asset	11,606,459	
Proportionate share of net pension liability	(1,551,707)	
Deferred inflows of resources - pension related	(12,378,854)	14,743,166
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	(18,058,616)	
Deferred outflows of resources - OPEB related	18,605,402	
Total OPEB liability	(162,750,919)	(162,204,133)
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	(25,875,198)	
Energy performance contract payable	(14,945,859)	
Lease liabilities, net	(920,966)	
Compensated absences payable	(8,040,884)	
Workers compensation	(615,433)	(50,398,340)
Interest payable applicable to the District's activities is 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.		(563,330)
Net Position - Governmental Activities		$ (92,451,441)

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, 2026

	Major Funds					
		Special Revenue				
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 64,795,818	$ -	$ -	$ -	$ -	$ 64,795,818
Other real property tax items	3,485,856	-	-	-	-	3,485,856
Charges for services	831,314	-	-	-	-	831,314
Use of money and property	3,170,606	-	13,371	41,692	-	3,225,669
Sale of property and compensation for loss	182,472	-	-	-	-	182,472
State sources	29,771,839	1,322,325	855,447	-	157,158	32,106,769
Federal sources	165,709	996,855	315,860	-	-	1,478,424
Sales	-	-	430,002	-	-	430,002
Miscellaneous	609,340	6	22,400	536,369	103,580	1,271,695
Total revenues	103,012,954	2,319,186	1,637,080	578,061	260,738	107,808,019
EXPENDITURES						
Current -						
General support	12,278,324	13,553	-	-	-	12,291,877
Instruction	53,000,385	2,250,418	-	492,448	-	55,743,251
Pupil transportation	4,644,634	139,962	-	-	-	4,784,596
Community services	81,038	-	-	-	-	81,038
Employee benefits	25,980,246	59,534	90,693	-	-	26,130,473
Cost of sales	-	-	1,552,752	-	-	1,552,752
Capital outlay	-	-	-	-	12,819,707	12,819,707
Debt service -						
Principal	4,618,229	-	-	-	-	4,618,229
Interest	1,576,590	-	-	-	-	1,576,590
Total expenditures	102,179,446	2,463,467	1,643,445	492,448	12,819,707	119,598,513
Excess (deficiency) of revenues over (under) expenditures	833,508	(144,281)	(6,365)	85,613	(12,558,969)	(11,790,494)
OTHER FINANCING SOURCES (USES)						
Issuance of energy performance contracts	-	-	-	-	10,825,018	10,825,018
Issuance of leases	504,725	-	-	-	-	504,725
Transfers in	98,992	144,281	-	-	995,964	1,239,237
Transfers out	(1,140,245)	-	-	-	(98,992)	(1,239,237)
Total other financing sources (uses)	(536,528)	144,281	-	-	11,721,990	11,329,743
Change in fund balance	296,980	-	(6,365)	85,613	(836,979)	(460,751)
Fund balance, beginning of year	23,757,507	-	453,138	1,067,911	2,592,924	27,871,480
Fund balance, end of year	$ 24,054,487	$ -	$ 446,773	$ 1,153,524	$ 1,755,945	$ 27,410,729

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, 2026

Net Change in Fund Balance - Governmental Funds		$ (460,751)
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 capital outlay exceeds depreciation in the current period is:		
Capital outlay, net	$ 13,492,006	
Depreciation/amortization expense	(5,072,627)	
Retirement of partially depreciated capital assets	(432,950)	7,986,429
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	201,826	
Amortization of deferred charges	(44,806)	157,020
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	(504,725)	
Proceeds of issuance of energy performance contracts	(10,825,018)	
Repayment of bond principal	3,240,000	
Repayment of energy performance contracts debt payable	1,031,511	
Principal payments on lease liabilities	346,718	(6,711,514)
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	1,297	
Accrued interest costs	(388,248)	
Workers' Compensation claims payable	(200,834)	(587,785)
Changes in the amounts related to the OPEB liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		2,596,479
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.		
Teachers' Retirement System	4,253,027	
Employees' Retirement System	13,196	4,266,223
Change in Net Position - Governmental Activities		$ 7,246,101

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, 2026

	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, 2026

	Custodial
ADDITIONS	
Real property taxes collected for the library	$ 4,907,826
Real property taxes collected for Sayville Historical Society	57,000
Total	4,964,826
DEDUCTIONS	
Real property taxes collected for the library	4,907,826
Real property taxes collected for Sayville Historical Society	57,000
Total	4,964,826
Change in net position	-
Net position, beginning of year	-
Net position, end of year	$ -

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

1. SUMMARY OF CERTAIN 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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the year, the District was billed $6,650,612 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $1,923,250.

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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction 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 judgments, 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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 New York General Municipal Law. NYCLASS is an external investment pool that provides participating municipalities and school districts with investment services. Public Trust Advisors, LLC serves as the investment advisor and administrator of NYCLASS.

NYCLASS invests in securities that are permissible investments for New York State municipalities and school districts, including obligations of the United States and its agencies and other high-quality investments. NYCLASS and NYCLASS Prime are rated AAAm by S&P Global Ratings.

The District's investment in NYCLASS is reported at fair value. The District's position in NYCLASS is equal to the value of the pool shares. NYCLASS does not meet all of the criteria necessary for participants to report their investments using amortized cost under GASB Statement No. 79. Accordingly, the District reports its investment in NYCLASS at fair value.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and building improvements	$ 5,000	Straight-line	15-50 years
Site improvements	$ 5,000	Straight-line	20 years
Equipment and vehicles	$ 5,000	Straight-line	5-20 years
Leased equipment	$ 35,000	Straight-line	Lease term

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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 RANs and TANs 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 BANs 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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 $453,151 and the inventory recorded in the School Lunch Fund of $43,774.

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:

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Workers' Compensation

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

Unemployment Insurance

According to General Municipal Law §6-m, the reserve 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, the reserve 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, the reserve 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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Reserve

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

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, 2026 of $194,287 in the Other Miscellaneous Special Revenue Fund.

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.

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balances for all governmental funds as of June 30, 2026 were distributed as follows:

	General	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
Nonspendable:					
Inventory	$ -	$ 43,774	$ -	$ -	$ 43,774
Leases	453,151	-	-	-	453,151
Total nonspendable	453,151	43,774	-	-	496,925
Restricted:					
Retirement Contributions	6,544,507	-	-	-	6,544,507
Workers' Compensation	615,433	-	-	-	615,433
Unemployment Insurance	279,432	-	-	-	279,432
Employee Benefit Accrued Liability	5,956,793	-	-	-	5,956,793
Bonded Debt	831,454	-	-	-	831,454
Capital Reserve	1,109,978	-	-	-	1,109,978
Scholarships	-	-	814,424	-	814,424
Total restricted	15,337,597	-	814,424	-	16,152,021
Committed:					
Extraclassroom activity funds	-	-	194,287	-	194,287
Total committed:	-	-	194,287	-	194,287
Assigned:					
Appropriated for subsequent year's expenditures	2,900,000	-	-	-	2,900,000
Encumbrances	1,196,879	-	-	-	1,196,879
Capital	-	-	-	1,755,945	1,755,945
Student activities	-	-	144,813	-	144,813
Food service program	-	402,999	-	-	402,999
Total assigned	4,096,879	402,999	144,813	1,755,945	6,400,636
Unassigned	4,166,860	-	-	-	4,166,860
Total	$ 24,054,487	$ 446,773	$ 1,153,524	$ 1,755,945	$ 27,410,729

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation. Committed fund balance of the General Fund is included in the 4% limitation.

Order of use of fund balance

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

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions.

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of 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.

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.

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

3. Long-term debt transaction differences

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

4. Pension 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. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments are approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. 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, 2026.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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

Encumbrances

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

4. CASH, 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	$ 28,475,173

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 $15,042,043 within the governmental funds.

Investment and deposit policy

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

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. Investments in external pools, such as NYCLASS, are measured at net asset value (NAV) per share and are exempt from categorization within the fair value hierarchy.

The District has the following recurring fair value measurements as of June 30, 2026:

- NYCLASS – external investment pool of $2,739,894 fluctuates 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.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, AND INTEREST RATE RISKS (CONTINUED)

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:

	Investment Maturities (in years)	
	Fair Value	< 1 Year
External Investment Pool	$ 2,739,894	$ 2,739,894

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:

Quality rating	Balance Fair Value	Percentage of Portfolio
AAAm	$ 2,739,894	100.00%

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.

5. RECEIVABLES

State and federal aid

State and federal aid receivables at June 30, 2026 consisted of the following:

General Fund:	
General aid	$ 838,305
Excess cost aid	560,513
BOCES aid	865,463
Special Aid Fund:	
State and federal grants	1,551,607
School Lunch Fund:	
School lunch reimbursement	201,459
	$ 4,017,347

District management has deemed the amounts to be fully collectible.

6. 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, 2026, 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 $4,932,900 and $4,479,749, respectively. During the year ended June 30, 2026, the District recognized lease revenue and lease interest in the amounts of $636,817 and $194,793, respectively.

7. CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not depreciated:				
Land	$ 303,740	$ -	$ -	$ 303,740
Construction-in-progress	3,197,368	12,819,707	(3,560,861)	12,456,214
Total nondepreciable assets	3,501,108	12,819,707	(3,560,861)	12,759,954
Capital assets that are depreciated:				
Buildings and building improvements	135,641,717	21,643	3,554,401	139,217,761
Machinery and equipment	6,592,300	145,931	(1,526,048)	5,212,183
Vehicles	897,438	-	(9,981)	887,457
Site improvements	5,285,947	-	(51,509)	5,234,438
Right-to-use lease assets	1,743,185	504,725	(360,426)	1,887,484
Total depreciable assets	150,160,587	672,299	1,606,437	152,439,323
Less accumulated depreciation:				
Buildings and building improvements	75,611,800	4,076,523	(745)	79,687,578
Machinery and equipment	3,658,318	367,722	(1,101,347)	2,924,693
Vehicles	699,964	44,493	(8,006)	736,451
Site improvements	2,291,216	234,925	(50,950)	2,475,191
Right-to-use lease assets	960,777	348,964	(360,426)	949,315
Total accumulated depreciation	83,222,075	5,072,627	(1,521,474)	86,773,228
Total capital assets, net	$ 70,439,620	$ 8,419,379	$ (432,950)	$ 78,426,049

Depreciation expense was charged to governmental functions as follows:

General support	$ 333,026
Instruction	4,724,086
School lunch	15,515
	$ 5,072,627

8. SHORT-TERM DEBT

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

	Beginning Balance	Issued	Redeemed	Ending Balance
TAN matured on 6/24/26 at 3.15%	$ -	$ 18,000,000	$ 18,000,000	$ -
	$ -	$ 18,000,000	$ 18,000,000	$ -

Interest on short-term debt for the year was $321,030.

9. 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	$ 27,865,000	$ -	$ 3,240,000	$ 24,625,000	$ 3,260,000
Bond premium	1,452,024	-	201,826	1,250,198	241,183
Bonds payable, net	29,317,024	-	3,441,826	25,875,198	3,501,183
Energy performance contract debt payable	5,152,352	10,825,018	1,031,511	14,945,859	1,290,622
Workers' compensation	414,599	598,497	397,663	615,433	-
Lease liabilities	762,959	504,725	346,718	920,966	371,941
Other post-employment benefits	140,658,148	28,852,261	6,759,490	162,750,919	7,098,607
Net pension liability - proportionate share	4,918,385	-	3,366,678	1,551,707	-
Compensated absences	8,042,181	-	1,297	8,040,884	-
Total long-term liabilities	$ 189,265,648	$ 40,780,501	$ 15,345,183	$ 214,700,966	$ 12,262,353

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

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2026
Serial bonds - refunding	2016	2029	4.00%	$ 1,700,000
Serial bonds - refunding	2016	2028	4.00%	1,325,000
Serial bonds	2017	2032	2.00 - 3.00%	5,750,000
Serial bonds	2018	2033	3.00 - 3.25%	1,750,000
Serial bonds	2025	2039	4.00 - 5.00%	14,100,000
				$ 24,625,000
Energy performance contract	2011	2026	3.24%	$ 313,891
Energy performance contract	2019	2034	2.82%	3,806,950
Energy performance contract	2025	2041	4.12%	10,825,018
				$ 14,945,859

	Serial Bonds		Energy Performance Contracts		
Year Ended June 30,	Principal	Interest	Principal	Interest	Total
2027	$ 3,260,000	$ 967,025	$ 1,290,622	$ 543,740	$ 6,061,387
2028	3,295,000	840,275	1,000,297	515,089	5,650,661
2029	2,575,000	711,725	1,035,813	479,573	4,802,111
2030	2,165,000	611,775	1,072,630	442,755	4,292,160
2031	2,210,000	527,713	1,110,798	404,588	4,253,099
2032-2036	7,150,000	1,554,925	5,084,799	1,422,338	15,212,062
2037-2041	3,970,000	321,800	4,350,900	551,548	9,194,248
	$ 24,625,000	$ 5,535,238	$ 14,945,859	$ 4,359,631	$ 49,465,728

9. LONG-TERM LIABILITIES (CONTINUED)

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

Interest paid	$ 1,255,560
Less interest accrued in the prior year	(175,082)
Plus amortization of deferred charges	44,806
Less amortization of bond premium	(201,826)
Plus interest accrued in the current year	563,330
Total interest expense	$ 1,486,788

In the District-wide financial statements, the District is amortizing deferred charges on the advanced refunding and premiums on the refunding and serial bonds, 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
2027	$ 241,183	$ (44,806)	$ 196,377
2028	241,181	(44,806)	196,375
2029	241,181	(44,806)	196,375
2030	83,432	-	83,432
2031	83,432	-	83,432
2032-2036	241,721	-	241,721
2037-2039	118,068	-	118,068
Total	$ 1,250,198	$ (134,418)	$ 1,115,780

Lease liabilities

The District has entered into agreements with BOCES and other vendors to lease certain equipment such as copiers and other technology equipment. These lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value for the future minimum lease payments as of the state of the inception of the agreements. The agreements were executed on various dates ranging from January 2022 to May 2030 and are for a term of 3 to 5 years. Annual lease payments for these agreements range from $3,034 to $101,317. The lease liability is measured at the discount rate which is stated in the lease agreements, ranging from 1.41% to 4.91%. As a result of these leases, the District has recorded right-of-use lease assets with a total net book value of $938,169 at June 30, 2026, along with a corresponding lease liability.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2026, were as follows:

Year Ended June 30,	Principal	Interest	Total
2027	$ 371,941	$ 37,654	$ 409,595
2028	263,550	21,598	285,148
2029	183,384	11,243	194,627
2030	102,091	3,274	105,365
	$ 920,966	$ 73,769	$ 994,735

10. PENSION PLANS

General information

The District participates in the New York State Teachers' Retirement System ("NYSTRS") and the New York State and Local Employees' Retirement System ("NYSERS"). These are cost-sharing, multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Provisions and administration

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

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.

10. PENSION PLANS (CONTINUED)

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:

Year	NYSERS	NYSTRS
2026	$ 1,765,317	$ 3,891,191
2025	1,588,386	3,845,489
2024	1,430,310	3,943,183

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

At June 30, 2026, the District reported the following asset/(liability) for its proportionate share of the net pension asset for each of the Systems. The net pension asset/(liability) was measured as of June 30, 2025 for NYSTRS and March 31, 2026 for NYSERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSTRS and NYSERS Systems in reports provided to the District:

	NYSERS	NYSTRS
Measurement date	March 31, 2026	June 30, 2025
Net pension asset/(liability)	$ (1,551,707)	$ 11,606,459
District's portion of the Plan's total net pension liability	0.0275040%	0.196020%

For the year ended June 30, 2026, the District recognized pension expense of $1,767,697 for NYSERS and pension income of $528,622 for NYSTRS. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

10. PENSION PLANS (CONTINUED)

	Deferred Outflows of Resources - NYSERS	Deferred Outflows of Resources - NYSTRS	Deferred Inflows of Resources - NYSERS	Deferred Inflows of Resources - NYSTRS
Difference between expected experience and actual experience	$ 887,978	$ 6,084,372	$ -	$ -
Changes of assumptions	266,360	4,594,636	-	125,137
Net difference between projected and actual earnings on pension plan investments	-	-	2,782,297	9,064,616
Changes in proportion and differences between the District's contributions and proportionate share of contributions	483,463	592,577	361,827	44,977
Employer contributions subsequent to the measurement date	456,875	3,701,007	-	-
Total	$ 2,094,676	$ 14,972,592	$ 3,144,124	$ 9,234,730

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	NYSERS	NYSTRS
2027	$ 683,206	$ 5,986,928
2028	(993,896)	(2,359,059)
2029	(594,651)	(2,490,541)
2030	(600,982)	(429,093)
2031	-	1,090,993
Thereafter	-	237,627

Actuarial assumptions

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

10. PENSION PLANS (CONTINUED)

	NYSERS	NYSTRS
Measurement date	March 31, 2026	June 30, 2025
Actuarial valuation date	April 1, 2025	June 30, 2024
Interest rate	5.90%	6.95%
Salary scale	5.20%	*Rates of increase differ based on service
Decrement tables	April 1, 2020 to March 31, 2025 System's Experience	July 1, 2019 to June 30, 2024 System's Experience
Inflation rate	2.90%	2.50%

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

Service	Rate
5	5.80%
15	3.66%
25	2.68%
35	2.04%

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

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:

10. PENSION PLANS (CONTINUED)

	NYSERS		NYSTRS	
	Target allocation	Long-term rate	Target allocation	Long-term rate
Measurement date	March 31, 2026		June 30, 2025	
Asset type				
Cash	1.00%	0.25%	1.00%	0.60%
Credit	4.00%	5.40%	-	-
Domestic equity	25.00%	3.29%	33.00%	6.70%
Domestic fixed income	-	-	16.00%	2.60%
Fixed income	22.00%	1.75%	-	-
Global equity	-	-	4.00%	7.00%
Global fixed income	-	-	2.00%	2.40%
High-yield fixed income	-	-	1.00%	4.70%
International equity	14.00%	5.85%	15.00%	7.40%
Opportunistic portfolio	3.00%	5.13%	-	-
Private debt	-	-	2.00%	6.10%
Private equity	15.00%	7.00%	9.00%	9.80%
Real assets	4.00%	5.54%	-	-
Real estate debt	-	-	6.00%	3.80%
Real estate equity	12.00%	5.20%	11.00%	6.50%
	100.00%		100.00%	

Discount rate

The discount rate used to calculate the total pension asset/(liability) 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/(liability).

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

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

10. PENSION PLANS (CONTINUED)

NYSERS	1% Decrease (4.90%)	Current assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset/(liability)	$ (10,597,736)	$ (1,551,707)	$ 6,011,173

NYSTRS	1% Decrease (5.95%)	Current assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset/(liability)	$ (22,301,959)	$ 11,606,459	$ 40,138,629

Pension plan fiduciary net position

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

	(Dollars in Thousands) NYSERS	NYSTRS
Measurement date	March 31, 2026	June 30, 2025
Employers' total pension liability	$ 253,773,040	$ 148,272,068
Plan net position	248,131,290	154,193,125
Employers' net pension asset/(liability)	$ (5,641,750)	$ 5,921,057
Ratio of plan net position to the employers' total pension liability	97.78%	104.00%

Payables to the pension plan

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2026 are paid to the system in September, October and November 2026 through a State aid intercept. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the fiscal year ended June 30, 2026 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, 2026 amounted to $3,701,007.

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, 2026 represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026 based on paid NYSERS covered wages multiplied by the employer's contribution rate, by tier. Accrued employer retirement contributions as of June 30, 2026 amounted to $456,875. Employee contributions are remitted monthly.

11. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	Interfund			
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 1,657,513	$ -	$ 98,992	$ 1,140,245
Special Aid Fund	-	1,644,036	144,281	-
Capital Projects Fund	-	13,477	995,964	98,992
Totals	$ 1,657,513	$ 1,657,513	$ 1,239,237	$ 1,239,237

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

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

12. OTHER POST-EMPLOYMENT 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, 2025, 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	573
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	298
Total plan members	871

12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)

B. Total OPEB liability

The District's total OPEB liability of $162,750,919 was measured as of June 30, 2026, and was determined by an actuarial valuation as of July 1, 2025.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2025 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	4.67%
Healthcare cost trend rates	6.1% 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 Bond Buyer GO 20-Bond Municipal Index.

Mortality rates were based on the PubT-2016 Headcount-Weighted Mortality Table for Teaching positions and PubG-2016 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, 2025	$ 140,658,148
Changes for the year -	
Service cost	2,807,054
Interest	7,286,671
Demographic gains or losses	5,461,569
Change of assumptions	13,296,967
Benefit payments	(6,759,490)
Net changes	22,092,771
Balance as of June 30, 2026	$ 162,750,919

12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)

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 (3.67%) or one percentage point higher (5.67%) than the current discount rate:

	1% Decrease (3.67%)	Current assumption (4.67%)	1% Increase (5.67%)
Total OPEB liability as of June 30, 2026	$ 185,784,992	$ 162,750,919	$ 143,880,762

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 (5.10%) or one percentage point higher (7.10%) than the current healthcare cost trend rate:

	1% Decrease (5.10% decreasing to 2.80%)	Current assumption (6.10% decreasing to 3.80%)	1% Increase (7.10% decreasing to 4.80%)
Total OPEB liability as of June 30, 2026	$ 139,136,813	$ 162,750,919	$ 192,239,999

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

For the year ended June 30, 2026, the District recognized OPEB expense of $4,163,011. At June 30, 2026 the District reported the following deferred inflows of resources and deferred outflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,887,153	$ 740,279
Changes in assumptions	11,718,249	17,318,337
Total	$ 18,605,402	$ 18,058,616

12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)

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

Year ended June 30,	
2027	$ (1,478,610)
2028	(1,482,038)
2029	713,610
2030	2,793,824

13. RISK MANAGEMENT

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

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

The District has established a self-insured plan for risks associated with Workers' Compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims and include claims which were incurred on or before year end but not reported ("IBNR").

Claims activity is summarized below:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
Fiscal year ended June 30:				
2026	$ 414,599	$ 598,497	$ (397,663)	$ 615,433

There have been no significant reductions in insurance coverage and there were no settlements in excess of coverage over the last three years. The District has not purchased any annuity contracts.

14. CONTINGENCIES AND COMMITMENTS

Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. During the fiscal year ended June 30, 2026, the District encumbered the following amounts:

General Fund:		
General support	$	468,503
Instruction		582,796
Pupil transportation		14,357
Employee benefits		131,223
		1,196,879
School Lunch Fund		20,524
Special Aid Fund		2,759
Capital Projects Fund		741,676
	$	1,961,838

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, 2027.

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. Under the legislation, 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, 2025 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.

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.

15. PRIOR PERIOD ADJUSTMENT

Net position (deficit) as of July 1, 2025 has been corrected to reflect the District's workers' compensation liability. The District's financial statements for the year ended June 30, 2025 have been restated as of July 1, 2025 to give effect to the following:

	Workers' Compensation Liability	Net Position (Deficit)
Balance as of July 1, 2025, as previously stated	$ -	$ (99,282,943)
Add: workers' compensation liability	414,599	(414,599)
Balance as of July 1, 2025, as restated	$ 414,599	$ (99,697,542)

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 from the Town of Islip. In November 2024, a judicial Order and Judgment granted HSRE-EB Sayville, LLC a reduction of the property's assessed value to $2,075,000. The decision included retroactive tax credits dating back to the 2015–16 school year, which were applied against the PILOT distribution for the 2025–26 school year. As a result, the District received $283,699 in total PILOT revenues for the fiscal year ended June 30, 2026.

17. FUTURE CHANGES IN ACCOUNTING STANDARDS

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

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
Statement No. 105	Subsequent Events	June 30, 2027

18. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of November 5, 2026, which is the date the financial statements were available to be issued, noting no matters requiring further consideration, except for the following:

On October 21, 2026, the District issued a TAN for $21,000,000 at an interest rate of 4% maturing on June 24, 2027.

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, 2026

	Original Budget	Final Budget	Variance with Original Budget over (under) Final Budget	Actual	Year-end Encumbrances	Variance with Final Budget over (under) Actual Amounts
REVENUES						
Local sources:						
Real property taxes	$ 64,128,196	$ 64,574,081	$ (445,885)	$ 64,795,818		$ 221,737
Other real property tax items	3,775,447	3,325,919	449,528	3,485,856		159,937
Charges for services	495,000	495,000	-	831,314		336,314
Use of money and property	2,752,723	2,752,723	-	3,170,606		417,883
Sale of property and compensation for loss	27,200	27,200	-	182,472		155,272
Miscellaneous	325,000	328,643	(3,643)	609,340		280,697
Total local sources	71,503,566	71,503,566	-	73,075,406		1,571,840
State sources	28,529,149	28,529,149	-	29,771,839		1,242,690
Federal sources	150,000	150,000	-	165,709		15,709
Total revenues	100,182,715	100,182,715	-	103,012,954		2,830,239
OTHER FINANCING SOURCES						
Issuance of leases	-	-	-	504,725		(504,725)
Interfund transfers	-	-	-	98,992		(98,992)
Appropriated fund balance	2,900,000	2,900,000	-	-		-
Prior year encumbrances	1,404,828	1,404,828	-	-		-
Appropriated reserves	2,594,078	2,594,078	-	-		-
Total revenues and other financing sources	107,081,621	107,081,621	-	103,616,671		2,226,522
EXPENDITURES						
General support:						
Board of Education	96,658	101,548	(4,890)	72,243	$ 1,381	27,924
Central administration	407,868	412,844	(4,976)	404,281	3,601	4,962
Finance	1,426,239	1,249,771	176,468	1,167,458	54,017	28,296
Staff	727,176	759,400	(32,224)	687,400	20,341	51,659
Central services	9,708,343	9,506,159	202,184	8,668,430	388,623	449,106
Special items	1,322,694	1,320,357	2,337	1,278,512	540	41,305
Total general support	13,688,978	13,350,079	338,899	12,278,324	468,503	603,252
Instruction:						
Instruction, administration and improvement	3,694,346	3,533,942	160,404	3,335,248	56,459	142,235
Teaching - regular school	26,409,391	26,303,777	105,614	25,921,071	47,415	335,291
Programs for children with handicapping conditions	13,329,843	13,789,801	(459,958)	13,440,167	292,764	56,870
Occupational education	826,000	802,500	23,500	802,500	-	-
Teaching - special school	122,150	122,150	-	111,023	-	11,127
Instructional media	4,156,020	3,902,412	253,608	3,645,305	138,784	118,323
Pupil services	5,634,961	5,929,401	(294,440)	5,745,071	47,374	136,956
Total instruction	54,172,711	54,383,983	(211,272)	53,000,385	582,796	800,802
Pupil transportation	5,680,017	5,721,486	(41,469)	4,644,634	14,357	1,062,495
Community services	115,848	97,348	18,500	81,038	-	16,310
Employee benefits	26,473,696	26,176,539	297,157	25,980,246	131,223	65,070
Debt service:						
Principal	4,321,512	4,618,230	(296,718)	4,618,229	-	1
Interest	1,468,859	1,576,592	(107,733)	1,576,590	-	2
Total expenditures	105,921,621	105,924,257	(2,636)	102,179,446	1,196,879	2,547,932
OTHER FINANCING USES						
Transfers out	1,160,000	1,157,364	2,636	1,140,245	-	17,119
Total expenditures and other financing uses	107,081,621	107,081,621	-	103,319,691	$ 1,196,879	$ 2,565,051
Net change in fund balance	$ -	$ -	$ -	296,980		
Fund balance, beginning of year				23,757,507		
Fund balance, end of year				$ 24,054,487		

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
NOTES TO REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

BUDGETARY REVENUES AND OTHER FINANCING SOURCES

Differences - Final budget to actual	General Fund over (under)
State sources increased due to the following: Transportation Aid: Raised by decreasing the non-allowable pupil decimal. Building Aid: Generated by submitting finalized capital projects. BOCES Aid: Increased by utilizing additional BOCES services.	$ 1,242,690

BUDGETARY EXPENDITURES AND OTHER FINANCING USES

Differences - Final budget to actual	General Fund (over) under
The District budgets for additional pupil transportation needs throughout the school year.	$ 1,062,495

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

Measurement date	June 30, 2026	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	$ 2,807,054	$ 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	7,286,671	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	5,461,569	-	6,284,217	-	(19,247,254)	-	7,526,422	-	(661,373)
Changes in assumptions or inputs	13,296,967	(25,118,251)	(6,349,125)	8,395,692	(13,174,707)	1,357,249	(7,937,705)	(13,098,652)	-
Benefit payments	(6,759,490)	(6,058,030)	(5,706,338)	(4,907,946)	(4,629,217)	(4,982,965)	(4,793,825)	(4,605,542)	(3,725,955)
Net change in total OPEB liability	22,092,771	(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	140,658,148	161,474,106	157,252,777	144,718,952	173,326,493	167,981,697	162,001,992	168,625,494	162,286,593
Total OPEB liability - end of year	$ 162,750,919	$ 140,658,148	$ 161,474,106	$ 157,252,777	$ 144,718,952	$ 173,326,493	$ 167,981,697	$ 162,001,992	$ 168,625,494
Covered payroll	$ 34,314,222	$ 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	474.30%	406.93%	467.15%	465.92%	428.79%	530.48%	514.12%	394.56%	410.69%
Discount rate	4.67%	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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportionate share of the net pension asset/(liability)	0.02750%	0.02869%	0.03226%	0.03206%	0.02826%	0.03032%	0.03036%	0.03324%	0.03405%	0.03390%
District's proportionate share of the net pension asset/(liability)	$ (1,552)	$ (4,918)	$ (4,750)	$ (6,875)	$ 2,311	$ (30)	$ (8,040)	$ (2,355)	$ (1,099)	$ (3,185)
District's covered payroll	$ 10,761	$ 10,930	$ 10,847	$ 11,164	$ 10,823	$ 9,504	$ 10,667	$ 10,426	$ 10,471	$ 10,501
District's proportionate share of the net pension asset/(liability) as a percentage of covered payroll	14.42%	45.00%	43.79%	61.58%	21.35%	0.32%	75.37%	22.59%	10.50%	30.33%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	97.78%	93.88%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%

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

NYSTRS

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportionate share of the net pension asset/(liability)	0.19602%	0.20636%	0.20748%	0.21252%	0.21295%	0.20844%	0.21038%	0.20804%	0.20959%	0.21174%
District's proportionate share of the net pension asset/(liability)	$ 11,606	$ 6,157	$ (2,373)	$ (4,078)	$ 36,902	$ (5,760)	$ 5,466	$ 3,762	$ 1,593	$ (2,268)
District's covered payroll	$ 38,915	$ 39,923	$ 39,101	$ 36,769	$ 36,556	$ 35,776	$ 36,348	$ 34,403	$ 33,603	$ 31,860
District's proportionate share of the net pension asset/(liability) as a percentage of covered payroll	29.83%	15.42%	6.07%	11.09%	100.95%	16.10%	15.04%	10.94%	4.74%	7.12%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	104.00%	102.09%	99.17%	98.57%	97.76%	97.76%	102.17%	105.53%	111.48%	110.46%
Discount rate	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.50%

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

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

NYSERS

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 1,765	$ 1,588	$ 1,430	$ 1,216	$ 1,534	$ 1,519	$ 1,450	$ 1,521	$ 1,563	$ 1,494
Contributions in relation to the contractually required contribution	1,765	1,588	1,430	1,216	1,534	1,519	1,450	1,521	1,563	1,494
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 10,730	$ 10,917	$ 11,156	$ 11,128	$ 10,812	$ 10,118	$ 10,028	$ 10,419	$ 10,616	$ 10,099
Contributions as a percentage of covered payroll	16.45%	14.55%	12.82%	10.93%	14.19%	15.01%	14.46%	14.60%	14.72%	14.79%

NYSTRS

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 3,891	$ 3,845	$ 3,943	$ 3,689	$ 3,445	$ 3,135	$ 3,729	$ 3,321	$ 3,893	$ 3,893
Contributions in relation to the contractually required contribution	3,891	3,845	3,943	3,689	3,445	3,135	3,729	3,321	3,893	3,893
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 38,899	$ 38,915	$ 39,923	$ 39,101	$ 36,769	$ 36,556	$ 35,776	$ 36,348	$ 34,403	$ 33,603
Contributions as a percentage of covered payroll	10.00%	9.88%	9.88%	9.43%	9.37%	8.58%	10.42%	9.14%	11.32%	11.59%

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, 2026

Change from adopted budget to final budget:

Original budget	$ 105,676,793	
Add: Prior year's encumbrances	1,404,828	
Final budget		$ 107,081,621

§1318 of real property tax law limit calculation:

2026-2027 voter-approved budget		$ 107,721,878
Maximum allowed (4% of 2026-2027 budget)		$ 4,308,875
General Fund fund balance subject to §1318 of real property tax law:		
Unrestricted fund balance:		
Assigned fund balance	$ 4,096,879	
Unassigned fund balance	4,166,860	$ 8,263,739
Less:		
Appropriated fund balance	2,900,000	
Encumbrances	1,196,879	4,096,879
General Fund fund balance subject to §1318 of real property tax law		$ 4,166,860
Actual percentage		3.87%

SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2026

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2026
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
SMART Bond	$ 71,399	$ 2,435,308	$ 2,278,149	$ 157,158	$ 2,435,307	$ 1	$ -	$ 2,435,307	$ -	$ 2,435,307	$ -
Emergency Project-High School Boys Restroom	125,000	228,580	31,491	98,097	129,588	98,992	-	-	129,588	129,588	-
High School Restroom Alterations	363,870	363,870	17,167	346,702	363,869	1	-	-	363,869	363,869	-
Middle School Restroom Alterations	636,130	636,130	32,590	599,505	632,095	4,035	-	-	632,095	632,095	-
Bond Issue District Wide Roof Replacements/AC Systems	15,000,000	15,000,000	12,450,828	1,572,421	14,023,249	976,751	14,880,000	-	120,000	15,000,000	976,751
Energy Performance Contract- Solar Installation	10,825,018	10,825,018	-	10,045,824	10,045,824	779,194	10,825,018	-	-	10,825,018	779,194
Totals	$ 27,021,417	$ 29,488,906	$ 14,810,225	$ 12,819,707	$ 27,629,932	$ 1,858,974	$ 25,705,018	$ 2,435,307	$ 1,245,552	$ 29,385,877	$ 1,755,945

SAYVILLE UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2026

Capital assets, net		$ 78,426,049
Add:		
Deferred charges for advance refunding		134,418
Unspent bond proceeds		1,755,945
Deduct:		
Capital Projects Fund accounts payable	$ 60,502	
Short-term portion of bonds payable, net	3,501,183	
Long-term portion of bonds payable, net	22,374,015	
Short-term portion of energy performance contract payable	1,290,622	
Long-term portion of energy performance contract payable	13,655,237	
Short-term portion of lease liabilities	371,941	
Long-term portion of lease liabilities	549,025	41,802,525
Net investment in capital assets		$ 38,513,887

NawrockiSmith
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, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 5, 2026.

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.

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
November 5, 2026

Nawrocki Smith LLP

SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2026

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, 2026.

CURRENT YEAR FINDING AND RECOMMENDATION:

1. Extraclassroom Activity Funds

   During our review of the Extraclassroom Activity Funds, we noted that several clubs appear to be inactive. These clubs had little to no financial activity during the fiscal year and have not conducted student-led events or meetings. Despite this, some clubs continue to maintain fund balances in their accounts.

   According to the New York State Education Department's (NYSED) "Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds" guidelines, clubs should remain active only if they are student-run, have regular participation, and demonstrate ongoing financial or programmatic activity. Inactive clubs should be closed, and any remaining funds should be disposed of in accordance with district policy and student council approval.

   Maintaining inactive clubs with open fund balances can lead to:

   - Inefficient use of accounting resources.
   - Unclear ownership of remaining funds.
   - Increased risk of mismanagement or misuse of funds.

   We recommend that the District:

   1. Review all Extraclassroom Activity Fund accounts to identify inactive clubs (i.e., those with no significant activity for at least one school year).
   2. Require the Central Treasurer, Faculty Auditor, and Building Principal to meet with student officers and advisors to determine whether each club should be reactivated or closed.
   3. Close any inactive club accounts in accordance with district policy and NYSED guidance, ensuring remaining balances are transferred to a general student council fund or used for student-related purposes as approved by student representatives.
   4. Implement an annual review process to identify and address inactive clubs proactively.