PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 11, 2022

NEW ISSUES
TAX ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individuals. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "Tax Matters" herein.

SAYVILLE UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK
(the "District")

$14,250,000 TAX ANTICIPATION NOTES, 2022
(the "Notes")

Dated Date: October 27, 2022 Maturity Date: June 23, 2023

Prior Redemption: The Notes are not subject to redemption prior to their maturity.

Security and Sources of Payment: The Notes will constitute general obligations of the District and will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes, and all the taxable real property within the District will be subject to the levy of ad valorem taxes, subject to applicable statutory limitations, for such purpose. See "*Nature of Obligation*" and "*Tax Levy Limit Law*" herein.

Form and Denomination: At the option of the purchaser(s), the Notes may be either registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC") as book-entry notes. Note certificates shall bear a single rate of interest and shall be in a denomination equal to the aggregate principal amount awarded to such purchaser at such interest rate.

The Notes to be issued in book-entry only form will be issued as registered notes, and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes to be issued in book-entry only form. Individual purchase of the Notes to be issued in book-entry only form may be made only in book-entry form in denominations of $5,000 or integral multiples thereof. Holders of the Notes to be issued in book-entry only form will not receive certificates representing their ownership interest in the Notes to be issued in book-entry only form purchased. See "*Book-Entry Only System*" herein.

Payment: Payment of the principal of and interest on the Notes to be issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practice as is now the case with municipal securities held for the accounts of customers registered in "street name". See "*Book-Entry System*" herein. Payment of the principal of and interest on the Notes issued in the certificated form registered to the purchaser(s) will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder(s). Paying agent fees, if any, will be paid by the purchaser(s).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or if issued in registered certificated form in Sayville, New York, or as may be agreed upon with the purchaser(s) on or about October 27, 2022.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S) AS MORE FULLY DESCRIBED IN THE RESPECTIVE NOTICES OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. (SEE "DISCLOSURE UNDERTAKING" HEREIN).

SAYVILLE UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

99 Greenly Avenue
Sayville, NY 11935
Telephone: 631-244-6530
Fax: 631-244-6541

BOARD OF EDUCATION

John Verdone, President
Thomas Cooley, Vice President

James Bertsch
Carl Cangelosi
Maureen Dolan
Kelly Sack
Christine Sarni

Dr. Marc Ferris, Superintendent of Schools
Sam Gergis, Ed.D., Assistant Superintendent for Business
Julie Vaccaro, District Clerk
Eleni Costello, District Treasurer

School District Attorney
Guercio & Guercio

* * *

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

* * *

MUNICIPAL ADVISOR

12 Roosevelt Avenue
Port Jefferson Station, NY 11776
(631) 331-8888
E-mail: info@munistat.com
Website: http://www.munistat.com

No person has been authorized by the Sayville Union Free School District to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Sayville Union Free School District since the date hereof.

TABLE OF CONTENTS

TABLE OF CONTENTS - CONTINUED

Page

OFFICIAL STATEMENT

SAYVILLE UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

$14,250,000 TAX ANTICIPATION NOTES, 2022

This Official Statement and appendices thereto present certain information relating to the Sayville Union Free School District, Suffolk County, in the State of New York (the "District" and "State," respectively) in connection with the sale of $14,250,000 Tax Anticipation Notes, 2022 (the “Notes”) .

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District’s overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See “RISK FACTORS” and “IMPACTS OF COVID-19” herein.

THE NOTES

General

The $14,250,000 Tax Anticipation Notes, 2022 (the "Notes") will be general obligations of the District, and will contain a pledge of the District's faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Article VIII, Section 2; Local Finance Law, Section 100.00). (See “Nature of Obligation” and “The Tax Levy Limit Law” herein.) The Notes will be dated October 27, 2022, and will mature, without the right of redemption prior to maturity, on June 23, 2023 with interest payable at maturity.

The Notes will be issued in book-entry form or, at the option of the purchaser(s), as registered certificated notes. The Notes to be issued in book-entry form will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York. See "*Book-Entry-Only System*" herein. DTC will act as securities depository for such Notes. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof. A single note will be issued for all such Notes bearing the same rate of interest and CUSIP number. Purchasers will not receive certificates representing their interest in such Notes. Principal and interest will be paid by the District directly to DTC for its nominee, Cede & Co.

Note certificates shall be delivered to the purchaser(s) of notes requested in registered certificated form to the purchaser(s), and each such note certificate shall bear a single rate of interest and shall be in a denomination equal to the aggregate amount awarded to such purchaser(s) at such interest rate. Principal of and interest on such Notes will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder(s). Paying agent fees, if any, will be paid by the purchaser(s).

The District will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as or retain a paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The District’s contact information is as follows: Dr. Sam Gergis Ed.D., Assistant Superintendent for Business, Sayville Union Free School District, Administration Building, 99 Greeley Avenue, Sayville, NY 11782, telephone number: (631) 244-6530, email: sgergis@sayvilleschools.org.

Optional Redemption for the Notes

The Notes will not be subject to redemption prior to their maturity.

Authorization and Purpose

The Notes are being issued in anticipation of the collection of real property taxes receivable by the District during its 2022-2023 fiscal year, which commenced on July 1, 2022, and pursuant to a tax anticipation note resolution effective for ten years that was adopted by the Board of Education on October 12, 2021. The Notes are being issued to provide monies to meet a cash flow deficit expected to occur during the period that the Notes are outstanding (see "Cash Flow"). Such cash flow deficit is the result in part of the timing in the receipt of real property taxes, as a result of the fact that the dates fixed by law for the collection of such taxes do not conform to the expected cash needs of the District's operating budget.

Disclosure Undertaking for the Notes

This Official Statement is in a form "deemed final" by the District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the District will provide an executed copy of its "Undertaking to Provide Notices of Events" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

> (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the District; (xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a "financial obligation" (as defined in the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a "financial obligation" of the Issuer, any of which affect note holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Issuer, any of which reflect financial difficulties.

Event (iii) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers, dated September 19, 1995. However, event (iii) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (iv) the District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

For the purposes of the event identified in (xii) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

The District has been advised on the new disclosure rules pertaining to "financial obligations" as defined in the Rule. Existing standard operating procedures of the District include initiation, oversight, and tracking of such "financial obligations" by the chief fiscal officer. Appropriate disclosure filings within the required timeframe is part of an existing contract with the District's financial advisor, acting in the capacity of dissemination agent of the District.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The District may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Notes; but the District does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

The District's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the District, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the District to comply with the Undertaking will not constitute a default with respect to the Notes.

The District reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in a manner consistent with Rule 15c2-12 as then in effect.

COMPLIANCE HISTORY

The District is in compliance in all respects with all previous undertakings made pursuant to Rule 15c2-12 during the last five years.

BOOK-ENTRY-ONLY SYSTEM

In the event that the Notes are issued in registered book-entry form, DTC will act as securities depository for the Notes issued in book-entry form. The Notes will be issued as fully-registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for each maturity of the Notes and deposited with DTC. One fully-registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond and note certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCE THAT DTC DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS, OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OR ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes in Certain Circumstances

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

NATURE OF OBLIGATION

Each note when duly issued and paid for will constitute a contract between the District and the holder thereof.

Holders of any series of notes of the District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, subject to applicable statutory limitation for the Notes.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limit Law"). The Tax Levy Limit Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limit Law imposes a statutory limitation on the District's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limit Law, it also provides the procedural method to surmount that limitation. See "Tax Information - Tax Levy Limit Law," herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

> "A pledge of the City's faith and credit is both a commitment to pay and a commitment of the City's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the City's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean . . . So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted . . . While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the noteholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

THE TAX LEVY LIMIT LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor ("Chapter 97" or the "New Tax Levy Limit Law"). The Tax Levy Limit Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are affected indirectly by applicability to their respective City.)

Prior to the enactment of the Tax Levy Limit Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI"). Chapter 97 now requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020 unless extended; it was made permanent by recent legislation. Pursuant to the Tax Levy Limit Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy" and this is an exclusion from the tax levy limitation. It is not applicable to the Notes.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limit Law is unconstitutional as it applies to public school districts. The suit alleged that the Tax Levy Limit Law arbitrarily caps property tax levy increases and perpetuates funding inequities between affluent and low-wealth school districts. The suit further alleged that the tax cap unconstitutionally limits the ability of school districts and their taxpayers to address these inequities by exercising substantial local control. Among seven cause of action, the suit also alleges that the Tax Levy Limit Law unconstitutionally interferes with fundamental voting rights in violation of the principle of "one person, one vote." On May 5, 2016, the Appellate Division upheld a lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increase". NYSUT then appealed to the Court of Appeals. An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59"), included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts were eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government were eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction's compliance with the provisions of the Tax Levy Limit Law. School districts budgets must have complied in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have had their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must have been within the tax cap limits set by the Tax Levy Limit Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions included counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which were indirectly affected by applicability to their respective City) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit were set forth in Chapter 59 in order for the tax cap to qualify as one which would have provided the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount was increased in the second year if compliance occurred in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrated "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts were required to provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they did provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limit Law.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015, which applied beginning in 2016 and was fully phased in during 2019 and generally has included continued tax cap compliance.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision

The Notes when duly issued and paid for will constitute a contract between the District and the holder thereof. Under current law, provision is made for contract creditors of the District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property

As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

Section 99-b of the State Finance Law Applicable to School Districts

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the note. Such investigation by the State Comptroller shall set forth a description of all such notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the notes shall be forwarded promptly to the paying agent or agents for the notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted notes pursuant to said section of the SFL.

Authority to File For Municipal Bankruptcy

The Federal Bankruptcy Code allows public bodies, such as county, city, town or school district, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Notes should the District be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of the Notes to receive interest and principal from the District could be adversely affected by the restructuring of the District's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the District (including the Notes) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the District under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November 1975, legislation was enacted which purported to suspend the right to commerce or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the grounds that it violates the provisions of the State Constitution requiring a pledge by such District of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature, as described below, authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its "property, affairs and government" by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of the governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the "property, affairs and governments" of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and school districts so as to prevent abuses in taxation and assessment and in contracting indebtedness by them. In 2013, the State established a new state advisory board to assist counties, cities, towns and school district in financial distress. The Financial Restructuring Board for Local Governments (the "FRB"), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to $5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The District is not working with the FRB. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes, including the Notes.

Default Litigation

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See "*Nature of Obligation*" and "*State Debt Moratorium Law*" herein.

No Past Due Debt

No principal of or interest on District indebtedness is past due. The District has never defaulted in the payment of the principal of and interest on any indebtedness.

THE DISTRICT

Description

The District is located in the southwestern portion of Suffolk County, on the south shore of Long Island approximately 55 miles from New York City. It encompasses about 6 square miles and has an estimated population of 22,500. The District encompasses most of the unincorporated areas of Sayville and West Sayville. Its southern boundary is the Great South Bay which provides opportunities for boating, fishing and swimming. The District also includes a terminus for ferry service to several communities on Fire Island.

The District is primarily residential with some commercial development, which is centered in the business districts of Sayville and West Sayville, there is also some light industrial activity located near the Long Island Railroad, which traverses the District. Rail transportation is provided by the Long Island Railroad, which has a station in the District. Major roadways include Sunrise Highway (NYS Route 27) and Montauk Highway (NYS Route 27A); passenger airline service is available at the Long Island MacArthur Airport, approximately 3 miles from the District. Water service is provided by the Suffolk County Water Authority; electricity and gas are provided by the PSEG Long Island and Brooklyn Union Gas Corp., respectively. Police protection is provided by Suffolk County; fire protection is provided by two local volunteer fire departments. A joint volunteer ambulance company provides emergency medical services to the community.

District Organization

The Board of Education, which is the policy-making body of the District, consists of seven members with overlapping three-year terms so that as nearly an equal number as possible is elected to the Board each year. The President and the Vice-President are selected by the Board members.

The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by the Board, include the Superintendent of Schools, the Assistant Superintendent for Business, the District Clerk and the District Treasurer.

Enrollment History

The following table presents the past school enrollment for the District.

School Year	School Enrollment
2017-2018	2,943
2018-2019	2,883
2019-2020	2,829
2020-2021	2,832
2021-2022	2,745

Source: District Officials.

Projected Future Enrollment

The following table presents the projected future school enrollment for the District.

School Year	School Enrollment
2022-2023	2,537
2023-2024	2,482

Source: District Officials.

District Facilities

The District operates nine schools and offices; statistics relating to each are shown below.

Name of School	Grades	Max Capacity	Year Built
Cherry Avenue Elementary School	K-5	650	1957, '60
Lincoln Avenue Elementary School	K-5	800	1966
Sunrise Drive Elementary School	K-5	825	1960, '62, '06
Middle School	6-8	1,485	1957, '59, '70, '91, '02, '03
High School	9-12	1,850	1970
Administration Building	-	-	1904
Maintenance Building	-	-	2014
Other Facilities			
Old Junior High School	-	600	1926, '59
Green Avenue Elementary School (Rented to BOCES)	-	625	1938

Employees

The collective bargaining agents, if any, which represent employees and the dates of expirations of the various collective bargaining agreements are as follows:

Name of Union	Expiration Date of Contract	Approx. No. of Members
Sayville Substitute Teachers' Association	06/30/25	72
Sayville Teachers' Association	06/30/25	279
Sayville Administrators' Association	06/30/25	11
UPSEU-Clerical Unit	06/30/23	36
Custodial and Maintenance	06/30/23	49
School Related Professionals	06/30/27	94
UPSEU-Food Service	06/30/24	20
Sayville Security Guards	06/30/26	23

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics.

Year	Town of Islip	Suffolk County	New York State
1990	299,587	1,321,864	18,044,505
2000	323,504	1,419,369	18,976,457
2010	345,627	1,493,350	19,378,102
2013	335,916	1,499,738	19,651,127
2020	330,584	1,481,364	19,514,849

Source: Long Island Power Authority and U.S. Bureau of the Census.

Income Data

Income Data is not available for the District as such. The smallest areas for which such statistics are available (which include the District) are the Town of Islip and the County of Suffolk. The information set forth below with respect to such Towns, County and State is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Town, County or State or vice versa.

	Per Capita Money Income			
	1990	2000	2010	2020[a]
Town of Islip	$16,778	$23,699	$30,388	$40,347
Suffolk County	18,481	26,577	35,411	46,466
New York State	16,501	23,389	30,791	40,898

	Median Household Income			
	1990	2000	2010	2020[a]
Town of Islip	$50,212	$65,359	$81,028	$103,629
Suffolk County	49,128	65,288	84,235	105,362
New York State	32,965	43,393	55,217	71,117

Source: United States Bureau of the Census
a. Note: Based on American Community Survey 5-Year Estimate (2016 -2020)

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the Town of Islip. The information set forth below with respect to such Town and the County of Suffolk is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Town or the County, or vice versa.

Annual Averages:	Town of Islip (%)	Suffolk County (%)	New York State (%)
2017	4.4	4.4	4.6
2018	3.8	3.9	4.1
2019	3.7	3.7	4.0
2020	8.8	8.5	10.0
2021	5.0	4.9	7.2
2022 (8 Month Average)	3.4	3.3	5.0

Source: Department of Labor, State of New York

Largest Private Employers

Name of Employer	Nature of Business	Approx. No. of Employees
Nature's Bounty, Inc.	Vitamins, Minerals & Nutrients	760
Lumex, Inc.	Medical & Surgical Equip.	725
Whitman Packaging	Packaging	500
Creative Bath	Manufacturing	410
Dayton T. Brown, Inc.	Test Lab & Metal Products	400
North Atlantic Industries	Electric Test Equipment	365
Aerospace Avionics	Electronic Test Equip & Aircraft Systems	350
Dorne & Margolin Inc.	Aircraft Aerospace Products	300
Mannix	Replacement Windows	250
Majestic Molded Products	Plastic Moldings	200
Gem Electric Mfg. Co., Inc.	Electrical Specialty Products	180
Todd Products Corp.	Electrical Equipment	150

INDEBTEDNESS OF THE DISTRICT

Constitutional Requirements

The New York State Constitution limits the power of the District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the District and the Notes, include the following:

Purpose and Pledge. Subject to certain enumerated exceptions, the District shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods (such as the Notes), indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or the weighted average maturity thereof. No installment may be more than fifty per centum in excess of the smallest prior installment unless the District provides for substantially level or declining annual debt service in the manner prescribed by the State Legislature. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds or such required annual installments on its notes.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any school district purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

Statutory Requirements and Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law and the General Municipal Law.

Pursuant to the Local Finance Law, the District authorizes the issuance of notes by the adoption of a note resolution, approved by at least two-thirds of the members of the Board of Education, the finance board of the District. Customarily, the Board of Education has delegated to the President of the Board of Education, as chief fiscal officer of the District, the power to authorize and sell bond anticipation notes in anticipation of authorized notes.

Each note resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the notes subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law also provides that where a note resolution is published with a statutory form of notice, the validity of the notes authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or

2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication, or

3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the District complies with this estoppels procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Principal installments are made in reduction of the total amount of such notes outstanding issued in anticipation thereof, commencing no later than two years from the date of the first of such notes and provided that such renewals do not extend five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

The following pages present certain details with respect to the indebtedness of the District as of the date of the Debt Statement prepared in connection with the issuance of the Notes.

INDEBTEDNESS OF THE DISTRICT

Computation of Debt Limit and Debt Contracting Margin
(As of October 11, 2022)

In Town of: (2021-2022)[a]	Assessed Valuation	State Equalization Rate (%)	Full Valuation
Islip	$281,553,309	9.28	$3,033,979,623

Debt Limit - 10% of Full Valuation	303,397,962
Inclusions: [b]	
Outstanding Bonds	$20,480,000
Bond Anticipation Notes	0
Total Indebtedness	20,480,000
Exclusions (Estimated Building Aid) [c]	13,926,400
Total Net Indebtedness	6,553,600
Net Debt Contracting Margin	$296,844,362
Per Cent of Debt Contracting Margin Exhausted (%) [d]	2.16%

a. The latest completed assessment roll for which a State Equalization Rate has been established.
b. Tax Anticipation Notes, Energy Performance Lease Purchase and Revenue Anticipation Notes are not included in this computation of the debt contracting margin of the District. However, energy performance contract lease purchases do count toward the debt limit. See "Energy Performance Contract - 2011" and "Energy Performance Contract - 2019" herein. Together, $8,978,125 in principal remains outstanding as of the date hereof, which would represent a further 3.09% of debt limit exhausted.
c. Represents estimate of moneys receivable by the District from the State as an apportionment for debt service for school building purposes, based on the most recent information received by the District from the State Department of Education. The amount shown is not necessarily the amount the District will ultimately receive. The District has not applied for a building aid exclusion certificate from the Commissioner of Education and therefore may not exclude such amount from its total indebtedness on the Debt Statement form required to be filed with the Office of the State Comptroller when bonds are to be issued.
d. Add on additional 3.09% excluded energy performance contract lease purchases. (See "EPC-2011" and EPC- 2019" herein.)

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the District no short-term debt outstanding.

Debt Service Requirements - Outstanding Bonds and Refunding Bonds

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	$ 2,460,000	$ 696,775	$ 3,156,775
2024	2,455,000	610,675	3,065,675
2025	2,580,000	524,825	3,104,825
2026	2,460,000	434,525	2,894,525
2027	2,450,000	347,875	2,797,875
2028	2,445,000	261,625	2,706,625
2029	1,680,000	175,575	1,855,575
2030	1,225,000	120,375	1,345,375
2031	1,225,000	83,313	1,308,313
2032	1,250,000	46,250	1,296,250
2033	250,000	8,125	258,125
Totals	$20,480,000	$3,309,938	$23,789,938

Future District Borrowing

As of the date of this Official Statement, the District has no future borrowing plans.

Revenue and Tax Anticipation Notes

The District has generally found it necessary to borrow from time to time in anticipation of taxes and revenues, which borrowing is necessitated by the schedule of real property tax and State aid revenue payments. The following is a history of such tax and revenue anticipation note borrowings in the five most recent years:

Fiscal Year Ending June 30:	Amount	Type	Issue	Maturity
2018	$14,500,000	TAN	11/14/2017	06/27/2018
2019	14,500,000	TAN	10/30/2018	06/27/2019
2020	15,500,000	TAN	10/30/2019	06/25/2020
2021	14,450,000	TAN	10/27/2020	06/25/2021
2022	14,250,000	TAN	10/27/2021	06/24/2022

Trend of District Indebtedness

	2018	2019	2020	2021	2022
Bonds	$27,820,000	$28,580,000	$25,695,000	$22,940,000	$20,480,000
BANs	0	0	0	0	0
EPCs	4,706,918	10,369,316	9,863,956	8,978,125	5,413,509
Total	$32,526,918	$38,949,316	$35,558,956	$31,918,125	$25,893,509

a. Not general obligation debt but is counted towards debt limit.

Energy Performance Contract - 2011

The District has financed the cost of a 15-year energy performance contract with Johnson Controls (Equipment) at an interest rate of 3.240%.

	Principal	Interest	Total
2022-2026	2,876,427	313,315	3,189,742
2027	313,888	5,085	318,973
Totals	$3,190,315	$318,400	$3,508,715

Energy Performance Contract - 2019

The District has financed the cost of a 15-year energy performance contract with Energy Systems Group at an interest rate of 2.820%.

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	384,930	149,966	534,896
2024	395,862	139,035	534,896
2025	407,104	127,793	534,896
2026	418,665	116,231	534,896
2027	430,554	104,342	534,896
2028	442,782	92,115	534,896
2029	455,356	79,540	534,896
2030	468,288	66,609	534,896
2031	481,587	53,310	534,896
2032	495,263	39,633	534,896
2033	509,328	25,568	534,896
2034	523,792	11,104	534,896
Totals	$5,413,509	$1,005,245	$6,418,755

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	08/11/2022	0.95	$13,119,201	$11,464,151
Town of Islip	07/26/2022	6.06	10,517,736	9,541,044
Fire Districts (Est.)	12/31/2022	Var.	6,225,000	6,225,000
Totals			$29,861,937	$27,230,195

Sources: Annual Reports of the respective units for the most recently completed fiscal year filed with the Office of the State Comptroller, or more recently published Official Statements.

Debt Ratios
(As of October 11, 2021)

	Amount	Per Capita[a]	Percentage Of Full Value (%)[b]
Total Direct Debt	$20,480,000	$910	0.68
Net Direct Debt	6,553,600	291	0.22
Total Direct & Applicable Total Overlapping Debt	50,341,937	2,237	1.66
Net Direct & Applicable Net Overlapping Debt	33,783,795	1,502	1.11

a. The current estimated population of the District is 22,500.
b. The full valuation of taxable real property is $3,033,979,623.

FINANCES OF THE DISTRICT

Impact of COVID-19

In December of 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was enacted as the second act of federal relief in response to COVID-19. The CRRSA Act provides approximately $4.3 billion to support schools in the State, with the funds available to be spent through September 2023. This is in addition to the $1.2 billion in Federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding, which can be spent through September 2022. The CRRSA Act provides the State with $4.0 billion through the Elementary and Secondary School Emergency Relief (ESSER) Fund and $323 million through the Governor's Emergency Education Relief (GEER) Fund. Districts may generally use these funds for broad purposes, including general operating and pandemic-related costs such as purchasing personal protective equipment. Additionally, the State has been allocated approximately $9.0 billion under the American Rescue Plan (ARP) Act's Elementary and Secondary School Emergency Relief Fund (ESSER).

The District has been allocated $4,789,752 in CRRSA and ARP funding as of June 30, 2022. See also "*State Aid*" herein.

Independent Audit

The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2022. A copy of such report is included herein as Appendix D.

Investment Policy

The objectives of the District's investment program are to safeguard the District's funds and to minimize risk, so that investments mature when cash is required to finance operations, and so that a competitive rate of return is achieved.

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law ("GML"), the District is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may use any of the following investment instruments when investing District funds as listed in Section 11 of the GML:

- Special time deposit accounts;
- Certificates of deposit;

- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Obligations issued pursuant to Local Finance Law §24.00 or 25.00 (with approval of the State Comptroller);
- Obligations of this local government, but only with any moneys in a reserve fund established pursuant to GML §§6-c, 6-d, 6-e, 6-f, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n
- By participation in cooperative investment program with another authorized governmental entity pursuant to Article 5G of the GML where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46.

All investment obligations shall be payable or redeemable at the option of the District within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the District within two years of the date of purchase.

The Board of Education of the District has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

Fund Structure and Accounts

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a special aid fund and school lunch fund. In addition, a capital projects fund is used to record capital facility projects, while a trust and agency fund accounts for assets received by the District in a fiduciary capacity.

Basis of Accounting

The district-wide and fiduciary fund financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. 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 transaction, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from real 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 and the related expenditures are incurred.

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

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

Source: Audited Financials of the District.

Budget Process

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring, the budget is developed and refined in conjunction with the school building principals and department supervisors. The District's budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See *"The Levy Limit Law"* herein).

On May 17, 2022, a majority of the voters of the District approved the District's budget for the 2022-2023 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2021-2022 and 2022-2023 may be found in Appendix A, herein.

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See *"Tax Information"* herein.

State Aid

In addition to the amount of State aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See "*STAR – School Tax Exemption*" herein).

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19 including closing schools and non-essential businesses for an extended period. The use of federal stimulus funds has allowed the State to avoid gap closing measurements; however, the State may be required to implement gap closing measurements in the future. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State's 2021-22 Enacted Budget provided $29.5 billion in State funding to school districts for the 2021-22 school year the highest level of State aid ever. This represented an increase of $3.0 billion or 11.3 percent compared to the 2020-21 school year, and included a $41.4 billion or 7.6 percent Foundation Aid increase. Approximately 75 percent of this increase was targeted to high-need school districts.

The State's 2021-22 Enacted Budget also provided $13 billion of federal Elementary and Secondary School Emergency Relief Fund and the Governor's Emergency Education Relief Fund to public schools. This funding available for use over multiple years, was designed to assist schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2021-22 Enacted budget allocated $629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the State's 2021-22 Enacted Budget used $105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-22 school year.

The State's 2022-23 Enacted Budget provides $31.3 billion in State funding to school districts for the 2022-23 school year the highest level of State aid ever. This represents a year-to-year funding increase of $2.1 billion or 7.07% and includes $21.4 billion of Foundation Aid which increased 8.1% from 2021-22. The 2022-23 school year increase in Foundation Aid primarily reflects the second year of the three-year phase-in of full funding of the current Foundation Aid formula.

The State's 2022-23 Enacted Budget also increases the State's annual investment in prekindergarten to $1.1 billion, an increase of $125 million, or 13%. The Enacted Budget also includes a total of $100 million of matching funds over two years to be provided to school districts and BOCES with the highest needs to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. This includes support for extended school day or school year programs, afterschool programs, mental health professionals and other locally determined initiatives.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State's 2022-23 Enacted Budget was adopted on April 9, 2022. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, the COVID-19 pandemic, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revisions. Reductions in federal funding levels could have a materially adverse impact on the State budget.

In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of state aid could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance law to provide operating funds by borrowing in anticipation of the receipt of uncollected State Aid.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as Foundation Aid. The stated purpose of Foundation Aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive $5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected is in process as of this date. (See also *"State Aid"* and "*School district fiscal year (2021-2022) and (2022-2023)*" under the subheading "*Events Affecting State Aid to New York School Districts*" herein.)

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Kathy Hochul announced that New York State has reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing this much-needed funding to our students. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the historic Campaign for Fiscal Equity cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2021, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of Foundation Aid funding is set forth below:

- FY 2022: $19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately $21.3 billion, covering 50% of the anticipated shortfall
- FY 2024: Approximately $23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts

Events Affecting State Aid to New York School Districts

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years. However, as discussed below the COVID-19 pandemic has affected and is expected to continue to affect State aid to school district.

School district fiscal year (2018-2019): The State's 2018-2019 Budget provided for school aid of approximately $26.7 billion, an increase of approximately $1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018¬2019 Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans.

School district fiscal year (2019-2020): The State's 2019-2020 school year, the State's Enacted Budget included a total of $27.9 billion for School Aid, a year-to-year funding increase of approximately $1.2 billion. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education will continue in full, as is the State's usual practice. Transportation aid increased by approximately 4.5% and building aid increased by approximately 3.7%. The State 2019¬2020 Enacted Budget continued to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was expected to total $27.9 billion, an annual increase of approximately $100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over $200 million in support for competitive grant programs, including $1 million for development of a new Civics Education curriculum and $10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid was continued under existing aid formulas. Out-year growth in School Aid reflect current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues came in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "*State Aid*" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget and recent releases by the State regarding the projected revenue shortfalls in such budget.

School district fiscal year (2021-2022): For the 2021-2022 school year, the State's Enacted budget provided $29.5 billion in State funding to school districts for the 2021-2022 school year through School Aid, the highest level of State aid ever, supporting the operational costs of school districts that educate 2.5 million students statewide. This investment represented an increase of 11.3% ($3.0 billion) compared to the 2020-2021 school year, including a $1.4 billion (7.6%) Foundation Aid increase. The Enacted budget allocated $13 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, will help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The Budget allocated $629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the Budget used $105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-2022 school year.

School district fiscal year (2022-2023): For the 2022-2023 Enacted Budget provides $31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of $2.1 billion or 7.2% compared to the 2021-2022 school year and includes a $1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-2023 Enacted Budget also programs $14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, is designed to assist schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocates $100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increases federal funds buy $125 million to expand access to full-day prekindergarten programs for four-year old children in school districts statewide in the 2022-23 school year.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of $2 billion of general obligation bonds by the State to finance improved educational technology and infrastructure to enhance learning and opportunity for students throughout the State.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the remainder of the current fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Risk Factors*").

The following table sets forth the percentage of the District's General Fund revenue comprised of State aid for each of the fiscal years 2018 through 2022, and the 2023 budgeted amounts.

Fiscal Year Ending June 30:	General Fund Total Revenue	State Aid	State Aid to Revenues (%)
2018	$88,315,552	$26,959,013	30.53
2019	90,076,298	26,577,027	29.51
2020	89,979,451	26,092,282	29.00
2021	93,451,854	25,923,130	27.74
2022	91,640,824	26,817,721	29.26
2023 (Budgeted)	99,302,157	27,803,025	28.00

Source: Audited Financial Statements and Adopted Budget of the District.
a. Budgeted revenues include the application of reserves and fund balance.

Expenditures

The major categories of expenditure for the District are General Support, Instruction, Employee Benefits, Pupil Transportation and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

The State Comptroller's Fiscal Stress Monitoring System and OSC Compliance Reviews

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school districts and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the Office of the State Comptroller (OSC). Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," "susceptible to fiscal stress" or "no designation". Entities that do no7t accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 0.0%, Environmental Score: 5.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released June 8, 2018. The purpose of such audit was to determine if officials ensured the accuracy of the compensation paid and benefits provided to employees. There were no recommendations as a result of this audit. The complete report, along with t7he District's response, may be found on the OSC's official website. The District is currently not being audited by the OSC and no additional audits are pending release.

Reference to this website implies no warranty of accuracy of information therein, nor incorporation herein by reference.

Employee Pension System

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System ("TRS"). Employer pension payments to the TRS are generally deducted from State aid payments when there are enough funds available for the State to do so. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System ("ERS"). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year's full-time service contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, the Governor signed into law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010 and before March 31, 2012. New ERS employees will now contribute 3% of their salaries and new TRS employees will contribute 3.5% of their salaries. There is no provision for these employee contributions to cease after a certain period of service.

On March 16, 2012, the Governor signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. The new pension tier has progressive employee contribution rates between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at $15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of $75,000 or more.

Under current law, the employer pension payments for a given fiscal year are based on the value of the pension fund on the prior April 1 thus enabling the District to more accurately include the cost of the employer pension payment in its budget for the ensuing year. In addition, the District is required to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower payment possible. The annual employer pension payment is due on February 1 of each year.

Due to poor performance of the investment portfolio of TRS and ERS during the financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially. To help mitigate the impact of such increases, various forms of legislation have been enacted that permitted school districts to amortize a portion of its annual employer pension payment. The District has not amortized any of its employer pension payments pursuant to this legislation and expects to continue to pay all payments in full when due.

In addition, in Spring 2013, the State and TRS approved a Stable Contribution Option ("SCO") that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). ERS followed suit and modified its existing ERS SCO. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts.

The TRS SCO deferral plan is available to school districts for up to 7 years. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The District has not amortized any of its employer pension payments as part of the SCO and expects to continue to pay all payments in full when due.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan.

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years and the budgeted amount for 2023.

Fiscal Year Ending June 30:	TRS	ERS
2018	$3,320,920	$1,562,552
2019	3,729,262	1,521,315
2020	3,134,970	1,450,037
2021	3,444,538	1,519,399
2022	3,689,486	1,533,817
2023 (Budgeted)	4,130,145	1,425,782

Source: Audited Financial Statements and the 2018 -2022, District Officials and the 2023 Budget. Table itself is not audited.

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended June 30, 2018, the District adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the employer's current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost.

Those that have more than 200 participants are required to have a full actuarial valuation biannually. Plans with fewer than 200 participants are required to have a full valuation every two years.

For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other post-employment benefits. The District's total OPEB liability at June 30, 2022 is as follows:

Changes in the Total OPEB Liability	Fiscal Year Ending June 30, 2022:
Total OPEB Liability at June 30, 2021	$173,326,493
Charges for the Year:	
Service Cost	4,649,093
Interest	3,794,544
Demographic Gains or Losses	(19,247,254)
Changes in Assumptions or Other Inputs	(13,174,707)
Benefit Payments	(4,629,217)
Net Changes	(28,607,541)
Total OPEB Liability at June 30, 2022	$144,718,952

The OSC proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments but it did advance beyond committee. The District cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District continues funding the expenditure on a pay-as-you-go basis.

Should the District be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

TAX INFORMATION

Real Property Taxes

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the Town of Islip. Assessment valuations are determined by the assessor and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations.

The following table sets forth the percentage of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2018 through 2022, and for the amounts budgeted in 2023.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2018	$88,315,552	$51,349,274	58.14
2019	90,076,298	52,512,608	58.30
2020	89,979,451	54,682,447	60.77
2021	93,451,854	56,278,298	60.22
2022	91,640,824	56,643,889	61.81
2023 (Budgeted)	99,302,157	61,883,366	62.32

Source: Audited Financial Statements and Adopted Budget of the District.
a. Budgeted revenues include the application of reserves and fund balance.

Tax Collection Procedure

Property taxes for the District, together with County, Town and Fire District taxes, are collected by the Town Tax Receivers. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and 10% after May 31.

The Town Tax Receivers distribute the collected tax money to the Towns, fire and school districts prior to distributing the balance collected to the County. Uncollected amounts are not segregated by the Receiver and any deficiency in tax collection is the County's liability. The District thereby is assured of full tax collection.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed in full by the State for real property taxes exempted pursuant to the STAR program on or before the first business day of January in each year.

Approximately 7% of the District's 2021-2022 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Based on information furnished to the District, approximately 7% of the District's 2022-2023 school tax levy is expected to be exempted by the STAR program. (See *"State Aid"* herein).

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Valuations, Rates Levies and Collections

	Fiscal Year Ending June 31:				
	2018	2019	2020	2021	2022
Assessed Valuation	$279,063,707	$279,611,448	$280,910,424	$281,467,922	$281,553,309
Equalization Rate	12.12%	11.35%	10.77%	9.70%	9.28%
Full Valuation	2,302,505,833	2,463,536,987	2,608,267,632	2,901,731,155	3,033,979,623
Tax Levy (Including Star)	57,884,662	59,178,396	59,912,630	61,107,990	60,838,436
Tax Rate per $100 of Assessed Valuation					
Homestead:	18.777	19.070	19.653	19.901	20.030
Non-Homestead:	29.783	29.393	29.063	30.21	29.13

Selected Listing of Large Taxable Properties
2021-2022 Assessment Roll

Name	Type	Assessed Valuation
Fairfield Sayville	Commercial	$5,571,300
Sayville Memlo LLC	Shopping Center	4,104,000
LIPA	Utility	2,674,631
Sayville Plaza Development Co.	Shopping Center	2,652,800
Petite Fleur	Commercial	2,550,000
LILCO	Utility	2,014,000
Saddle Cove Associates LLC	Apartments	1,269,400
Cesare DeFeo & ORS	Shopping Center	1,221,000
Keyspan Gas East Corp.	Utility	1,082,656
Fairfield Plaza LLC	Apartments	945,000
	Total	$24,084,787

a. Represents 8.55% of the total assessed valuation of the District for 2021-2022.
Source: Town Assessment Rolls.

Tax Certiorari Claims

In common with other municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of District taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money. There are no significant claims filed by the larger taxpayers at this time. (See "*Tax Collection Procedure*" herein.

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the District, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of bonds or notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the tax anticipation notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the bonds or notes or contesting the corporate existence or boundaries of the District

RISK FACTORS
AND
MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

The financial and economic condition of the District, as well as the market for the Notes, could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State and in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction, or of any of their respective agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

There are various other forms of risk associated with investing in the Notes. Although none of such risks currently exist with respect to the District or the Notes, there can be no assurance that one or more of such events will not occur in the future. One such risk is that the District will be unable to promptly pay interest and principal on the Notes as they become due (see "*Special Provisions Affecting Remedies Upon Default*", herein). If a Noteholder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition, there may be other risk factors which a potential investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

There are a number of factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly its property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in certiorari proceedings could result in a large reduction in the assessed valuation of taxable real property in the District. Unforeseen developments could also result in substantial increases in District expenditures, thus placing considerable strain on the District's financial condition.

The District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and schools in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District.

A deterioration of District finances could cause the credit rating of the District bonds to be lowered, suspended or withdrawn, if such action were to be deemed appropriate by Moody’s Investors Service Inc. Any of such actions on the part of Moody’s Investors Service Inc. could have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

If and when a holder of any of the Notes should elect to sell a Bond or a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interests rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the District. Any such future legislation would have an adverse effect on the market value of the Notes (See "*Tax Matters*" herein).

CYBERSECURITY

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. To mitigate such risk the District has contracted with an outside technology firm to assist in the prevention detection and remediation of any such attacks. In addition, the District maintains an insurance policy covering cyber liability. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial.

IMPACTS OF COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and has affected economic growth worldwide. The outbreak has caused the Federal government to declare a national state of emergency. The State also declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it negatively impacted the State's economy and financial condition. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individuals. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed forms of opinions of Bond Counsel is set forth in Appendix C hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to insure that interest on the Notes will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Notes possibly being included in gross income for federal income tax purposes as well as for purposes of personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted upon.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes may otherwise affect a Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owners or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Certain legislative proposals in recent years generally would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisers regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as Appendix C.

RATING

The Notes are not rated.

Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, has assigned a rating of "Aa1" to the outstanding bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from the respective rating agency. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of agency circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price and the availability of a secondary market for the outstanding bonds and notes of the District.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

OTHER MATTERS

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes, for which the Notes are to be issued is the Education Law and the Local Finance Law.

There is no bond or note principal or interest past due.

The fiscal year of the District is July 1 to June 30.

This Official Statement does not include the financial data of any political subdivision of the State of New York having power to levy taxes within the District, except as expressed in the "Calculation of Estimated Overlapping and Underlying Indebtedness."

ADDITIONAL INFORMATION

Additional information may be obtained from the office of Dr. Sam Gergis Ed.D., Assistant Superintendent for Business, Sayville Union Free School District, Administration Building, 99 Greeley Avenue, Sayville, NY 11782, telephone number: (631) 244-6530, email: sgergis@sayvilleschools.org or from Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: www.munistat.com.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the District also assume no liability or responsibility for any errors or omissions, unauthorized editing or for any updates to dated website information.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing with regard to the Notes is to be construed as a contract with the holders of the Notes.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of facts, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District files with the repositories. When used in District documents or oral presentation, the works "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements. Orrick, Herrington & Sutcliffe LLP expresses no opinion as to the accuracy or completeness of any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including this Official Statement.

The preparation and distribution of this Official Statement have been approved by the President of the Board of Education of the District pursuant to the power delegated to her by the authorizing tax anticipation note resolution to sell and deliver the Notes.

This Official Statement has been duly executed and delivered by the President of the Board of Education of the Sayville Union Free School District.

By: ________________________________
JOHN VERDONE
President of the Board of Education
Sayville Union Free School District

Dated: October , 2022

SAYVILLE UNION FREE SCHOOL DISTRICT

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Fund

	2018	2019	2020	2021	2022
Revenues:					
Real Property Taxes	$ 51,349,274	$ 52,512,608	$ 54,682,447	$ 56,278,298	$ 56,643,889
Real Property Tax Items (Including STAR)	6,829,608	6,588,100	5,644,701	5,324,518	4,780,309
Charges for Services	595,555	617,763	802,249	636,736	1,010,378
Use of Money and Property	2,010,366	2,506,271	2,114,808	1,794,791	1,934,125
Sale of Property & Compensation for Loss	190,352	16,103	42,065	1,627,577	17,917
Miscellaneous	262,196	1,009,366	289,298	1,554,307	269,530
State and Local Sources	26,959,013	26,577,027	26,092,282	25,923,130	26,817,721
Federal Sources	119,188	249,060	311,601	312,497	166,955
Total Revenues	$ 88,315,552	$ 90,076,298	$ 89,979,451	$ 93,451,854	$ 91,640,824
Expenditures:					
General Support	11,684,584	11,386,412	10,472,785	12,050,522	12,176,981
Instruction	47,919,846	48,776,097	47,495,282	49,692,882	50,408,389
Pupil Transportation	3,402,687	3,579,927	2,667,159	3,398,062	3,591,367
Community Service	92,132	88,780	63,912	34,244	87,077
Employee Benefits	19,896,028	20,566,081	19,876,454	21,044,141	20,752,060
Debt Service	4,602,367	4,676,536	4,746,997	4,844,161	4,688,621
Total Expenditures	$ 87,597,644	$ 89,073,833	$ 85,322,589	$ 91,064,012	$ 91,704,495
Other Sources and Uses:					
Operating Transfers In	648,168	12,130			322,978
Operating Transfers Out	(962,080)	(938,597)	(937,517)	(899,849)	(971,688)
Total Other Sources (Uses)	(313,912)	(926,467)	(937,517)	(899,849)	(648,710)
Excess (Deficit) Revenues & Other Sources Over Expenditures & Other Uses	403,996	75,998	3,719,345	1,487,993	(712,381)
Fund Equity Begining of Fiscal Year	27,273,784	27,677,780	27,753,778	31,473,123	32,961,116
Fund Balances End of Fiscal Year.	$ 27,677,780	$ 27,753,778	$ 31,473,123	$ 32,961,116	$ 32,248,735

Source: Audited Annual Financial Reports of the District (2018-2022)
NOTE: This Schedule NOT audited.

Balance Sheet - General Fund
Fiscal Years Ending June 30:

	2021	2022
Assets:		
Unrestricted Cash	$ 11,045,195	$ 12,491,601
Restricted Cash	25,195,680	23,537,035
Due from Other Funds	1,376,485	1,492,301
Leases Receivable		4,248,836
State and Federal Aid Receivable	1,111,548	1,154,778
Accounts Receivable	78,960	38,271
Total Assets	$ 38,807,868	$ 42,962,822
Liabilities:		
Accounts Payable and Accrued Liabilities	$ 1,620,840	$ 1,707,260
Due to Teachers' Retirement System	3,640,976	3,888,143
Due to Employees' Retirement System	421,602	274,073
Compensated Absences Payable	142,184	647,546
Unearned Revenue	21,150	21,150
Deferred Inflows		4,175,915
Total Liabilities	5,846,752	10,714,087
Fund Equity:		
Nonspendable		72,921
Restricted	23,595,680	22,237,034
Committed	1,600,000	1,300,000
Assigned	3,886,898	4,762,790
Unassigned	3,878,538	3,875,990
Total Fund Balances	32,961,116	32,248,735
Total Liabilities and Fund Equity	$ 38,807,868	$ 42,962,822

Source: Audited Annual Financial Reports of the District (2021-2022)
NOTE: This Schedule NOT audited.

Budget Summaries

	Fiscal Year Ending June 30: 2022-2023 (a)	Fiscal Year Ending June 30: 2021-2022 (b)
Revenues:		
Real Property Taxes (Including STAR)	$ 61,883,366	$ 61,477,262
PILOT	601,714	558,538
Charges for Services	695,000	695,000
Use of Money and Property	1,950,000	1,844,532
Sale of Property & Compensation for Loss	0	25,200
Miscellaneous	300,573	200,000
Medicaid Reimbursement	125,000	125,000
Fines & Forfeitures	4,000	4,000
State and Local Sources	27,803,025	26,428,099
Appropriated Fund Balance	5,939,479	5,620,427
Total Revenues	$ 99,302,157	$ 96,978,058
Expenditures:		
General Support	$ 11,900,332	$ 11,823,045
Instruction	53,129,987	52,844,711
Pupil Transportation	4,693,833	4,404,247
Community Services	115,344	114,803
Employee Benefits	23,733,040	22,170,531
Interfund Transfers	1,200,000	1,000,000
Debt Service	4,529,621	4,620,721
Total Expenditures	$ 99,302,157	$ 96,978,058

(a) The budget for the 2022-23 fiscal year was approved by voters of the District on May 17, 2022.
(b) The budget for the 2021-22 fiscal year was approved by voters of the District on May 18, 2021.

Source: Adopted annual budgets of the Sayville Union Free School District

SAYVILLE UNION FREE SCHOOL DISTRICT

APPENDIX B

CASH FLOW SUMMARIES

SAYVILLE UNION FREE SCHOOL DISTRICT

ACTUAL CASH FLOW SUMMARY JULY 1, 2021 TO JUNE 30, 2022

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTALS
Balance	17,803,461	14,163,365	11,804,046	7,197,220	11,506,849	6,405,548	1,343,458	31,332,905	25,960,728	28,932,548	22,624,978	30,525,576	17,803,461
Receipts													
Property Taxes	0	0	0	0	0	1,457,838	32,339,067	705,378	396,025	1,009,583	11,148,544	14,284,668	61,341,103
STAR Payment	0	0	0	0	0	0	4,196,640	0	45,174	0	0	0	4,241,814
State Aid	7,026	376,911	3,776,580	1,863,973	2,128,176	1,894,359	111,255	162,831	10,738,241	0	3,149,600	2,422,571	26,631,523
Other Revenue	119,744	288,605	109,320	633,086	345,008	367,859	555,189	342,219	390,435	1,260,475	689,596	852,602	5,954,138
Transfer from Other Funds	0	0	300,000	0	500,000	307,500	1,000,000	0	0	0	0	1,051,468	3,158,968
TAN Proceeds	0	0	0	14,369,700	0	0	0	0	0	0	0	0	14,369,700
Total Receipts	126,770	665,516	4,185,900	16,866,759	2,973,184	4,027,556	38,202,151	1,210,428	11,569,875	2,270,058	14,987,740	18,611,309	115,697,246
Disbursements													
Salaries/Benefits	2,326,762	1,760,475	6,781,187	6,271,904	6,244,411	6,555,472	6,077,148	5,138,648	7,028,365	5,470,691	4,815,849	10,967,311	69,438,223
Services/Supplies	1,146,752	996,915	474,336	2,969,652	1,491,056	1,715,217	1,778,289	823,990	1,230,672	2,248,944	1,932,274	2,448,287	19,256,384
Capital Outlay	293,352	0	506,648	0	0	75,000	0	0	0	0	0	0	875,000
Debt Service	0	267,445	0	318,974	0	391,438	0	267,448	0	318,974	0	2,851,438	4,415,717
Library Taxes	0	0	1,030,555	339,019	339,018	352,519	357,267	352,519	339,018	339,019	339,019	370,767	4,158,720
Transfers to Other Funds	0	0	0	2,657,581	0	0	0	0	0	200,000	0	368,653	3,226,234
TAN Principal	0	0	0	0	0	0	0	0	0	0	0	14,250,000	14,250,000
TAN Interest	0	0	0	0	0	0	0	0	0	0	0	140,719	140,719
Total Disbursements	3,766,866	3,024,835	8,792,726	12,557,130	8,074,485	9,089,646	8,212,704	6,582,605	8,598,055	8,577,628	7,087,142	31,397,175	115,760,997
Balance	14,163,365	11,804,046	7,197,220	11,506,849	6,405,548	1,343,458	31,332,905	25,960,728	28,932,548	22,624,978	30,525,576	17,739,710	17,739,710
Note Payment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	14,250,000	14,250,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	14,250,000	14,250,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

SAYVILLE UNION FREE SCHOOL DISTRICT

CASH FLOW SUMMARY 2022-2023 (Projected)

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTALS
Balance	17,739,710	11,868,487	7,944,433	4,341,406	9,748,995	5,062,795	584,725	29,772,727	24,160,412	27,705,402	21,433,124	29,815,030	17,739,710
Receipts													
Property Taxes	0	0	0	0	0	1,484,172	32,923,224	718,120	403,179	1,027,820	11,349,926	14,542,699	62,449,138
STAR Payment	0	0	0	0	0	0	4,241,813	0	0	0	0	0	4,241,813
State Aid	0	341,084	3,942,709	1,945,968	2,221,793	1,977,691	116,149	169,994	11,210,609	0	3,288,149	2,529,138	27,743,284
Other Revenue	352,725	241,346	56,450	326,910	178,154	189,953	536,686	426,714	451,611	900,879	606,091	690,263	4,957,782
Transfer from Reserves	0	0	466,000	0	850,000	1,307,500	0	0	0	0	0	7,500	2,631,000
TAN Proceeds	0	0	0	14,250,000	0	0	0	0	0	0	0	0	14,250,000
Total Receipts	352,725	582,430	4,465,159	16,522,878	3,249,947	4,959,316	37,817,872	1,314,828	12,065,399	1,928,699	15,244,166	17,769,600	116,273,017
Disbursements													
Salaries/Benefits	2,463,401	2,459,347	7,226,537	6,353,807	6,324,508	6,985,998	6,476,260	5,476,125	7,159,948	5,499,975	4,802,126	11,357,581	72,585,612
Services/Supplies	2,414,558	1,233,700	482,160	2,768,635	1,265,650	1,743,509	1,807,621	837,581	1,000,971	2,036,039	1,714,146	2,238,670	19,543,239
Capital Outlay	1,000,000	0	0	0	0	0	0	0	0	0	0	0	1,000,000
Debt Service	0	267,448	0	318,974	0	348,388	0	267,448	0	318,974	0	2,808,388	4,329,620
Library Taxes	345,989	345,989	359,490	345,989	345,989	359,490	345,989	345,989	359,490	345,989	345,989	359,490	4,205,872
Transfer to Other Funds	0	200,000	0	1,327,883	0	0	0	0	0	0	0	200,000	1,727,883
TAN Principal	0	0	0	0	0	0	0	0	0	0	0	14,250,000	14,250,000
TAN Interest	0	0	0	0	0	0	0	0	0	0	0	200,000	200,000
Total Disbursements	6,223,948	4,506,484	8,068,187	11,115,288	7,936,147	9,437,385	8,629,870	6,927,143	8,520,409	8,200,977	6,862,261	31,414,129	117,842,226
Balance	11,868,487	7,944,433	4,341,406	9,748,995	5,062,795	584,725	29,772,727	24,160,412	27,705,402	21,433,124	29,815,030	16,170,501	16,170,501
Note Payment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	14,250,000	14,250,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	14,250,000	14,250,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

SAYVILLE UNION FREE SCHOOL DISTRICT

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

FORM OF BOND COUNSEL'S OPINION

October 27, 2022

Sayville Union Free School District,
County of Suffolk,
State of New York

Re: Sayville Union Free School District, Suffolk County, New York
$14,250,000 Tax Anticipation Notes, 2022

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a $14,250,000 Tax Anticipation Note, 2022 (the "Obligation"), of the Sayville Union Free School District, Suffolk County, New York (the "Obligor"), dated October 27, 2022, numbered , of the denomination of $14,250,000, bearing interest at the rate of % per annum, payable at maturity, and maturing June 23, 2023.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

(a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal individual alternative minimum tax on individuals. For tax years beginning after December 31, 2022 interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligation to be included in gross income for Federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of revenues or moneys of the Obligor legally available will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/es

SAYVILLE UNION FREE SCHOOL DISTRICT

APPENDIX D

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS HAS NOT BEEN REQUESTED OR OBTAINED.

SAYVILLE UNION FREE SCHOOL DISTRICT

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
IN CONNECTION WITH THE UNIFORM GUIDANCE

AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

SAYVILLE UNION FREE SCHOOL DISTRICT
TABLE OF CONTENTS

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, 2022, 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, 2022, 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.

Changes in Accounting Principles

As described in Note 3 to the financial statements, in fiscal 2022 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The effect of GASB Statement No. 87 required a restatement to the financial statements, as described in Note 17 to the financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 4-15 and 52-55, 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 and schedule of expenditures of federal awards, as required by the New York State Education Department and by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hauppauge, New York
October 13, 2022

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, 2022. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two financial statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.

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

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

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

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

	District-Wide Financial Statements	Fund Financial Statements Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance
Required financial statements	• 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

<u>District-wide Financial Statements</u>

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 fund financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, reconciliations of the District-wide and fund financial statements are provided which explain the relationship (or differences) between them.

FINANCIAL HIGHLIGHTS

- During the fiscal year, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which provides clearer guidance on the treatment of leases for accounting and reporting purposes.
- 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 $100,197,656. The District's total net position increased by $12,617,722 for the year ended June 30, 2022. The unrestricted portion of net position as of June 30, 2022 was a deficit of $155,935,606, as a result of the effect of the continued recognition of the District's total other post-employment benefits liability under the provisions of GASB Statement No. 75.
- Principal paid down on outstanding serial bond debt amounted to $2,460,000.
- The District continued to offer all programs, without reducing services.
- The District's residents authorized the proposed 2022-23 budget in the amount of $99,302,157 in accordance with the New York State Tax Levy Limit.
- The District proposed a bond in the amount of $15 million, which the taxpayers approved on May 17, 2022.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position increased by 11.2% from the year before to a net deficit position balance of $100,197,656 as detailed in Tables A-2 and A-3.

The restricted net position balance of $22,935,196 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2022, the District has an unrestricted net deficit of $155,935,606. This deficit is driven by the District's recognition of the total other post-employment benefit ("OPEB") liability of $144,718,952 as required by GASB Statement No. 75.

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

	6/30/22	(As Restated) 6/30/21	$ Change	% Change
Current assets	$ 20,650,732	$ 15,055,145	$ 5,595,587	37.2
Noncurrent assets	64,242,562	26,609,752	37,632,810	141.4
Capital assets, net	62,603,871	64,408,511	(1,804,640)	(2.8)
Total assets	147,497,165	106,073,408	41,423,757	39.1
Deferred outflows of resources	30,404,259	32,896,952	(2,492,693)	(7.6)
Current liabilities	10,860,743	9,805,654	1,055,089	10.8
Long-term liabilities	179,623,779	218,281,386	(38,657,607)	(17.7)
Total liabilities	190,484,522	228,087,040	(37,602,518)	(16.5)
Deferred inflows of resources	87,614,558	23,698,698	63,915,860	269.7
Net position:				
Net investment in capital assets	32,802,754	31,077,270	1,725,484	5.6
Restricted	22,935,196	24,293,393	(1,358,197)	(5.6)
Unrestricted (deficit)	(155,935,606)	(168,186,041)	12,250,435	7.3
Total net position (deficit)	$ (100,197,656)	$ (112,815,378)	$ 12,617,722	11.2

As of June 30, 2022, the District had positive working capital of $9,789,989 as compared to $5,249,491 as of June 30, 2021. The increase is primarily due to a increase in receivables.

As of June 30, 2022, the District had an investment in capital assets of $62,603,871 as compared to $64,408,511 as of June 30, 2021. The decrease is due to depreciation expense for the year exceeding current year additions.

Changes in Net Position

The District's fiscal year 2022 revenues totaled $96,585,704 (See Table A-3). Property and other taxes and State sources accounted for most of the District's revenues (91.4%) (See Table A-4). The remainder came from charges for services, operating grants, capital grants, sale of property and compensation for loss, miscellaneous sources, use of money and property and federal sources.

Revenues increased 0.6% or $618,775, primarily as a direct result of an increase in operating grants of $1,825,962 offset by a decrease in sale of property and compensation for loss of $1,609,660.

The District's fiscal year 2022 expenses totaled $83,967,982 (See Table A-3). These expenses (93.0%) 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

	6/30/22	6/30/21	$ Change	% Change
Revenues				
Program revenues:				
Charges for services	$ 1,381,778	$ 745,302	$ 636,476	85.4
Operating grants	4,064,439	2,238,477	1,825,962	81.6
Capital grants	-	167,055	(167,055)	(100.0)
General revenues:				
Real property taxes	56,643,889	56,278,298	365,591	0.6
Other real property tax items	4,780,309	5,324,518	(544,209)	(10.2)
Use of money and property	1,934,806	1,795,286	139,520	7.8
Sale of property and compensation for loss	17,917	1,627,577	(1,609,660)	(98.9)
State sources	26,817,721	25,923,130	894,591	3.5
Federal sources	166,954	114,300	52,654	46.1
Miscellaneous	777,891	1,752,986	(975,095)	(55.6)
Total revenues	96,585,704	95,966,929	618,775	0.6
Expenses				
General support	13,469,661	15,816,460	(2,346,799)	(14.8)
Instruction	64,631,205	77,320,363	(12,689,158)	(16.4)
Pupil transportation	3,702,881	3,505,873	197,008	5.6
Community services	103,867	52,856	51,011	96.5
Debt service - interest	900,548	1,008,830	(108,282)	(10.7)
School lunch program	1,159,820	898,910	260,910	29.0
Total expenses	83,967,982	98,603,292	(14,635,310)	(14.8)
Change in net position	12,617,722	(2,636,363)	15,254,085	578.6
Net position (deficit), beginning of year	(112,815,378)	(110,179,015)	(2,636,363)	(2.4)
Net position (deficit), end of year	$ (100,197,656)	$ (112,815,378)	$ 12,617,722	11.2

Table A-4: Sources of Revenues for Fiscal Year 2022

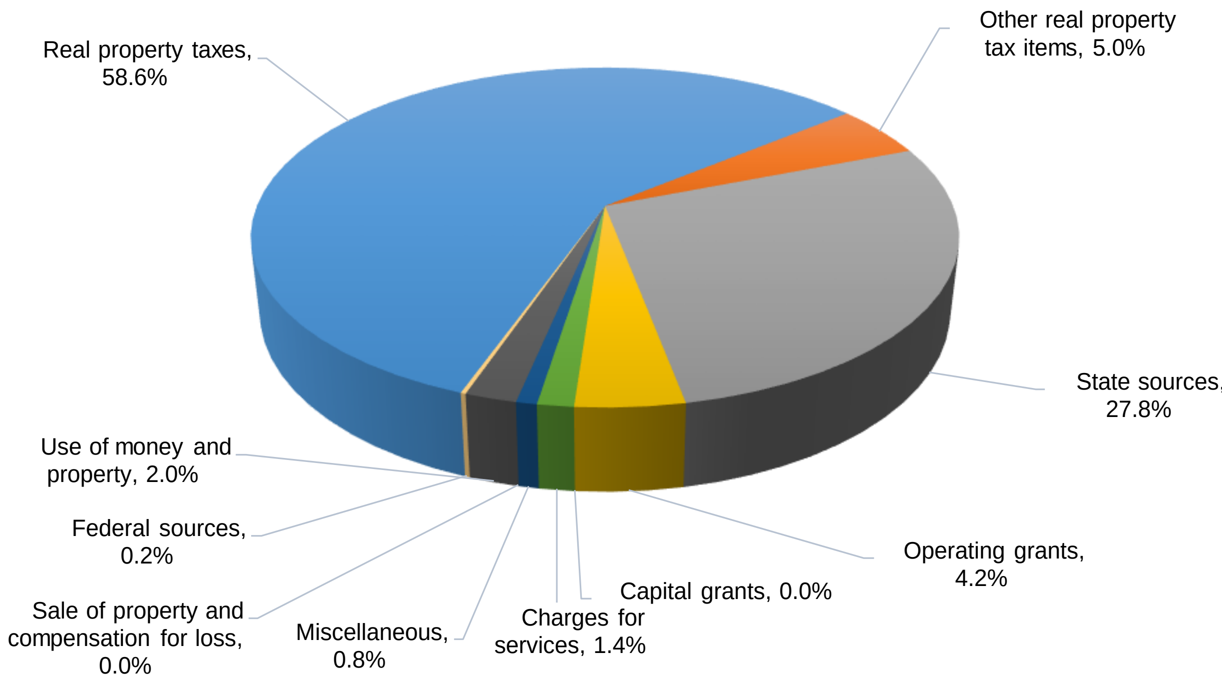


Table A-5: Sources of Revenues for Fiscal Year 2021

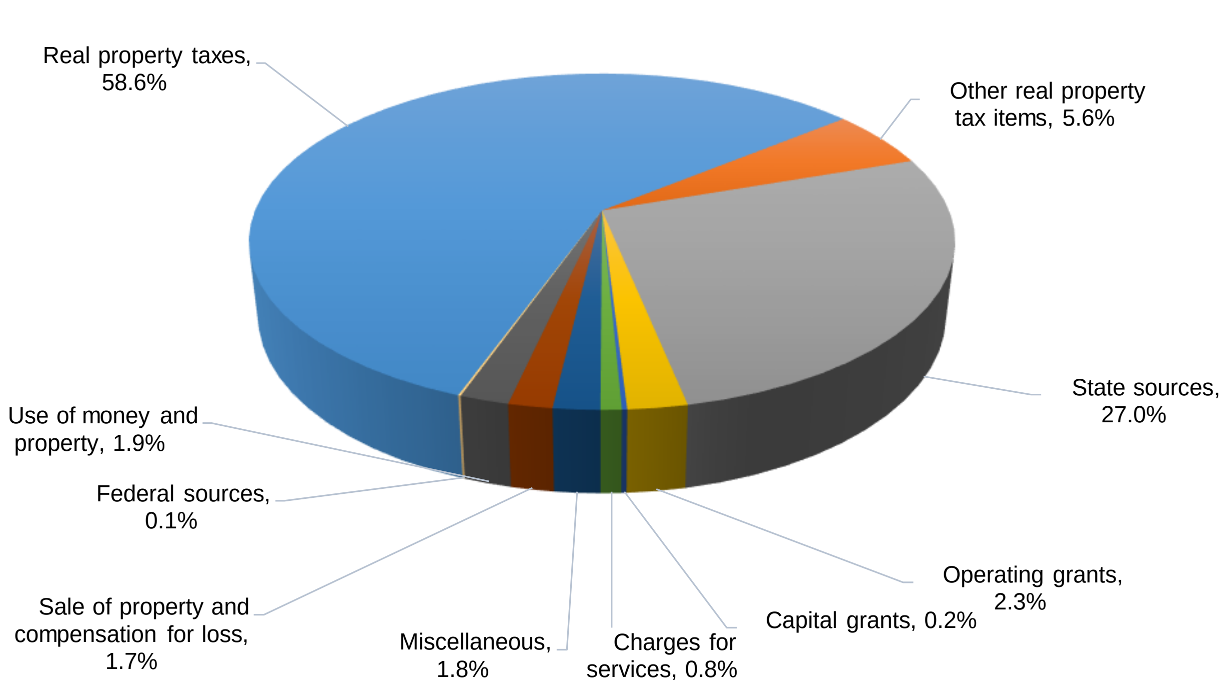


Table A-6: Sources of Expenses for Fiscal Year 2022

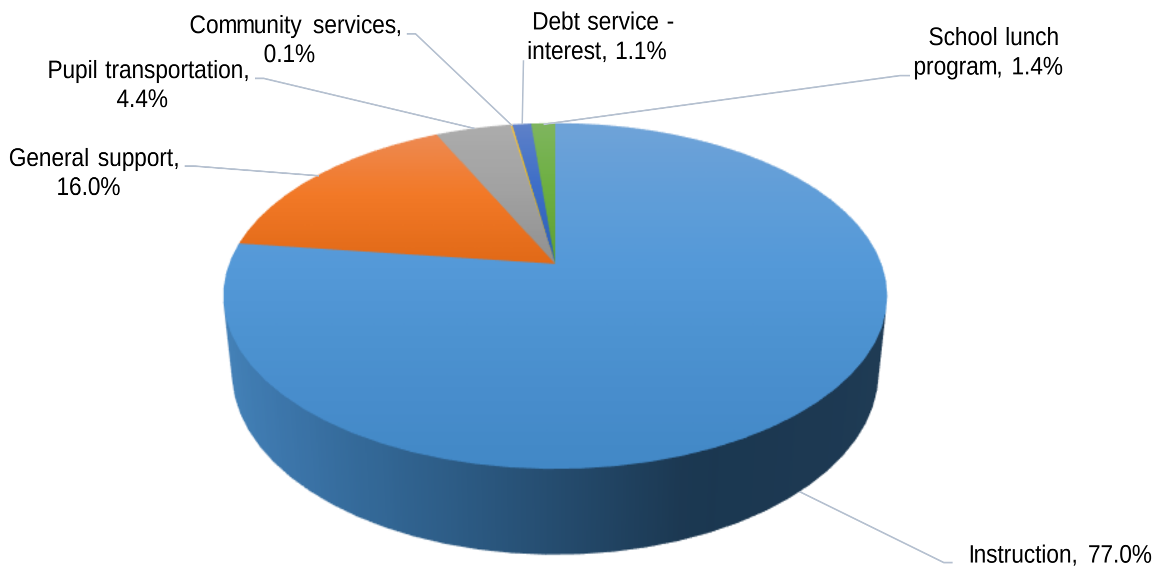
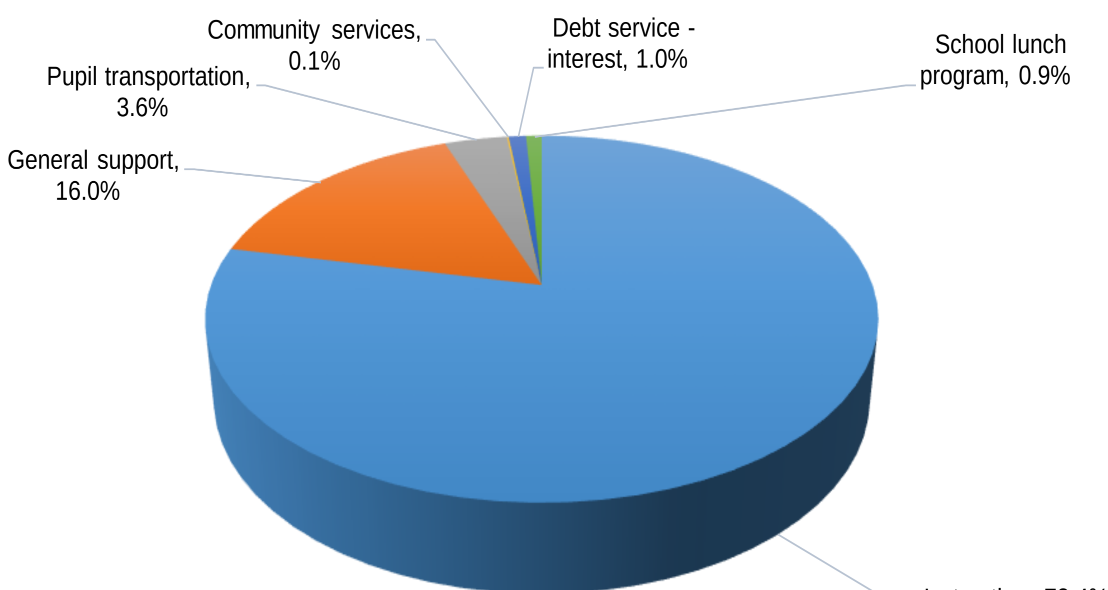


Table A-7: Sources of Expenses for Fiscal Year 2021



Governmental Activities

Revenues for the District's governmental activities totaled $96,585,704 while total expenses equaled $83,967,982. The overall sound financial condition of the District, as a whole, can be credited to:

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

The major changes in revenues and expenses are as follows:

Revenues:

- Real property taxes increased by $365,591. 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.
- Operating grants increased by 1,825,962 based on an increase in federal source grants for School Lunch.
- Sale of property and compensation for loss and miscellaneous decreased by $2,584,755. This decrease is related to the District receiving a settlement from Suffolk School Employees Health Plan in the prior fiscal year.

Expenses:

- Instruction related expenses decreased by $12,689,158 primarily due to decreases related to other post-employment benefits, pension costs and non-recurring post-COVID expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2022, the District's combined governmental funds reported a total fund balance of $33,823,817 which is an decrease of $1,017,872 from the prior year. This decrease is due primarily to the District receiving full settlement payment of $1,600,000 in accordance with a settlement agreement with the Suffolk School Employees Health Plan in the prior year.

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

Table A-8: Fund Balances - Governmental Funds

	6/30/22	6/30/21	$ Change	% Change
General Fund				
Nonspendable:				
Leases	$ 72,921	$ -	$ 72,921	100.0
Restricted:				
Retirement Contributions	10,363,072	10,820,772	(457,700)	(4.2)
Workers' Compensation	1,770,191	2,075,431	(305,240)	(14.7)
Unemployment Insurance	1,667,912	1,678,897	(10,985)	(0.7)
Employee Benefit Accrued Liability	7,860,536	8,332,539	(472,003)	(5.7)
Bonded Debt	575,323	634,241	(58,918)	(9.3)
Tax Reduction	-	53,800	(53,800)	(100.0)
Assigned:				
Appropriated for subsequent year's expenditures	2,889,401	2,882,549	6,852	0.2
Encumbrances	1,873,389	1,004,349	869,040	86.5
Committed:				
Health Insurance	1,300,000	1,600,000	(300,000)	(18.8)
Unassigned	3,875,990	3,878,538	(2,548)	(0.1)
Total General Fund	32,248,735	32,961,116	(712,381)	(2.2)
School Lunch Fund				
Nonspendable:				
Inventory	38,624	32,394	6,230	19.2
Assigned:				
Food service program	354,134	-	354,134	100.0
Unassigned	-	(121,642)	121,642	(100.0)
Total School Lunch Fund	392,758	(89,248)	482,006	(540.1)
Other Miscellaneous Special Revenue Fund				
Restricted:				
Scholarships	698,162	697,713	449	0.1
Committed:				
Extraclassroom activity funds	198,806	199,837	(1,031)	(0.5)
Assigned:				
Student activities	101,001	99,209	1,792	1.8
Total Other Miscellaneous Special Revenue Fund	997,969	996,759	1,210	0.1
Capital Projects Fund				
Assigned:				
District improvements	184,355	973,062	(788,707)	(81.1)
Total Capital Projects Fund	184,355	973,062	(788,707)	(81.1)
Total fund balance	$ 33,823,817	$ 34,841,689	$ (1,017,872)	(2.9)

General Fund

The General Fund reported an decrease in fund balance of $712,381 for fiscal 2022, as compared to an increase of $1,487,993 for fiscal 2021. Revenues decreased $1,811,030 mainly as a result of the District received a one-time $1,600,000 settlement in the prior year related to the Suffolk School Employees Health Plan. Expenditures increased $640,483 primarily as a result of operations returning to normal from the COVID-19 pandemic. As a result of expenditures being greater than revenues, the District reported an decrease in the change in fund balance.

General Fund Budgetary Highlights

The District's General Fund original budget for the year ended June 30, 2022 was $96,978,058. This amount was increased by encumbrances carried forward from the prior year in the amount of $1,004,349. On December 9, 2021, the Board of Education authorized the appropriation of up to $75,000 from unappropriated fund balance to the transfer of capital appropriation code to fund the emergency Lincoln Avenue Elementary staff bathroom project, thus bringing the final budget to $98,057,407.

As of June 30, 2022, the District's unassigned and committed fund balance was $5,175,990 which exceeded the allowable 4% of the subsequent year's original budget $99,302,157 as promulgated by New York State (see page 56). The District's fund balance subject to the §1318 limit exceeded 4% due to the Suffolk Schools Employee Health Plan settlement which is shown as committed fund balance and is included in the Districts General Fund fund balance subject to §1318 of real property tax law. The following is a reconciliation of the General Fund's unassigned and committed fund balance for the year ended June 30, 2022:

Unassigned fund balance, beginning of year	$ 5,478,538
Add:	
Prior-year encumbrances	1,004,349
Prior-year appropriated fund balance	2,882,549
Board approved use of Retirement Contributions Reserve	1,800,000
Board approved use of Workers' Compensation Reserve	305,240
Board approved use of Unemployment Reserve	10,985
Board approved use of Bonded Debt Reserve	59,078
Board approved use of Tax Reduction Reserve	53,800
Board approved use of Employee Benefit Accrued Liability Reserve	743,968
Less:	
Current-year encumbrances	(1,873,389)
Current-year appropriated fund balance	(2,889,401)
Current-year nonspendable fund balance	(72,921)
Transfer to Retirement Contribution Reserves (including allocated interest)	(1,342,300)
Transfer to Bonded Debt Reserves (including allocated interest)	(160)
Transfer to Employee Benefit Accrued Liability Reserve (including allocated interest)	(271,965)
Net change in fund balance	(712,381)
Unassigned and committed fund balance, end of year	$ 5,175,990

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022, the District had invested $62,603,871 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.

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

	6/30/22	6/30/21	$ Change	% Change
Land	$ 303,740	$ 303,740	$ -	-
Construction-in-progress	2,299,589	2,190,824	108,765	5.0
Buildings and building improvements	53,975,145	55,684,788	(1,709,643)	(3.1)
Machinery and equipment	2,205,446	2,182,587	22,859	1.0
Vehicles	163,549	157,175	6,374	4.1
Site improvements	3,656,402	3,889,397	(232,995)	(6.0)
Totals	$ 62,603,871	$ 64,408,511	$ (1,804,640)	(2.8)

Long-Term Liabilities

At year-end, the District had $183,496,516 in general obligation bonds and other long-term liabilities.

Table A-10: Outstanding Long-Term Liabilities

	6/30/22	6/30/21	$ Change	% Change
Bonds payable, net	$ 22,051,103	$ 24,721,335	$ (2,670,232)	(10.8)
Installment purchase debt payable	8,064,915	8,978,125	(913,210)	(10.2)
Lease liabilities	801,010	716,359	84,651	11.8
Other post-employment benefits	144,718,952	173,326,493	(28,607,541)	(16.5)
Compensated absences	7,860,536	8,332,539	(472,003)	(5.7)
Totals	$ 183,496,516	$ 216,074,851	$ (32,578,335)	(15.1)

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.
- New York State imposed a maximum tax levy increase of the lesser of 2% or the CPI for the fiscal year 2021-2022 budget, subject to certain exclusions. Based on the value of obligatory contractual increases and continued increases in the State's unfunded mandates, it is expected that reductions may be necessary. The District will continue to 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 2022-2023 school year was approved by the voters in the amount of $99,302,157. This is an increase of 2.4% over the previous year's budget.
- The 2022-2023 budget is impacted by certain trends affecting school districts. These include increases in health insurance costs, retirement costs, workers' compensation judgments, COVID-19 related expenditures and potential unemployment insurance claims, which are beyond the District's control.
- Continued fiscal burden for local school districts to fund additional Federal, State, and local unfunded mandates.

- On May 17, 2022, the District residents approved the 2022-23 budget for $99,302,157.

- On May 17, 2022, the District residents also approved a board resolution totaling $15 million, for the purposes of roof replacement and related capital projects at all district buildings.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

SAYVILLE UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	
Unrestricted cash	$ 13,308,633
Receivables:	
State and federal aid	3,016,368
Other	38,271
Leases receivable	4,248,836
Inventories	38,624
Restricted cash	24,235,197
Proportionate share of net pension asset	39,212,424
Right-to-use assets, net	794,941
Capital assets:	
Non-depreciable	2,603,329
Depreciable, net of accumulated depreciation of $76,043,597	60,000,542
Total assets	147,497,165
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on bond refunding	320,970
Deferred outflows from pensions	26,119,337
Deferred outflows from OPEB	3,963,952
Total deferred outflows of resources	30,404,259
LIABILITIES	
Accounts payable	1,070,222
Accrued liabilities	886,139
Due to other governments	11
Accrued interest payable	101,809
Due to teachers' retirement system	3,888,143
Due to employees' retirement system	274,073
Unearned revenue	120,063
Long-term liabilities, due within one year:	
Bonds payable, net	2,670,232
Energy performance contract payable	941,444
Lease liabilities	261,061
Compensated absences	647,546
Long-term liabilities, due after one year:	
Bonds payable, net	19,380,871
Energy performance contract payable	7,123,471
Lease liabilities	539,949
Compensated absences	7,860,536
Other postemployment benefits obligation	144,718,952
Total liabilities	190,484,522
DEFERRED INFLOWS OF RESOURCES	
Leases	4,175,915
Deferred inflows from pensions	49,331,582
Deferred inflows from OPEB	34,107,061
Total deferred inflows of resources	87,614,558
NET POSITION	
Net investment in capital assets	32,802,754
Restricted:	
Retirement Contributions	10,363,072
Workers' Compensation	1,770,191
Unemployment Insurance	1,667,912
Employee Benefit Accrued Liability	7,860,536
Bonded debt	575,323
Scholarships	698,162
Unrestricted (deficit)	(155,935,606)
Total net position (deficit)	$ (100,197,656)

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, 2022

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
Functions and programs:				
General support	$ 13,469,661	$ -	$ -	$ (13,469,661)
Instruction	64,631,205	1,010,378	2,812,297	(60,808,530)
Pupil transportation	3,702,881	-	-	(3,702,881)
Community services	103,867	-	-	(103,867)
Debt service - interest	900,548	-	-	(900,548)
School lunch program	1,159,820	371,400	1,252,142	463,722
Total functions and programs	$ 83,967,982	$ 1,381,778	$ 4,064,439	(78,521,765)
General revenues:				
Real property taxes				56,643,889
Other tax items				4,780,309
Use of money and property				1,934,806
Sale of property and compensation for loss				17,917
State sources				26,817,721
Federal sources				166,954
Miscellaneous				777,891
Total general revenues				91,139,487
Change in net position				12,617,722
Total net position, beginning of year				(112,815,378)
Total net position, end of year				$ (100,197,656)

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, 2022

	Major Funds					
		Special Revenue				
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	$ 12,491,601	$ 301,468	$ 197,115	$ 299,807	$ 18,642	$ 13,308,633
Receivables:						
State and federal aid	1,154,778	1,169,030	225,782	-	466,778	3,016,368
Due from other funds	1,492,301	-	-	-	-	1,492,301
Other	38,271	-	-	-	-	38,271
Leases receivable	4,248,836	-	-	-	-	4,248,836
Inventories	-	-	38,624	-	-	38,624
Restricted cash	23,537,035	-	-	698,162	-	24,235,197
Total assets	$ 42,962,822	$ 1,470,498	$ 461,521	$ 997,969	$ 485,420	$ 46,378,230
LIABILITIES						
Payables:						
Accounts payable	$ 872,600	$ 99,320	$ -	$ -	$ 98,302	$ 1,070,222
Accrued liabilities	834,660	20,853	30,626	-	-	886,139
Due to other governments	-	-	11	-	-	11
Due to other funds	-	1,289,538	-	-	202,763	1,492,301
Due to teachers' retirement system	3,888,143	-	-	-	-	3,888,143
Due to employees' retirement system	274,073	-	-	-	-	274,073
Compensated absences	647,546	-	-	-	-	647,546
Unearned revenues	21,150	60,787	38,126	-	-	120,063
Total liabilities	6,538,172	1,470,498	68,763	-	301,065	8,378,498
DEFERRED INFLOWS OF RESOURCES						
Leases	4,175,915	-	-	-	-	4,175,915
Total deferred inflows of resources	4,175,915	-	-	-	-	4,175,915
FUND BALANCE						
Nonspendable	72,921	-	38,624	-	-	111,545
Restricted	22,237,034	-	-	698,162	-	22,935,196
Committed	1,300,000	-	-	198,806	-	1,498,806
Assigned	4,762,790	-	354,134	101,001	184,355	5,402,280
Unassigned	3,875,990	-	-	-	-	3,875,990
Total fund balance	32,248,735	-	392,758	997,969	184,355	33,823,817
Total liabilities and fund balance	$ 42,962,822	$ 1,470,498	$ 461,521	$ 997,969	$ 485,420	$ 46,378,230

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, 2022

Total Fund Balance - Governmental Funds		$ 33,823,817
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:		
Capital assets less accumulated depreciation are included in the Statement of Net Position:		
Capital assets:		
Non-depreciable	$ 2,603,329	
Depreciable	136,044,139	
Accumulated depreciation	(76,043,597)	62,603,871
Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements:		
Right-to-use assets	1,039,337	
Accumulated amortization	(244,396)	794,941
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.		320,970
Proportionate share of long-term asset and liability, and deferred outflows of resources and deferred inflows of resources associated with participation in the State retirement systems are not current financial resources or obligations and are not reported in the governmental funds:		
Deferred outflows of resources - pension related	26,119,337	
Proportionate share of net pension asset	39,212,424	
Deferred inflows of resources - pension related	(49,331,582)	16,000,179
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	(34,107,061)	
Deferred outflows of resources - OPEB related	3,963,952	
Total OPEB liability	(144,718,952)	(174,862,061)
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	(22,051,103)	
Installment purchase debt payable	(8,064,915)	
Lease liabilities, net	(801,010)	
Compensated absences payable	(7,860,536)	(38,777,564)
Interest payable applicable to the District's activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.		(101,809)
Net Position - Governmental Activities		$ (100,197,656)

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, 2022

	Major Funds					
		Special Revenue				
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 56,643,889	$ -	$ -	$ -	$ -	$ 56,643,889
Other real property tax items	4,780,309	-	-	-	-	4,780,309
Charges for services	1,010,378	-	-	-	-	1,010,378
Use of money and property	1,934,125	-	681	-	-	1,934,806
Sale of property and compensation for loss	17,917	-	-	-	-	17,917
State sources	26,817,721	392,354	16,213	-	-	27,226,288
Federal sources	166,955	2,419,942	1,235,929	-	-	3,822,826
Sales	-	-	371,400	-	-	371,400
Miscellaneous	269,530	-	14,371	491,069	-	774,970
Total revenues	91,640,824	2,812,296	1,638,594	491,069	-	96,582,783
EXPENDITURES						
Current -						
General support	12,176,981	-	-	-	-	12,176,981
Instruction	50,408,389	2,729,006	-	489,859	-	53,627,254
Pupil transportation	3,591,367	96,590	-	-	-	3,687,957
Community services	87,077	-	-	-	-	87,077
Employee benefits	20,752,060	83,388	84,319	-	-	20,919,767
Cost of sales	-	-	1,072,269	-	-	1,072,269
Capital outlay	-	-	-	-	1,663,707	1,663,707
Debt service -						
Principal	3,611,538	-	-	-	-	3,611,538
Interest	1,077,083	-	-	-	-	1,077,083
Total expenditures	91,704,495	2,908,984	1,156,588	489,859	1,663,707	97,923,633
Excess (deficiency) of revenues over (under) expenditures	(63,671)	(96,688)	482,006	1,210	(1,663,707)	(1,340,850)
OTHER FINANCING SOURCES (USES)						
Issuance of leases	322,978	-	-	-	-	322,978
Transfers in	-	96,688	-	-	875,000	971,688
Transfers out	(971,688)	-	-	-	-	(971,688)
Total other financing sources (uses)	(648,710)	96,688	-	-	875,000	322,978
Change in fund balance	(712,381)	-	482,006	1,210	(788,707)	(1,017,872)
Fund balance, beginning of year	32,961,116	-	(89,248)	996,759	973,062	34,841,689
Fund balance, end of year	$ 32,248,735	$ -	$ 392,758	$ 997,969	$ 184,355	$ 33,823,817

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, 2022

Net Change in Fund Balance - Governmental Funds		$ (1,017,872)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:		
Capital outlay, net	$ 1,899,888	
Depreciation expense	(3,704,528)	(1,804,640)
Governmental funds report lease outlays as expenditures. However, in the Statement of Activities, the cost of those leases is allocated over their lease term and reported as amortization expense.		
Right-to-use assets	322,978	
Amortization expense	(244,396)	78,582
Amortization of bond premiums and deferred charges on bond refundings do not affect the governmental funds, but are recorded in the Statement of Activities.		
Amortization of bond premiums	210,232	
Amortization of deferred charges	(47,249)	162,983
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	(322,978)	
Repayment of bond principal	2,460,000	
Repayment of installment purchase debt payable	913,210	
Principal payments on lease liabilities	238,327	3,288,559
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	472,003	
Accrued interest costs	13,552	485,555
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.		4,487,150
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	5,822,181	
Employees' Retirement System	1,115,224	6,937,405
Change in Net Position - Governmental Activities		$ 12,617,722

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting entity

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

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

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

B. Joint venture

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

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

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

During the year, the District was billed $4,769,615 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $1,306,632.

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. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

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

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

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

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

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

D. Measurement focus and basis of accounting

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

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

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

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

E. Property taxes

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

F. Restricted resources

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

G. Interfund transactions

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

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

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

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

Refer to Note 12 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

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

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. Accounts receivable

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

K. 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.

L. Inventories and prepaid items

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

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

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

M. 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.

N. 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	$ 1,000	Straight-line	15-50 years
Site improvements	$ 1,000	Straight-line	20 years
Equipment and vehicles	$ 1,000	Straight-line	5-20 years

O. Right-to-use assets

The District has recorded right-to-use lease assets as a result of implementing GASB Statement No. 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term and ancillary charges necessary to place the lease into service, less lease incentives. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

P. Deferred outflows of resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District may have four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (NYSTRS and NYSERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

Q. 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.

R. 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.

S. Vested employee benefits - compensated absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on last-in first-out (LIFO) basis.

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

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

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

T. 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.

U. Short-term debt

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

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

The District may issue Bond Anticipation Notes ("BAN"), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes to be converted to long-term financing within seven years after the original issue date.
The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

As of June 30, 2022, the District does not have any outstanding RAN's, TAN's, BAN's or deficiency notes.

V. Accrued liabilities and long-term obligations

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

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

W. Equity classifications

District-wide financial statements

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

1. Net investment in capital assets: Consists of capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

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

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

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 $72,921 and the inventory recorded in the School Lunch Fund of $38,624.

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

   Workers' Compensation

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

Unemployment Insurance

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

Retirement Contributions

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

Employee Benefit Accrued Liability

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

Bonded debt

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

3. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education.

4. Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts have been restricted or assigned.

Fund balances for all governmental funds as of June 30, 2022 were distributed as follows:

	General	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
Nonspendable:					
Inventory	$ -	$ 38,624	$ -	$ -	$ 38,624
Leases	72,921	-	-	-	72,921
Total nonspendable	72,921	38,624	-	-	111,545
Restricted:					
Retirement Contributions	10,363,072	-	-	-	10,363,072
Workers' Compensation	1,770,191	-	-	-	1,770,191
Unemployment Insurance	1,667,912	-	-	-	1,667,912
Employee Benefit Accrued Liability	7,860,536	-	-	-	7,860,536
Bonded Debt	575,323	-	-	-	575,323
Scholarships	-	-	698,162	-	698,162
Total restricted	22,237,034	-	698,162	-	22,935,196
Committed:					
Health Insurance	1,300,000	-	-	-	1,300,000
Extraclassroom activity funds	-	-	198,806	-	198,806
Total committed:	1,300,000	-	198,806	-	1,498,806
Assigned:					
Appropriated for subsequent year's expenditures	2,889,401	-	-	-	2,889,401
Encumbrances	1,873,389	-	-	-	1,873,389
Capital Projects Fund	-	-	-	184,355	184,355
Student activities	-	-	101,001	-	101,001
Food service program	-	354,134	-	-	354,134
Total assigned	4,762,790	354,134	101,001	184,355	5,402,280
Unassigned	3,875,990	-	-	-	3,875,990
Total	$ 32,248,735	$ 392,758	$ 997,969	$ 184,355	$ 33,823,817

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.

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 six 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.

3. Right-to-use asset related differences

Right-to-use asset related differences include the difference between recording an expenditure for the purchase of right-to-use assets in the fund financial statements and amortization expense on those items as recorded in the Statement of Activities.

4. 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.

5. Pension differences

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

6. OPEB differences

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

3. CHANGE IN ACCOUNTING PRINCIPLE

Effective for the 2022 fiscal year, the District implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the District's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

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

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the year ended June 30, 2022.

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

Encumbrances

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

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

The portion of the District's School Lunch Fund fund balance subject to federal regulations 7CFR Part 210.14(b) limit exceeded the amount allowable, which is three months average expenditure level. This is the direct effect of the USDA National School Lunch Program SSO waiver which provided all students free school meals through June 30, 2022. As a result, the District received reimbursements from NYSED for all student meals in 21-22. Actions the District plans to pursue to address this issue include purchasing several new pieces of kitchen equipment and making substantial improvements to the school kitchen serving lines in the upcoming year.

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

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

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	$ 39,842,620

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 $24,235,197 within the governmental funds.

Investment and deposit policy

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

Interest rate risk

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

Credit risk

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

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

Custodial credit risk

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

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

6. RECEIVABLES

A. State and federal aid

State and federal aid receivables at June 30, 2022 consisted of the following:

General Fund:	
Excess cost aid	$ 431,534
BOCES aid	587,985
Other	135,259
Special Aid Fund:	
State and federal grants	1,169,030
School Lunch Fund:	
School lunch reimbursement	225,782
Capital Projects Fund:	
State and federal grants	466,778
	$ 3,016,368

District management has deemed the amounts to be fully collectible.

7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not depreciated:				
Land	$ 303,740	$ -	$ -	$ 303,740
Construction-in-progress	2,190,824	1,663,707	(1,554,942)	2,299,589
Total nondepreciable assets	2,494,564	1,663,707	(1,554,942)	2,603,329
Capital assets that are depreciated:				
Buildings and building improvements	122,648,864	-	1,423,022	124,071,886
Machinery and equipment	5,645,525	185,513	55,613	5,886,651
Vehicles	825,314	50,668	(37,595)	838,387
Site improvements	5,247,215	-	-	5,247,215
Total depreciable assets	134,366,918	236,181	1,441,040	136,044,139
Less accumulated depreciation:				
Buildings and building improvements	66,964,076	3,132,665	-	70,096,741
Machinery and equipment	3,462,938	294,574	(76,307)	3,681,205
Vehicles	668,139	44,294	(37,595)	674,838
Site improvements	1,357,818	232,995	-	1,590,813
Total accumulated depreciation	72,452,971	3,704,528	(113,902)	76,043,597
Total capital assets, net	$ 64,408,511	$ (1,804,640)	$ -	$ 62,603,871

Depreciation expense was charged to governmental functions as follows:

General support	$ 159,263
Instruction	3,542,033
School lunch	3,232
	$ 3,704,528

8. RIGHT-TO-USE ASSETS

The District has recorded right-to-use assets for leased equipment. The related leases are discussed in the Leases subsection of the Long-Term Liabilities section in Note 10. The right-to-use assets are amortized on a straight-line basis over the terms of the related leases.

Right-to-use asset balances and activity for the year ended June 30, 2022 were as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance
Right-to-use asset:				
Leased equipment	$ 716,359	$ 322,978	$ -	$ 1,039,337
Less accumulated amortization:				
Leased equipment	-	244,396	-	244,396
Total right-to-use asset, net	$ 716,359	$ 78,582	$ -	$ 794,941

Amortization expense was charged to governmental functions as follows:

Instruction	$ 244,396

9. SHORT-TERM DEBT

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

	Beginning Balance	Issued	Redeemed	Ending Balance
TAN matured on 6/24/22 at 1.50%	$ -	$ 14,250,000	$ 14,250,000	$ -

Interest on short-term debt for the year was $21,019.

10. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	$ 22,940,000	$ -	$ 2,460,000	$ 20,480,000	$ 2,460,000
Bond premium	1,781,335	-	210,232	1,571,103	210,232
Bonds payable, net	24,721,335	-	2,670,232	22,051,103	2,670,232
Energy performance contract debt payable	8,978,125	-	913,210	8,064,915	941,444
Lease liabilities	716,359	322,978	238,327	801,010	261,061
Other post-employment benefits	173,326,493	8,443,637	37,051,178	144,718,952	-
Compensated absences	8,332,539	-	472,003	7,860,536	647,546
Total long-term liabilities	$ 216,074,851	$ 8,766,615	$ 41,344,950	$ 183,496,516	$ 4,520,283

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

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

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2022
Serial bonds - refunding	2015	2025	3.00%	$ 405,000
Serial bonds - refunding	2016	2028	4.00%	4,115,000
Serial bonds - refunding	2016	2029	4.00%	3,935,000
Serial bonds	2017	2032	2.00 - 3.00%	9,350,000
Serial bonds	2018	2033	3.00 - 3.25%	2,675,000
				$ 20,480,000
Energy performance contract	2011	2026	3.24%	$ 2,651,403
Energy performance contract	2019	2034	2.82%	5,413,509
				$ 8,064,912

	Serial Bonds		Energy Performance Contracts		
Year Ended June 30,	Principal	Interest	Principal	Interest	Total
2023	$ 2,460,000	$ 696,775	$ 941,444	$ 231,400	$ 4,329,619
2024	2,455,000	610,675	970,553	202,291	4,238,519
2025	2,580,000	524,825	1,000,606	172,279	4,277,710
2026	2,460,000	434,525	1,031,511	141,333	4,067,369
2027	2,450,000	347,875	744,443	109,427	3,651,745
2028-2032	7,825,000	687,138	2,363,276	331,208	11,206,622
2033-2034	250,000	8,125	1,013,079	36,672	1,307,876
	$ 20,480,000	$ 3,309,938	$ 8,064,912	$ 1,224,610	$ 33,079,460

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

Interest paid	$ 1,056,064
Less interest accrued in the prior year	(115,361)
Plus amortization of deferred charges	47,249
Less amortization of bond premium	(210,232)
Plus interest accrued in the current year	101,809
Total interest expense	$ 879,529

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

Year Ended June 30,	Deferred Premium	Deferred Charge	Net Decrease in Interest Expense
2023	$ 210,232	$ (47,249)	$ 162,983
2024	210,232	(47,249)	162,983
2025	210,232	(47,248)	162,984
2026	201,826	(44,806)	157,020
2027	201,826	(44,806)	157,020
2028 - 2032	535,883	(89,612)	446,271
2033	869	-	869
Total	$ 1,571,100	$ (320,970)	$ 1,250,130

Lease liabilities

The District has entered into agreements to lease certain equipment. The Lease agreements qualify as other than short-term leases under GASB Statement No. 87 and therefore, have been recorded at the present value of the future minimum lease payments as of July 1, 2021.

The first agreement was executed on July 1, 2021, to lease an equipment and requires 29 monthly payments of $4,033. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.25%, which was the District’s borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of $65,655 as June 30, 2022. The right-to-use asset is discussed is more detail in the Right-To-Use Assets section in Note 8.

The second agreement was executed on July 1, 2021, to lease an equipment and requires 18 monthly payments of $1,718. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.74%, which was the District’s borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of $10,059 as June 30, 2022. The right-to-use asset is discussed is more detail in the Right-To-Use Assets section in Note 8.

The third agreement was executed on July 1, 2021, to lease an equipment and requires 41 monthly payments of $4,228. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.46%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of $117,262 as June 30, 2022. The right-to-use asset is discussed is more detail in the Right-To-Use Assets section in Note 8.

The fourth agreement was executed on July 1, 2021, to lease an equipment and requires 53 monthly payments of $7,062. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.40%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of $280,302 as June 30, 2022. The right-to-use asset is discussed is more detail in the Right-To-Use Assets section in Note 8.

The fifth agreement was executed on July 1, 2021, to lease an equipment and requires 29 monthly payments of $1,279. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.47%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of $20,768 as June 30, 2022. The right-to-use asset is discussed is more detail in the Right-To-Use Assets section in Note 8.

The sixth agreement was executed on July 1, 2021, to lease a copier machine and requires 44 monthly payments of $6. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.16%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of $7,727 as June 30, 2022. The right-to-use asset is discussed is more detail in the Right-To-Use Assets section in Note 8.

The seventh agreement was executed on January 1, 2022, to lease an equipment and requires 65 monthly payments of $5,219. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.92%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of $293,168 as June 30, 2022. The right-to-use asset is discussed is more detail in the Right-To-Use Assets section in Note 8.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2022, were as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 261,061	$ 14,440	$ 275,501
2024	225,625	8,757	234,382
2025	173,178	4,626	177,804
2026	107,544	1,897	109,441
2027	33,602	324	33,926
	$ 801,010	$ 30,044	$ 831,054

11. PENSION PLANS

General information

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

Provisions and administration

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

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

Funding policies

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

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

Year	NYSERS	NYSTRS
2022	$ 1,533,817	$ 3,444,538
2021	1,519,399	3,134,585
2020	1,450,037	3,134,970

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

At June 30, 2022, the District reported the following asset for its proportionate share of the net pension asset for each of the Systems. The net pension asset was measured as of June 30, 2021 for NYSTRS and March 31, 2022 for NYSERS. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation. The District's proportion of the net pension asset 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, 2022	June 30, 2021
Net pension asset	$ 2,310,529	$ 36,901,895
District's portion of the Plan's total net pension asset	0.02826%	0.21295%

For the year ended June 30, 2022, the District recognized pension expense of $271,067 for NYSERS and pension income of $2,128,583 for NYSTRS. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	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	$ 174,980	$ 5,086,535	$ 226,958	$ 191,721
Changes of assumptions	3,856,013	12,137,805	65,066	2,149,427
Net difference between projected and actual earnings on pension plan investments	-	-	7,566,013	38,621,652
Changes in proportion and differences between the District's contributions and proportionate share of contributions	525,543	176,245	239,676	271,069
Employer contributions subsequent to the measurement date	274,073	3,888,143	-	-
Total	$ 4,830,609	$ 21,288,728	$ 8,097,713	$ 41,233,869

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2023. 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
2023	$ (466,274)	$ (4,776,598)
2024	(771,450)	(5,602,496)
2025	(1,903,575)	(7,071,903)
2026	(399,878)	(9,333,451)
2027	-	1,739,261
Thereafter	-	1,211,903

Actuarial assumptions

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

	NYSERS	NYSTRS
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest rate	5.90%	6.95%
Salary scale	4.40%	*Rates of increase differ based on service
Decrement tables	April 1, 2015 to March 31, 2020 System's Experience	July 1, 2015 to June 30, 2020 System's Experience
Inflation rate	2.70%	2.40%

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

Service	Rate
5	5.18%
15	3.64%
25	2.50%
35	1.95%

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

For NYSTRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020. For NYSERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	NYSERS		NYSTRS	
	Target allocation	Long-term rate	Target allocation	Long-term rate
Measurement date	March 31, 2022	March 31, 2022	June 30, 2021	June 30, 2021
Asset type				
Cash	1.00%	(1.00%)	1.00%	(0.20%)
Credit	4.00%	3.78%	-	-
Domestic equity	32.00%	3.30%	33.00%	6.80%
Domestic fixed income	-	-	16.00%	1.30%
Fixed income	23.00%	0.00%	-	-
Global equity	-	-	4.00%	7.10%
Global fixed income	-	-	2.00%	0.80%
High-yield fixed income	-	-	1.00%	3.80%
International equity	15.00%	5.85%	16.00%	7.60%
Opportunistic porfolio	3.00%	4.10%	-	-
Private debt	-	-	1.00%	5.90%
Private equity	10.00%	6.50%	8.00%	10.00%
Real assets	3.00%	5.58%	-	-
Real estate debt	-	-	7.00%	3.30%
Real estate equities	9.00%	5.00%	11.00%	6.50%
	100.00%		100.00%	

Discount rate

The discount rate used to calculate the total pension asset was 5.90% for NYSERS and 6.95% for NYSTRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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

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

NYSERS	1% Decrease (4.90%)	Current assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset/(liability)	$ (5,947,276)	$ 2,310,529	$ 9,217,783

NYSTRS	1% Decrease (5.95%)	Current assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset	$ 3,872,316	$ 36,901,895	$ 64,660,860

Pension plan fiduciary net position

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

	(Dollars in Thousands) NYSERS	NYSTRS	Total
Measurement date	March 31, 2022	June 30, 2021	
Employers' total pension asset	$ 223,874,888	$ 130,819,415	$ 354,694,303
Plan net position	232,049,473	148,148,457	380,197,930
Employers' net pension asset	$ 8,174,585	$ 17,329,042	$ 25,503,627
Ratio of plan net position to the employers' total pension asset	103.65%	113.25%	107.19%

Payables to the pension plan

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the system in September, October and November 2022 through a State aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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, 2022 amounted to $3,888,143.

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, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid NYSERS covered wages multiplied by the employer's contribution rate, by tier. Accrued employer retirement contributions as of June 30, 2022 amounted to $274,073. Employee contributions are remitted monthly.

12. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	Interfund			
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 1,492,301	$ -	$ -	$ 971,688
Special Aid Fund	-	1,289,538	96,688	-
School Lunch Fund	-	-	-	-
Capital Projects Fund	-	202,763	875,000	-
Totals	$ 1,492,301	$ 1,492,301	$ 971,688	$ 971,688

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

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

13. OTHER POSTEMPLOYMENT BENEFITS ("OPEB")

A. General information about the OPEB plan

Plan description

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

Benefits provided

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

Employees covered by benefit terms

As of July 1, 2021, 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	528
Active plan members	318
Total plan members	846

B. Total OPEB liability

The District's total OPEB liability of $144,718,952 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	2.60% average, including inflation
Discount rate	3.54%
Healthcare cost trend rates	5.1% scaling down to 4.1% over 54 years
Retirees' share of benefit-related costs	0% to 8% of projected health insurance premiums for retirees

The discount rate was based on the June 30, 2022 Bond Buyer GO 20-Bond Municipal Index.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2021.

C. Changes in the total OPEB liability

Balance as of June 30, 2021	$ 173,326,493
Changes for the year -	
Service cost	4,649,093
Interest	3,794,544
Demographic gains or losses	(19,247,254)
Change of assumptions	(13,174,707)
Benefit payments	(4,629,217)
Net changes	(28,607,541)
Balance as of June 30, 2022	$ 144,718,952

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 (2.54%) or one percentage point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Current assumption (3.54%)	1% Increase (4.54%)
Total OPEB liability as of June 30, 2022	$ 168,120,926	$ 144,718,952	$ 125,807,010

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 (4.1%) or one percentage point higher (6.1%) than the current discount rate:

	1% Decrease (4.1% decreasing to 3.1%)	Current assumption (5.1% decreasing to 4.1%)	1% Increase (6.1% decreasing to 5.1%)
Total OPEB liability as of June 30, 2022	$ 124,380,002	$ 144,718,952	$ 170,900,912

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

For the year ended June 30, 2022, the District recognized OPEB expense of $142,067. At June 30, 2022 the District reported the following deferred inflows of resources and deferred outflows of resources:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Demographic gains or losses	$ 3,184,255	$ 15,741,477
Changes in assumptions	779,697	18,365,584
Total	$ 3,963,952	$ 34,107,061

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,:	
2023	$ (8,301,570)
2024	(8,301,568)
2025	(6,057,982)
2026	(6,234,993)
2027	(1,246,996)
Thereafter	-

14. RISK MANAGEMENT

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

The District has not purchased any annuity contracts.

15. CONTINGENCIES AND COMMITMENTS

Government grants

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

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2022, 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, 2021 at 1.01 (before exemptions). School districts can exceed the tax levy limit by a 60% vote of the governing body, subject to voter approval.

Litigation

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

COVID-19

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

16. TAX ABATEMENTS

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

The original taxable assessed value of the property was $329,500 with a projected taxable assessed value of the facility upon completion of $2,500,000. The taxable assessed value will increase by $217,050 annually until it approximates $2,500,000. The District receives a payment in lieu of taxes until the PILOT Agreement expires in 2024/25. During the fiscal year ended June 30, 2022, the District received $538,496 as a PILOT payment.

17. PRIOR PERIOD ADJUSTMENT

The District's financial statements for the year ended June 30, 2021 have been restated as of July 1, 2021 to give the effect to the following:

	Right-To-Use Assets	Lease Liability	Leases Recievable	Deferred Inflows of Resources
Balance as of July 1, 2021, as previously stated	$ -	$ -	$ -	$ -
GASB Statement No. 87 implementation:				
Add: Right-to-use lease assets, lease liability, leases receivable and deferred inflows of resources	716,359	716,359	5,032,197	5,032,197
Balance as of July 1, 2021, as restated	$ 716,359	$ 716,359	$ 5,032,197	$ 5,032,197

18. FUTURE CHANGES IN ACCOUNTING STANDARDS

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

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
Statement No. 91	Conduit Debt Obligations	June 30, 2023
Statement No. 94	Public-Private and Public-Public Partnerships and Availablity Payment Arrangements	June 30, 2023
Statement No. 96	Subscription-Based Information Technology Arrangements	June 30, 2023

19. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 13, 2022 which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Adopted Budget	Final Budget	Actual	Year-end Encumbrances	Variance
REVENUES					
Local sources:					
Real property taxes	$ 56,917,087	$ 56,277,087	$ 56,643,889		$ 366,802
Other real property tax items	5,118,713	5,118,713	4,780,309		(338,404)
Charges for services	695,000	695,000	1,010,378		315,378
Use of money and property	1,844,532	1,844,532	1,934,125		89,593
Sale of property and compensation for loss	29,200	29,200	17,917		(11,283)
Miscellaneous	200,000	200,000	269,530		69,530
Total local sources	64,804,532	64,164,532	64,656,148		491,616
State sources	26,428,099	26,888,099	26,817,721		(70,378)
Federal sources	125,000	125,000	166,955		41,955
Total revenues	91,357,631	91,177,631	91,640,824		$ 463,193
APPROPRIATED FUND BALANCE					
Issuance of leases	-	-	322,978		
Appropriated fund balance	2,889,401	2,889,401	-		
Prior year encumbrances	1,004,349	1,004,349	-		
Appropriated reserves	2,731,026	2,986,026	-		
Total revenues, other financing sources and appropriated fund balance	97,982,407	98,057,407	91,963,802		
EXPENDITURES					
General support:					
Board of Education	85,575	88,125	69,653	$ 1,718	$ 16,754
Central administration	389,554	390,354	388,417	100	1,837
Finance	1,320,143	1,528,086	1,338,921	41,146	148,019
Staff	906,808	862,409	716,416	83,283	62,710
Central services	8,732,897	10,106,327	8,741,609	1,061,625	303,093
Special items	934,600	952,645	921,965	-	30,680
Total general support	12,369,577	13,927,946	12,176,981	1,187,872	563,093
Instruction:					
Instruction, administration and improvement	3,375,447	3,463,781	3,184,094	19,413	260,274
Teaching - regular school	26,980,097	27,150,723	26,407,058	57,777	685,888
Programs for children with handicapping conditions	12,801,872	12,197,225	11,260,078	215,405	721,742
Occupational education	702,219	704,167	704,167	-	-
Teaching - special school	189,318	170,326	62,531	-	107,795
Instructional media	4,039,744	4,121,107	3,792,101	113,900	215,106
Pupil services	5,180,521	5,342,130	4,998,360	80,885	262,885
Total instruction	53,269,218	53,149,459	50,408,389	487,380	2,253,690
Pupil transportation	4,404,247	3,741,145	3,591,367	63,046	86,732
Community services	114,803	114,803	87,077	-	27,726
Employee benefits	22,203,841	21,354,534	20,752,060	135,091	467,383
Debt service:					
Principal	3,373,213	3,611,540	3,611,538	-	2
Interest	1,247,508	1,082,980	1,077,083	-	5,897
Total expenditures	96,982,407	96,982,407	91,704,495	1,873,389	3,404,523
OTHER FINANCING USES					
Interfund transfers	1,000,000	1,075,000	971,688	-	103,312
Total expenditures and other financing uses	97,982,407	98,057,407	92,676,183	$ 1,873,389	$ 3,507,835
Net change in fund balance	$ -	$ -	(712,381)		
Fund balance, beginning of year			32,961,116		
Fund balance, end of year			$ 32,248,735		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability					
Service cost	$ 4,649,093	$ 5,198,002	$ 5,450,542	$ 5,913,107	$ 5,740,881
Interest	3,794,544	3,772,510	5,777,669	5,167,585	4,985,348
Plan changes	-	-	(43,398)	-	-
Demographic gains or losses	(19,247,254)	-	7,526,422	-	(661,373)
Changes in assumptions or inputs	(13,174,707)	1,357,249	(7,937,705)	(13,098,652)	-
Benefit payments	(4,629,217)	(4,982,965)	(4,793,825)	(4,605,542)	(3,725,955)
Net change in total OPEB liability	(28,607,541)	5,344,796	5,979,705	(6,623,502)	6,338,901
Total OPEB liability - beginning of year	173,326,493	167,981,697	162,001,992	168,625,494	162,286,593
Total OPEB liability - end of year	$ 144,718,952	$ 173,326,493	$ 167,981,697	$ 162,001,992	$ 168,625,494
Covered payroll	$ 33,750,901	$ 32,673,467	$ 32,673,467	$ 41,059,180	$ 41,059,180
Total OPEB liability as a percentage of covered payroll	428.79%	530.48%	514.12%	394.56%	410.69%

Note to Required Supplementary Information

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

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

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

NYSERS

	2022	(A) 2021	(B) 2020	2019	2018	2017	(C) 2016	2015
District's proportionate share of the net pension asset/(liability)	0.02826%	0.03032%	0.03036%	0.33240%	0.03405%	0.03390%	0.03363%	0.03375%
District's proportionate share of the net pension asset/(liability)	$ 2,311	$ (30)	$ (8,040)	$ (2,355)	$ (1,099)	$ (3,185)	$ (5,398)	$ (1,141)
District's covered payroll	$ 10,823	$ 9,504	$ 10,667	$ 10,426	$ 10,471	$ 10,501	$ 9,935	$ 9,495
District's proportionate share of the net pension asset/(liability) as a percentage of covered payroll	21.35%	0.32%	75.37%	22.59%	10.50%	30.33%	54.33%	12.02%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

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

NYSTRS

	(D) 2022	2021	(E) 2020	2019	(F) 2018	(G) 2017	2016	2015
District's proportionate share of the net pension asset/(liability)	0.21295%	0.20844%	0.21038%	0.20804%	0.20959%	0.21174%	0.21048%	0.20804%
District's proportionate share of the net pension asset/(liability)	$ 36,902	$ (5,760)	$ 5,466	$ 3,762	$ 1,593	$ (2,268)	$ 21,863	$ 23,174
District's covered payroll	$ 36,556	$ 35,776	$ 36,348	$ 34,403	$ 33,603	$ 31,860	$ 31,191	$ 30,568
District's proportionate share of the net pension asset/(liability) as a percentage of covered payroll	100.95%	16.10%	15.04%	10.94%	4.74%	7.12%	70.09%	75.81%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	113.25%	97.76%	102.17%	105.53%	111.48%	110.46%	99.01%	100.66%

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

(A) The discount rate used to calculate the total pension liability was decreased from 6.8% to 5.9% effective with the March 31, 2021 measurement date.
(B) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.
(C) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.
(D) The discount rate used to calculate the total pension asset was decreased from 7.10% to 6.95% effective with the June 30, 2021 measurement date.
(E) The discount rate used to calculate the total pension asset was decreased from 7.25% to 7.10% effective with the June 30, 2019 measurement date.
(F) The discount rate used to calculate the total pension asset was decreased from 7.5% to 7.25% effective with the June 30, 2018 measurement date.
(G) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2017 measurement date.

***Note to Required Supplementary Information**

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

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

NYSERS

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,534	$ 1,519	$ 1,450	$ 1,521	$ 1,563	$ 1,494	$ 1,695	$ 1,814
Contributions in relation to the contractually required contribution	1,534	1,519	1,450	1,521	1,563	1,494	1,695	1,814
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 10,812	$ 10,118	$ 10,028	$ 10,419	$ 10,616	$ 10,099	$ 9,974	$ 9,846
Contributions as a percentage of covered payroll	14.19%	15.02%	14.46%	14.60%	14.72%	14.79%	16.99%	18.42%

NYSTRS

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,445	$ 3,135	$ 3,729	$ 3,321	$ 3,893	$ 3,893	$ 4,333	$ 5,543
Contributions in relation to the contractually required contribution	3,445	3,135	3,729	3,321	3,893	3,893	4,333	5,543
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 36,769	$ 36,556	$ 35,776	$ 36,348	$ 34,403	$ 33,603	$ 31,860	$ 31,191
Contributions as a percentage of covered payroll	9.37%	8.57%	10.42%	9.14%	11.32%	11.59%	13.60%	17.77%

***Note to Required Supplementary Information**

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

SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

Change from adopted budget to final budget:		
Adopted budget	$ 96,978,058	
Add: Prior year's encumbrances	1,004,349	
Add: Board authorized appropriation	75,000	
Final budget		$ 98,057,407
§1318 of real property tax law limit calculation:		
2022-2023 voter-approved budget		$ 99,302,157
Maximum allowed (4% of 2022-2023 budget)		$ 3,972,086
General Fund fund balance subject to §1318 of real property tax law:		
Unrestricted fund balance:		
Assigned fund balance	$ 4,762,790	
Committed fund balance	1,300,000	
Unassigned fund balance	3,875,990	$ 9,938,780
Less:		
Appropriated fund balance	2,889,401	
Encumbrances	1,873,389	4,762,790
General Fund fund balance subject to §1318 of real property tax law		$ 5,175,990
Actual percentage		5.21%

SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2022

			Expenditures				Methods of Financing				
Project Title	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Fund Balance June 30, 2022
Sunrise Drive Unit Vents	$ 543,136	$ 546,770	$ 500,932	$ 45,838	$ 546,770	$ -	$ -	$ -	$ 546,770	$ 546,770	$ -
High School Masonry Reconstruction	36,969	325,855	22,049	303,806	325,855	-	-	-	325,855	325,855	-
Bond Issues - District-Wide Improvements	-	19,230,618	19,110,614	118,624	19,229,238	1,380	17,575,000	-	1,655,618	19,230,618	1,380
Middle School Pool Locker Room Alterations	763,031	780,179	39,401	740,778	780,179	-	-	-	780,179	780,179	-
High School Spline Ceiling Replacement	567,904	567,904	-	338,287	338,287	229,617	-	-	567,904	567,904	229,617
Lincoln Avenue Emergency Staff Bathroom	69,732	69,732	-	65,884	65,884	3,848	-	-	69,732	69,732	3,848
Lincoln Avenue Restroom Alterations	-	-	-	50,490	50,490	(50,490)	-	-	-	-	(50,490)
Smart bond	71,399	1,064,748	1,064,748	-	1,064,748	-		1,064,748	-	1,064,748	-
Totals	$ 2,052,171	$ 22,585,806	$ 20,737,744	$ 1,663,707	$ 22,401,451	$ 184,355	$ 17,575,000	$ 1,064,748	$ 3,946,058	$ 22,585,806	$ 184,355

SAYVILLE UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2022

Capital assets, net		$ 62,603,871
Add:		
Right-to-use assets, net	794,941	
Deferred charges for advance refunding	320,970	1,115,911
Deduct:		
Short-term portion of bonds payable, net	$ 2,670,232	
Long-term portion of bonds payable, net	19,380,871	
Short-term portion of energy performance contract payable	941,444	
Long-term portion of energy performance contract payable	7,123,471	
Short-term portion of lease liabilities	261,061	
Long-term portion of lease liabilities	539,949	30,917,028
Net investment in capital assets		$ 32,802,754

SAYVILLE UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass - Through Grantor/ Cluster Title/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Education			
Passed Through Programs From:			
New York State Department of Education			
Special Education Cluster:			
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-22-0461	$ 708,057
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-22-0461	36,703
Total Special Education Cluster			744,760
Education Stabilization Fund Cluster:			
ARP Act, ESF, Elementary and Secondary School Emergency Relief Fund 3	84.425U	5880-21-2950	104,021
ARP, UPK Federal Expansion	84.425U	5870-22-9207	248,400
CRRSA Act, ESF, Elementary and Secondary School Emergency Relief 2	84.425D	5891-21-2950	798,026
CRRSA Act, ESF, Governor's Emergency Education Relief Fund 2	84.425C	5896-21-2950	211,988
Total Education Stabilization Fund Cluster			1,362,435
Title I, Part A Cluster:			
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-21-1680	82,497
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-22-1680	189,535
Total Title I, Part A Cluster			272,032
ESEA, Title II, Part A, Improving Teacher Quality State Grants	84.367A	0147-21-3125	10,298
ESEA, Title II, Part A, Improving Teacher Quality State Grants	84.367A	0147-22-3125	18,171
ESEA, Title IV, Part A, Student Support and Academic Enrichment	84.424A	0204-21-3125	8,646
ESEA, Title IV, Part A, Student Support and Academic Enrichment	84.424A	0204-22-3125	3,600
Total U.S. Department of Education			2,419,942
U.S. Department of Agriculture			
Passed Through Programs From:			
New York State Office of General Services			
Child Nutrition Cluster:			
Summer Food Service Program	10.553	N/A	71,438
Supply Chain Assistance	10.555	N/A	56,598
National School Lunch Program	10.555	N/A	1,104,888
Total Child Nutrition Cluster			1,232,924
P-EBT Local Level Administrative Cost Grant	10.649	N/A	3,005
Total U.S. Department of Agriculture			1,235,929
TOTAL FEDERAL EXPENDITURES			$ 3,655,871

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

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Sayville Union Free School District (the "District") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

2. BASIS OF ACCOUNTING

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

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

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

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

3. INDIRECT COSTS

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

4. SUBRECIPIENTS

No amounts were provided to subrecipients.

5. OTHER DISCLOSURES

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

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

6. MAJOR PROGRAM DETERMINATION

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

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 13, 2022.

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
October 13, 2022

Nawrocki Smith LLP

NawrockiSmith
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

Opinion of Each Major Federal Program

We have audited the Sayville Union Free School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District compiled, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Hauppauge, New York
October 13, 2022

Nawrocki Smith LLP

1. Summary Of Auditor's Results:

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

CFDA Number	Name of Federal Program
	U.S. Department of Education -
84.425C	CARES Act, ESF, Governor's Emergency Education Relief Fund
84.425D	CARES Act, ESF, Elementary and Secondary School Emergency Relief Fund
84.425U	CARES Act, ESF, American Rescue Plan Elementary and Secondary School Emergency Relief Fund
84.425U	ARP, UPK Federal Expansion

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

2. Findings - Financial Statement Audit

None reported.

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

None reported.

Findings - Financial Statement Audit

None reported.

Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS:

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