THE INCORPORATED VILLAGE OF PORT JEFFERSON

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS

FOR THE FISCAL YEAR ENDED MAY 31, 2025

THE INCORPORATED VILLAGE OF PORT JEFFERSON

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R.S. ABRAMS & CO., LLP
Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926-2014)

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA
Brendan Nelson, CPA
Christopher Schneider, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Incorporated Village of Port Jefferson

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Incorporated Village of Port Jefferson (the "Village"), as of and for the fiscal year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Village'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, business-type activities, and each major fund of the Village as of May 31, 2025, and the respective changes in financial position for the fiscal 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 Village and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As described in Note 1 to the financial statements, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, during the fiscal year ended May 31, 2025. Additionally, the presentation of the Country Club Fund is reported as a proprietary fund in the Village's financial statements for the fiscal year ended May 31, 2025, whereas it was previously reported as a governmental fund in the prior fiscal year. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the

ISLANDIA: 3033 EXPRESS DRIVE NORTH, SUITE 100 • ISLANDIA, NY 11749
WHITE PLAINS: 50 MAIN STREET, SUITE 1000 • WHITE PLAINS, NY 10606
PHONE: (631) 234-4444 • FAX: (631) 234-4234
www.rsabrams.com

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 Village'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 Village'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 Village's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of Village's proportionate share of the net pension asset/(liability), schedule of Village's pension contributions, schedule of changes in Village's total other post-employment benefits liability and related ratios on pages 4 through 18 and 58 through 64, 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 Village's basic financial statements. The other supplementary information as listed in the table of contents, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026 on our consideration of the Village'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 this 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 Village'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 Village's internal control over financial reporting and compliance.

R.S. Abrams + Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
January 23, 2026

The following is a discussion and analysis of the Incorporated Village of Port Jefferson's (the "Village") financial performance for the fiscal year ended May 31, 2025. This section is a summary of the Village's financial activities based on currently known facts, decisions, or conditions. The results of the current fiscal year are discussed in comparison with the prior fiscal year, with an emphasis placed on the current fiscal year. This section is only an introduction and should be read in conjunction with the Village's financial statements, which immediately follow this section.

1) FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

- The Village's total net position for its governmental activities, as reflected in the Government-Wide Financial Statements, increased by $3,249,361 to $33,249,163 as revenues exceeded expenses using the economic resources measurement focus and the accrual basis of accounting. The total net position for its business-type activities, as reflected in the Government-Wide Financial Statements, decreased by $441,692 to $1,463,901.

- On the Government-Wide Financial Statements, governmental activities revenues increased by $1,962,910, or 16.78%, primarily due to increases in charges for services, operating grants and contributions, capital grants, real property taxes, and other revenues. Business-type activities revenues increased by $1,792,872, or 114.48%, primarily due to an increase in charges for services.

- On the Government-Wide Financial Statements, governmental activities expenses decreased by $1,569,717, or 13.04%, primarily due to decreases in general government support, public safety, transportation, economic opportunity and development, and debt service - interest. Business-type activities expenses increased by $1,015,559, or 37.30%, primarily due to increases in general government support and culture and recreation. The changes in expenses can also be partially attributed to the impact of actuarially determined expenses for pensions and total other post-employment benefits obligation.

- Fund balance for the general fund, as reflected in the Fund Financial Statements for governmental activities, increased by $17,367, or 1.05%. This was due to an excess of revenues and other financing sources over expenditures and other financing uses based on the modified accrual basis of accounting.

- The Village adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* (GASB Statement No. 101), effective June 1, 2024. See the accompanying notes to financial statements for additional information regarding the effects of the change in accounting principle.

2) OVERVIEW OF THE FINANCIAL STATEMENTS

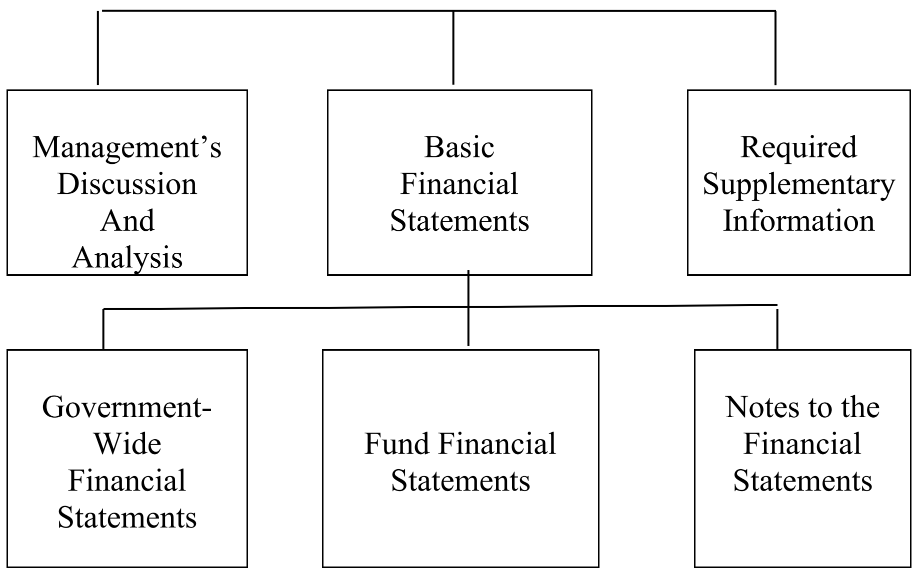
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are Government-Wide Financial Statements that provide both short-term and long-term information about the Village's overall financial status.

- The remaining statements are Fund Financial Statements that focus on individual parts of the Village, reporting the operations in more detail than the Government-Wide Financial Statements.

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Village's budget for the fiscal year. The following Table shows how the various parts of this annual report are arranged and relate to one another.

Organization of the Village's Annual Financial Report



A. Government-Wide Financial Statements

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

The two Government-Wide Financial Statements report the Village's net position and how it has changed. Net position, which is the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the financial health or position of the Village.

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

- For assessment of the overall health of the Village, additional non-financial factors such as changes in the Village's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities and business-type activities differ from the governmental fund balances because Fund Financial Statements for governmental funds only report transactions using or providing current financial resources. Also, capital assets and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase, finance, or build said assets, Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation expense or amortization expense are not calculated if it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term debt are all accounted for in the Government-Wide Financial Statements and do not effect the Fund Financial Statements for governmental funds.

Government-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation and amortization to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - *Net investment in capital assets*;
  - *Restricted net position* amounts are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation;
  - *Unrestricted net position* represents amounts for net position that do not meet any of the above restrictions.

B. <u>Fund Financial Statements</u>

The Fund Financial Statements provide more detailed information about the Village's funds. Funds are accounting devices that the Village uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The Village has the following types of funds:

<u>Governmental funds</u>

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, the Governmental Funds Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Governmental-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains three individual governmental funds: general fund, community development fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the Fund Financial Statements for the governmental funds.

Proprietary Funds

The Village maintains one proprietary fund, the country club fund. Proprietary funds report the same information as business-type activities in the Government-Wide Financial Statements, only in more detail. The proprietary fund utilizes the economic resources measurement focus and the accrual basis of accounting. The country club fund is considered a major fund of the Village and is presented separately in the Proprietary Fund Financial Statements.

3) FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

Non-current assets for 2024 have been restated for the correction of an error based on the results of a full appraisal performed by the Village during the fiscal year ended May 31, 2025. See the accompanying notes to financial statements for further information.

Governmental Activities:	As Restated 2024	As Reported 2024	Increase (Decrease)
Non-current assets	$ 51,115,220	$ 50,007,476	$ 1,107,744
Net investment in capital assets	$ 41,727,086	$ 40,619,342	$ 1,107,744

Business-Type Activities:	As Restated 2024	As Reported 2024	Increase (Decrease)
Non-current assets	$ 7,862,265	$ 7,963,352	$ (101,087)
Net investment in capital assets	$ 6,883,296	$ 6,984,383	$ (101,087)

See the Table below for a comparison of the Statement of Net Position as of May 31, 2025 and 2024. The 2024 financial statements have been restated to reflect the recognition of certain capital assets and intangible lease assets that were not previously recorded. In addition, the Village implemented GASB Statement No. 101, *Compensated Absences*, which resulted in a change in accounting principle. See further detail in the accompanying notes to financial statements.

During the fiscal year ended May 31, 2025, the Village began reporting business-type activities related to the country club fund, which is presented as a proprietary fund in the financial statements. Business-type activities were not reported in the prior year, as the country club fund was previously reported within governmental activities. Prior year comparative information has been restated to the extend necessary to be consistent with the current year presentation.

	Governmental Activities		Business-Type Activities		Total Primary Government	
		As Restated		As Restated		As Restated
	2025	2024	2025	2024	2025	2024
Current Assets	$ 3,906,602	$ 2,336,478	$ 1,534,755	$ 2,406,383	$ 5,441,357	$ 4,742,861
Non-current assets	52,136,117	51,115,220	7,495,782	7,862,265	59,631,899	58,977,485
Total assets	56,042,719	53,451,698	9,030,537	10,268,648	65,073,256	63,720,346
Deferred outflows of resources	735,949	1,234,125	140,181	235,072	876,130	1,469,197
Total assets and deferred outflows of resources	56,778,668	54,685,823	9,170,718	10,503,720	65,949,386	65,189,543
Current and Other Liabilities	2,090,744	1,076,566	2,175,253	3,052,102	4,265,997	4,128,668
Long-term liabilities	17,873,940	19,398,248	4,361,114	4,263,302	22,235,054	23,661,550
Total liabilities	19,964,684	20,474,814	6,536,367	7,315,404	26,501,051	27,790,218
Deferred inflows of resources	3,564,821	4,178,177	1,170,450	1,276,549	4,735,271	5,454,726
Total liabilities and deferred inflows of resources	23,529,505	24,652,991	7,706,817	8,591,953	31,236,322	33,244,944
Net position						
Net investment in capital assets	43,486,699	41,727,086	6,355,586	6,883,296	49,842,285	48,610,382
Unrestricted (deficit)	(10,237,536)	(11,694,254)	(4,891,685)	(4,971,529)	(15,129,221)	(16,665,783)
Total net position	$ 33,249,163	$ 30,032,832	$ 1,463,901	$ 1,911,767	$ 34,713,064	$ 31,944,599

	Governmental Activities	Business-Type Activities	Total Primary Government
Net position, beginning of year, as previously reported	$ 30,937,942	$ -	$ 30,937,942
Correction of error - misclassification of country club fund	(2,012,854)	2,012,854	-
Change in accounting principle	(33,030)	(6,174)	(39,204)
Correction of error - capital assets and intangible lease assets	1,107,744	(101,087)	1,006,657
Net position, beginning of year, as restated	$ 29,999,802	$ 1,905,593	$ 31,905,395

Discussion on changes in each classification of the primary government is as follows:

Current assets increased by $698,496 as compared to the prior fiscal year, primarily due to increases in cash and cash equivalents and accounts receivable, partially offset by a decrease in taxes receivable.

Non-current assets (capital assets, net of accumulated depreciation, and intangible lease assets, net of accumulated amortization) increased by $654,414. This increase is due to capital assets and intangible lease asset additions exceeding depreciation and amortization expense.

The changes in deferred outflows represent amortization of pension related items and pension contributions subsequent to the measurement date as discussed in the accompanying notes to financial statements.

Current and other liabilities increased by $137,329 as compared to the prior fiscal year, which was primarily attributable to increases in accounts payable and due to employees' retirement system, partially offset by decreases in accrued liabilities, other liabilities, accrued interest payable, and collections in advance.

Long-term liabilities decreased by $1,426,496 as compared to the prior fiscal year, primarily due to decreases in bonds payable, bond anticipation notes payable, total other post-employment benefits obligation, compensated absences payable, and net pension liability – proportionate share, partially offset by an increase in lease liability. Of note, the compensated absences payable balance included within the long-term liabilities balance as of May 31, 2025 includes the effects of the change in accounting principle in connection with implementation of GASB Statement No. 101.

The changes in deferred inflows represent amortization of pension related items and other post-employment benefits obligation as discussed in the accompanying notes to financial statements.

The net investment in capital assets relates to the investment in capital assets (at cost) and intangible lease assets (at the present value of future lease payments remaining on the lease term), net of accumulated depreciation, accumulated amortization, and related debt and capital-related accounts payable. Net investment in capital assets increased by $1,231,903.

Unrestricted net deficit is the balance of the Village's net position. This deficit decreased by $1,536,562. Of noted, the unrestricted deficit balance as of May 31, 2025 includes the effects of the change in accounting principle in connection with the implementation of GASB Statement No. 101.

B. <u>Changes in Net Position</u>

The results of operations as a whole are reported in the Statement of Activities. The activity for fiscal year 2025 reflects the effects of the implementation of GASB Statement No. 101 as detailed in the accompanying notes to financial statements. A summary of this statement for the fiscal years ended May 31, 2025 and 2024 is as follows:

During the fiscal year ended May 31, 2025, the Village recorded business-type activities related to the country club fund, which is presented as a proprietary fund.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2024
Revenues						
Program revenues						
Charges for services	$ 2,577,621	$ 2,516,097	$ 3,273,240	$ 1,460,721	$ 5,850,861	$ 3,976,818
Operating grants and contributions	71,875	11,450	-	-	71,875	11,450
Capital grants	2,082,321	510,563	-	-	2,082,321	510,563
General revenues						
Real property taxes	6,803,244	6,644,276	-	-	6,803,244	6,644,276
State sources	388,661	516,622	-	-	388,661	516,622
Other	1,733,686	1,495,490	85,759	105,406	1,819,445	1,600,896
Total revenues	13,657,408	11,694,498	3,358,999	1,566,127	17,016,407	13,260,625
Expenses						
General government support	1,870,864	3,249,844	184,946	71,172	2,055,810	3,321,016
Public safety	1,043,519	1,942,234	-	-	1,043,519	1,942,234
Transportation	1,371,298	2,342,151	-	-	1,371,298	2,342,151
Economic opportunity and development	20,601	66,372	-	-	20,601	66,372
Culture and recreation	4,892,402	3,492,868	3,531,702	2,639,781	8,424,104	6,132,649
Home and community services	958,377	557,080	-	-	958,377	557,080
Debt service-interest	313,791	390,020	21,238	11,374	335,029	401,394
Total expenses	10,470,852	12,040,569	3,737,886	2,722,327	14,208,738	14,762,896
Increase (decrease) in net position before operating transfers	3,186,556	(346,071)	(378,887)	(1,156,200)	2,807,669	(1,502,271)
Operating transfers	62,805	530,398	(62,805)	(530,398)	-	-
Changes in net position	$ 3,249,361	$ 184,327	$ (441,692)	$ (1,686,598)	$ 2,807,669	$ (1,502,271)

The cumulative effect of correcting the error related to intangible lease assets and capital assets is shown as an adjustment to beginning net position. See the accompanying notes to financial statements for more information.

Governmental Activities

The governmental activities net position increased $3,249,361 and $184,327 for the fiscal years ended May 31, 2025 and 2024, respectively.

The governmental activities revenues increased $1,962,910, or 16.78%, compared to fiscal year 2024. The increase in revenues is primarily due to increases in charges for services, operating grants and contributions, capital grants, real property taxes, and other revenues.

The governmental activities expenses for the fiscal year decreased by $1,569,717, or 13.04%, compared to fiscal year 2024. The decrease in expenses is primarily attributable to decreases in general government support, public safety, transportation, economic opportunity and development, and debt service – interest. The changes in expenses can also be partially attributed to the impact of actuarially determined expenses for pensions and total other post-employment benefits obligation.

Business-Type Activities

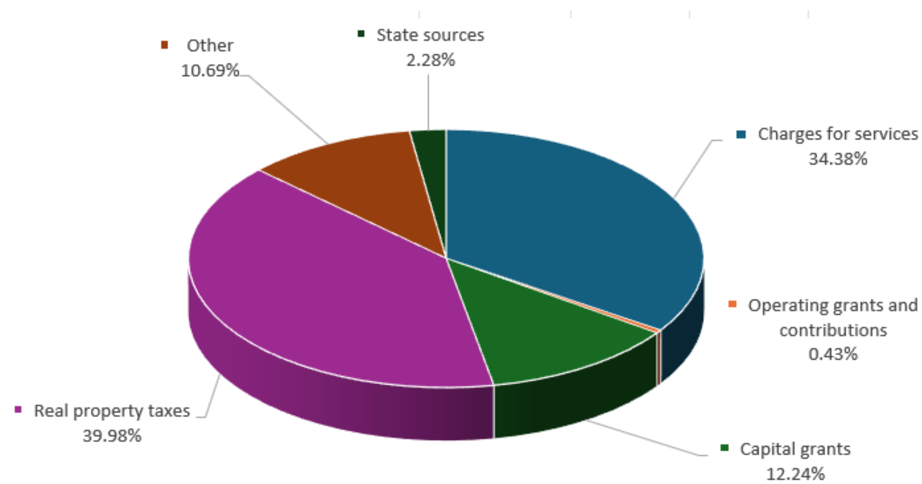
The business-type activities net position decreased by $441,692 and $1,686,598 for the fiscal years ended May 31, 2025 and 2024, respectively.

The business-type activities 2025 revenues increased by $1,792,872, or 114.48%, compared to fiscal year 2024. The increase in revenues is primarily due to an increase in charges for services.

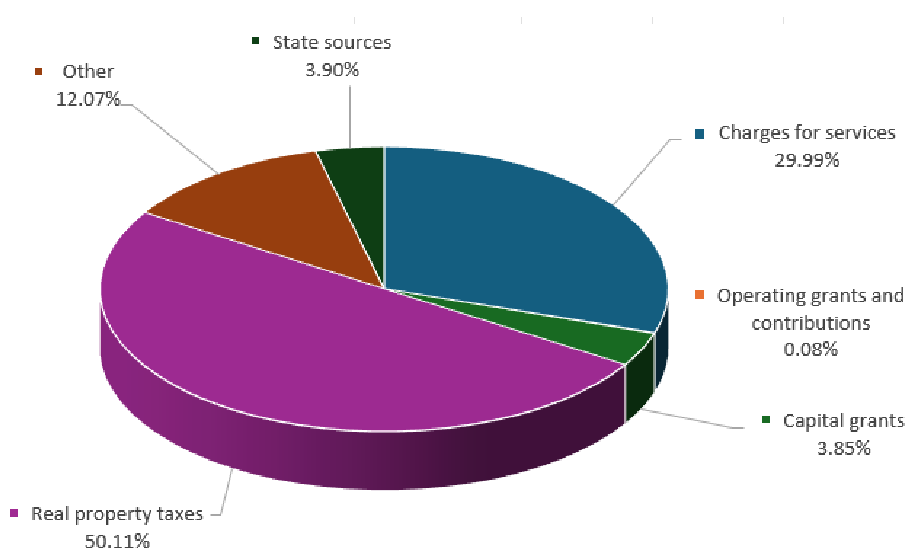
The business-type activities 2025 expenses increased by $1,015,559, or 37.30%, compared to fiscal year 2024. The increase in expenses is primarily attributable to increases in general government support, culture and recreation, and debt service – interest.

As indicated on the pie charts for the primary government that follow, property is the largest component of revenues recognized, comprising 39.98% and 50.11% of the total for fiscal years 2025 and 2024, respectively. Charges for services account for 34.38% and 29.99% of the total revenues for fiscal years 2025 and 2024 respectively. Culture and recreation is the largest category of expenses incurred comprising 59.29% and 41.54% of the total for the fiscal years ended 2025 and 2024. General government support is the second largest category of expenses comprising 14.47% and 22.50% of the total for the fiscal years ended 2025 and 2024 respectively.

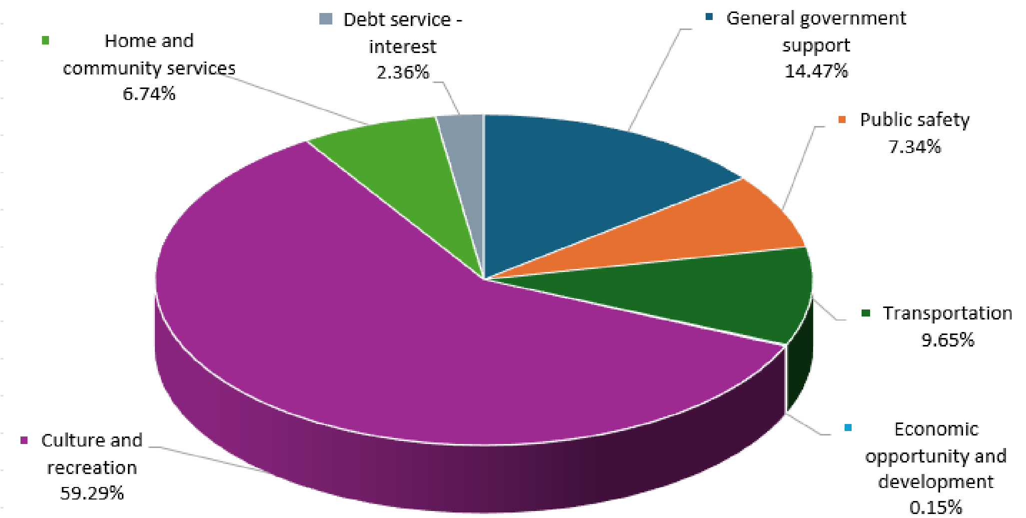
Revenues for Fiscal Year 2025



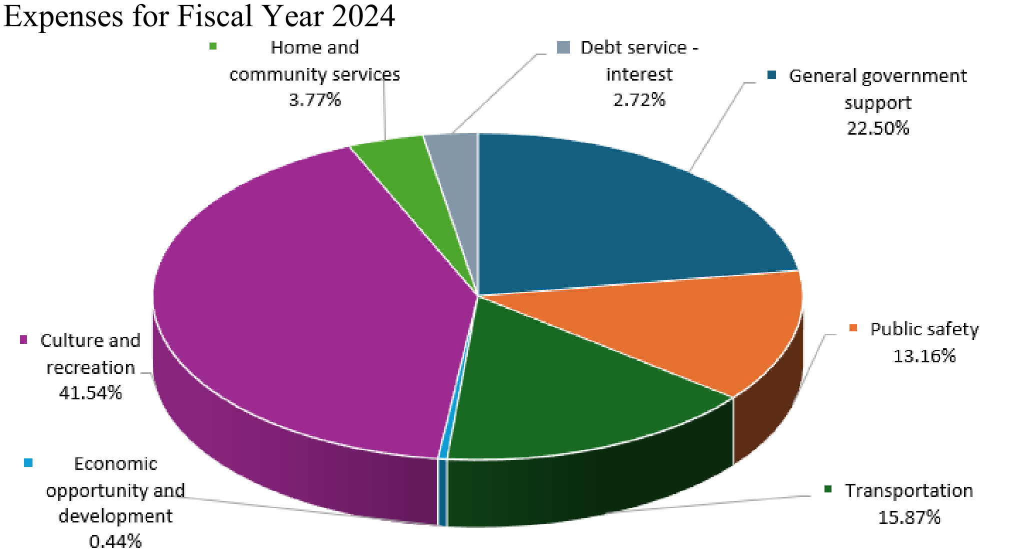
Revenues for Fiscal Year 2024



Expenses for Fiscal Year 2025



Expenses for Fiscal Year 2024



4) FINANCIAL ANALYSIS OF THE VILLAGE'S FUND BALANCES

Variances between fiscal years for the governmental Fund Financial Statements are not the same as variances between fiscal years for the Government-Wide Financial Statements. The Village's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets and intangible lease assets purchased or financed by the Village. Governmental funds will include the proceeds from the issuance of debt, the current payments for capital assets and intangible lease assets, and the current payments for debt.

As of May 31, 2025, the Village's combined governmental funds reported a total fund balance of $1,822,966, which represents an increase of $572,264 from the prior fiscal year.

A summary of the change in fund balance for all the funds is as follows:

	2025	As Restated 2024	Increase/ (Decrease)	Total Percentage Change
General Fund				
Assigned - unappropriated	$ 59,786	$ 91,230	$ (31,444)	(34.47%)
Unassigned	1,605,426	1,556,615	48,811	3.14%
Total Fund Balance - General Fund	1,665,212	1,647,845	$ 17,367	1.05%
Capital Projects Fund				
Assigned - unappropriated	$ 157,784	$ -	$ 157,784	0.00%
Unassigned (deficit)	-	(397,113)	397,113	(100.00%)
Total Fund Balance - Capital Projects Fund	$ 157,784	$ (397,113)	$ 554,897	(139.73%)
Total Fund Balance - All Funds	$ 1,822,996	$ 1,250,732	$ 572,264	45.75%

During fiscal year 2025, the country club fund was restated and reported as a proprietary fund. As a result, it is no longer reported a governmental fund and is not included in the fund balance summary above.

A) General Fund

The fund balance in the general fund increased by $17,367 which is the result of revenues and other financing sources exceeding expenditures and other financing uses.

A summary of changes in revenues, other financing sources, expenditures, and other financing uses for the general fund for the fiscal years ended June 30, 2025 and 2024 is as follows:

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	Total Percentage Change
Revenues				
Real property taxes	$ 6,843,657	$ 6,654,550	$ 189,107	2.84%
Other tax items	521,648	392,048	129,600	33.06%
Non-property taxes	357,328	341,190	16,138	4.73%
Departmental income	1,971,574	1,784,064	187,510	10.51%
Intergovernmental charges	5,064	6,822	(1,758)	(25.77%)
Use of money and property	195,513	230,166	(34,653)	(15.06%)
Licenses and permits	280,924	402,576	(121,652)	(30.22%)
Fines and forfeitures	320,059	322,635	(2,576)	(0.80%)
Sale of property and compensation for loss	46,835	15,939	30,896	193.84%
Miscellaneous	499,686	157,245	342,441	217.78%
State aid	411,359	510,658	(99,299)	(19.45%)
Federal aid	390,917	358,902	32,015	8.92%
Total Revenues	11,844,564	11,176,795	667,769	5.97%
Other Financing Sources				
Premium on short-term obligations	112,676	29,839	82,837	277.61%
Operating transfers in	70,644	15,093	55,551	368.06%
Total Other Financing Sources	183,320	44,932	138,388	307.99%
Expenditures				
General government support	2,509,124	2,411,508	97,616	4.05%
Public safety	714,175	1,153,050	(438,875)	(38.06%)
Transportation	1,539,270	1,626,128	(86,858)	(5.34%)
Economic opportunity and development	20,601	66,372	(45,771)	(68.96%)
Culture and recreation	1,374,271	1,450,351	(76,080)	(5.25%)
Home and community services	664,956	402,042	262,914	65.39%
Employee benefits	2,475,669	2,433,945	41,724	1.71%
Debt service - principal	1,208,167	1,239,843	(31,676)	(2.55%)
Debt service - interest	358,271	348,860	9,411	2.70%
Total Expenditures	10,864,504	11,132,099	(267,595)	(2.40%)
Other Financing Uses				
Operating transfers out	1,146,013	1,014,297	131,716	12.99%
Total Other Financing Uses	1,146,013	1,014,297	131,716	12.99%
Net Change in Fund Balances	$ 17,367	$ (924,669)	$ 942,036	(101.88%)

Revenues increased when compared to the prior fiscal year, primarily due to the following:

- Real property taxes increased due to a rise in the tax levy in accordance with the 2024-2025 Board of Trustees (the "Board") approved budget.

- Departmental income increased due to an increase in parking meter rates and more metered parking days during the winter.
- Miscellaneous revenues increased due to the Village receiving a payment from Suffolk County Water Association to repave roads that were destroyed during a water main extension.

Expenditures decreased when compared to the prior fiscal year, primarily due to the following:

- Public safety decreased due to resignations, reduced hours worked, elimination of the parking administrator position, and less maintenance on parking meters.
- Culture and recreation decreased due to less maintenance required for the parks and beaches.

B) Community Development Fund

The fund balance in the community development fund did not change during the fiscal year ended May 31, 2025.

C) Capital Projects Fund

The fund balance in the capital projects fund increased by $554,897. The increase is primarily due to revenues and other financing sources exceeding expenditures and other financing uses.

5) GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2024-2025 Budget:

The Village's general fund adopted budget for the fiscal year ended May 31, 2025 was $11,458,475. This amount was increased by encumbrances carried forward from the prior fiscal year in the amount of $91,230, use of unassigned fund balance of $39,000, and unanticipated revenues received of $659,511, which resulted in a final budget of $12,248,216. The majority of the funding was provided by the real property taxes revenue budget of $6,845,245.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual):

The general fund unassigned fund balance is a component to total fund balance that is the residual of prior fiscal years' excess revenues over expenditures, net of transfers to reserves and assignments to fund subsequent fiscal years' budget. It is this balance that is commonly referred to as "Fund Balance." The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the fiscal year compared to budget are as follows:

Opening, unassigned fund balance	$	1,556,615
Revenues and other financing sources under budget		(90,102)
Expenditures, other financing uses, and encumbrances under budget		177,913
Use of unassigned fund balacne		(39,000)
Closing, unassigned fund balance	$	1,605,426

The opening unassigned fund balance of $1,556,615 is the May 31, 2024 unassigned fund balance.
The revenues and other financing sources under budget of $90,102 were primarily related to departmental income and miscellaneous revenues.

The expenditures, other financing uses, and encumbrances under budget of $177,913 were primarily related to general government support, public safety, transportation, culture and recreation, and home and community services.

The Village used $39,000 of unassigned fund balance during the fiscal year ended May 31, 2025. As a result, unassigned fund balance decreased by $39,000.

The closing unassigned fund balance of $1,605,426 represents the fund balance retained by the Village that is not restricted or assigned for subsequent fiscal year's taxes.

6) CAPITAL ASSETS, INTANGIBLE LEASE ASSETS, DEBT ADMINISTRATION, AND OTHER LONG-TERM LIABILITIES

A. Capital Assets and Intangible Lease Assets

A summary of the Village's capital assets and intangible lease assets, net of accumulated depreciation and amortization, is as follows:

Capital Assets and Intangible Lease Assets (Net of Accumulated Depreciation and Amortization)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	As Restated 2024	2025	As Restated 2024	2025	As Restated 2024
Land	$ 23,048,387	$ 23,048,387	$ -	$ -	$ 23,048,387	$ 23,048,387
Buildings and improvements	14,757,626	13,848,449	14,822,678	14,770,706	29,580,304	28,619,155
Infrastructure	22,558,001	20,889,465	-	-	22,558,001	20,889,465
Machinery and equipment	3,426,232	3,372,127	1,294,829	1,284,512	4,721,061	4,656,639
Sub-Total	63,790,246	61,158,428	16,117,507	16,055,218	79,907,753	77,213,646
Less: accumulated depreciation	(12,253,749)	(10,359,618)	(9,196,194)	(8,421,922)	(21,449,943)	(18,781,540)
Capital Assets, Net	$ 51,536,497	$ 50,798,810	$ 6,921,313	$ 7,633,296	$ 58,457,810	$ 58,432,106
Intangible Lease Assets, Net	$ 599,620	$ 316,410	$ 574,469	$ 228,969	$ 1,174,089	$ 545,379

Beginning balances are restated. See the accompanying notes to financial statements for further detail of the opening balance restatement.

Total primary government depreciation expense and loss on disposals was $2,814,462 and amortization expense was $293,522 for fiscal year ended May 31, 2025. See the accompanying notes to financial statements for additional information.

B. Debt Administration

A summary of outstanding long-term debt at May 31, 2025 and 2024 is as follows:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	As Restated 2024	2025	As Restated 2024	2025	As Restated 2024
Bonds payable (inclusive of unamortized premium)	$ 5,589,615	$ 6,370,000	$ 605,000	$ 750,000	$ 6,194,615	$ 7,120,000
Bond anticipation notes payable	1,680,000	2,300,000	-	-	1,680,000	2,300,000
Lease liability	384,012	316,410	535,196	228,969	919,208	545,379
Total	$ 7,653,627	$ 8,986,410	$ 1,140,196	$ 978,969	$ 8,793,823	$ 9,965,379

Business-type activities are now included, as the country club fund was restated and reported as a proprietary fund in fiscal year 2025.

C. <u>Other Long-Term Liabilities:</u>

A summary of the outstanding other long-term liabilities at May 31, 2025 and 2024 is as follows:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	As Restated 2024	2025	As Restated 2024	2025	2024
Compensated absences payable	$ 471,899	$ 440,456	$ 126,844	$ 121,443	$ 598,743	$ 561,899
Net pension liability - proportionate share	1,530,089	1,578,059	291,446	300,583	1,821,535	1,878,642
Total other post-employment benefits obligation	8,218,325	8,392,968	2,802,628	2,862,262	11,020,953	11,255,230
Total	$ 10,220,313	$ 10,411,483	$ 3,220,918	$ 3,284,288	$ 13,441,231	$ 13,695,771

Business-type activities are now included, as the country club fund was restated and reported as a proprietary fund in fiscal year 2025.

The compensated absences payable balance at May 31, 2025, includes the effect of the implementation of GASB Statement No. 101 (change in accounting principle). The changes in other long-term liabilities include the effects of changes in the actuarial valuations for pensions and total other post-employment benefits obligation. More detailed information about the Village's other long-term liabilities is presented in the accompanying notes to financial statements.

7) <u>FACTORS BEARING ON THE VILLAGE'S FUTURE</u>

A. The Village's legally adopted budget (including the general fund and the country club fund) for the fiscal year ending May 31, 2026 is $15,511,101. This comprised of the general fund budget of $11,832,901, an increase of $374,426 over the prior fiscal year, and the country club fund budget of $3,678,200, an increase of $128,200 over the prior fiscal year. The total budgeted spending increase is 3.35% over the previous fiscal year.

B. The Village's elected and appointed officials considered many factors when setting the fiscal year 2025-2026 budget, tax rates, and fees that will be charged. One of those factors is the economy. The Village, located in Suffolk County, NY, generally has more favorable financial statistical data than Suffolk County or New York State. These factors provide a stable tax environment enabling the Village to reliably project tax revenue.

C. The Tax Cap Law limits annual increases of the Village's overall real property tax to no more than the lesser of 2.00% or the rate of inflation. Certain increases to the tax levy are excluded from the limitations imposed by the Tax Cap Law including exclusions for certain expenditures for retirement system contributions and tort judgments payable by the Village. In addition, the Board may override the limitations if the Board enacts, by vote of at least sixty percent of the voting power of the Board, a local law to override such limit for the upcoming fiscal year. The Tax Cap Law does not provide exclusion for debt service on general obligations issued by the Village.

D. On July 30, 2025, the Village issued $1,695,000 in bond anticipation notes bearing interest at 3.75% and $760,000 in serial bonds with an effective true interest rate of 4.21%. The bond anticipation notes mature on July 30, 2026, and the serial bonds mature on July 15, 2039.

8) CONTACTING THE VILLAGE'S FINANCIAL MANAGMENT

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

Mayor Lauren Sheprow
Village of Port Jefferson
121 West Broadway
Port Jefferson, New York 11777
(631) 473 - 4724

THE INCORPORATED VILLAGE OF PORT JEFFERSON
STATEMENT OF NET POSITION
May 31, 2025

	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS			
Current Assets			
Cash and cash equivalents			
Unrestricted	$ 3,277,486	$ 1,638,506	$ 4,915,992
Receivables			
Accounts receivable	235,581	103,494	339,075
Internal balances	326,689	(326,689)	-
Taxes	66,846		66,846
Prepaids		8,379	8,379
Inventory		111,065	111,065
Capital assets			
Not being depreciated	23,048,387	-	23,048,387
Being depreciated, net of accumulated depreciation	28,488,110	6,921,313	35,409,423
Intangible lease assets, net of accumulated amortization	599,620	574,469	1,174,089
TOTAL ASSETS	56,042,719	9,030,537	65,073,256
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	735,949	140,181	876,130
TOTAL DEFERRED OUTFLOWS OF RESOURCES	735,949	140,181	876,130
LIABILITIES			
Payables			
Accounts payable	557,070	58,767	615,837
Accrued liabilities	101,688	45,955	147,643
Due to employees' retirement system	95,904	18,525	114,429
Other liabilities	396,212	89,192	485,404
Accrued interest payable	79,538	1,992	81,530
Notes payable			
Bond anticipation notes payable	620,000		620,000
Unearned credits			
Collections in advance	240,332	1,960,822	2,201,154
Long-term liabilities			
Due and payable within one year			
Bonds payable (inclusive of unamortized premiums)	780,385	145,000	925,385
Bond anticipation notes payable	1,680,000		1,680,000
Lease liability	162,380	212,369	374,749
Total other post-employment benefits obligation	252,176	85,998	338,174
Due and payable after one year			
Bonds payable (inclusive of unamortized premiums)	4,809,230	460,000	5,269,230
Lease liability	221,632	322,827	544,459
Compensated absences payable	471,899	126,844	598,743
Net pension liability - proportionate share - employees' retirement system	1,530,089	291,446	1,821,535
Total other post-employment benefits obligation	7,966,149	2,716,630	10,682,779
TOTAL LIABILITIES	19,964,684	6,536,367	26,501,051
DEFERRED INFLOWS OF RESOURCES			
Pensions	300,457	57,230	357,687
Other post-employment benefits obligation	3,264,364	1,113,220	4,377,584
TOTAL DEFERRED INFLOWS OF RESOURCES	3,564,821	1,170,450	4,735,271
NET POSITION			
Net investment in capital assets	43,486,699	6,355,586	49,842,285
Unrestricted (deficit)	(10,237,536)	(4,891,685)	(15,129,221)
TOTAL NET POSITION (DEFICIT)	$ 33,249,163	$ 1,463,901	34,713,064

THE INCORPORATED VILLAGE OF PORT JEFFERSON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended May 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities	Business-Type Activities	Total Primary Government
PROGRAMS/FUNCTIONS							
Governmental Activities							
General government support	$ 1,870,864	$ 2,572,557	$ -	$ 286,705	$ 988,398	$ -	$ 988,398
Public safety	1,043,519				(1,043,519)		(1,043,519)
Transportation	1,371,298		30,095	845,872	(495,331)		(495,331)
Economic opportunity and development	20,601				(20,601)		(20,601)
Culture and recreation	4,892,402				(4,892,402)		(4,892,402)
Home and community services	958,377	5,064	41,780	949,744	38,211		38,211
Debt service - interest	313,791				(313,791)		(313,791)
Total Programs and Functions	$ 10,470,852	$ 2,577,621	$ 71,875	$ 2,082,321	(5,739,035)	-	(5,739,035)
Business-Type Activities							
Country club fund	$ 3,737,886	$ 3,273,240	$ -	$ -		(464,646)	(464,646)
Total Programs and Functions	$ 3,737,886	$ 3,273,240	$ -	$ -	-	(464,646)	(464,646)
GENERAL REVENUES							
Real property taxes					6,803,244		6,803,244
Other tax items					521,648		521,648
Non-property taxes					357,328		357,328
Use of money and property					195,513	82,794	278,307
Sale of property and compensation for loss					46,835		46,835
Miscellaneous					612,362	2,965	615,327
State aid					388,661		388,661
Internal transfers					62,805	(62,805)	-
Total General Revenues					8,988,396	22,954	9,011,350
Change in Net Position					3,249,361	(441,692)	2,807,669
Total Net Position - Beginning of year, as previously reported					30,937,942	-	30,937,942
Correction of error - misclassification of country club fund					(2,012,854)	2,012,854	-
Change in accounting principle					(33,030)	(6,174)	(39,204)
Correction of error - capital assets and intangible lease assets					1,107,744	(101,087)	1,006,657
Total Net Position (Deficit) - Beginning of year, as restated					29,999,802	1,905,593	31,905,395
Total Net Position (Deficit) - End of Year					$ 33,249,163	$ 1,463,901	34,713,064

See accompanying notes to financial statements

THE INCORPORATED VILLAGE OF PORT JEFFERSON
BALANCE SHEET - GOVERNMENTAL FUNDS
May 31, 2025

	General Fund		Community Development Fund		Capital Projects Fund		Total Governmental Funds	
ASSETS								
Cash and cash equivalents								
Unrestricted	$	932,086	$	13,631	$	2,331,769	$	3,277,486
Receivables								
Accounts receivable		235,581						235,581
Taxes		66,846						66,846
Due from other funds		3,873,064		10,000		3,013,538		6,896,602
Total Assets	$	5,107,577	$	23,631	$	5,345,307	$	10,476,515
LIABILITIES								
Payables								
Accounts payable	$	181,279	$	-	$	375,791	$	557,070
Accrued liabilities		101,688						101,688
Due to other funds		2,354,550		23,631		4,191,732		6,569,913
Due to employees' retirement system		95,904						95,904
Other liabilities		396,212						396,212
Notes payable								
Bond anticipation notes payable						620,000		620,000
Unearned credits								
Collections in advance		240,332						240,332
Total Liabilities		3,369,965		23,631		5,187,523		8,581,119
DEFERRED INFLOWS OF RESOURCES								
Unavailable real property taxes		72,400						72,400
Total Deferred Inflows of Resources		72,400		-		-		72,400
FUND BALANCE								
Assigned								
Unappropriated fund balance		59,786				157,784		217,570
Unassigned		1,605,426						1,605,426
Total Fund Balance		1,665,212		-		157,784		1,822,996
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$	5,107,577	$	23,631	$	5,345,307	$	10,476,515

See accompanying notes to financial statements

THE INCORPORATED VILLAGE OF PORT JEFFERSON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
May 31, 2025

Total Governmental Fund Balance		$ 1,822,996
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The costs of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Village as a whole and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 63,790,246	
Accumulated depreciation	(12,253,749)	51,536,497
The present value of leasing capital assets financed from governmental funds is reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position include those intangible lease assets among the assets of the Village as a whole, and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.		
Oringinal present value cost of intangible lease assets	$ 749,525	
Accumulated amortization	(149,905)	599,620
Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to:		
Deferred outflows related to pensions		735,949
Deferrd inflows of resources - property taxes not available to pay for current period expenditures. The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method.		72,400
Deferrred inflows of resources - The Statement of Net Position recognizes revenues and expenses under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. These amounts will be amortized in future years.		
Deferred inflows related to pensions	$ (300,457)	
Deferred inflows related to other post-employment benefits obligation	(3,264,364)	(3,564,821)
Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year-end consisted of accrued interest payable on bonds of:		(79,538)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consisted of:		
Bonds payable (inclusive of unamortized premium)	$ (5,589,615)	
Bond anticipation notes payable	(1,680,000)	
Lease liability	(384,012)	
Compensated absences payable	(471,899)	
Net pension liability - proportionate share - ERS	(1,530,089)	
Total other post-employment benefits obligation	(8,218,325)	(17,873,940)
Total Net Position		$ 33,249,163

See accompanying notes to financial statements

THE INCORPORATED VILLAGE OF PORT JEFFERSON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Fiscal Year Ended May 31, 2025

			Formerly Reported as a Governmental Fund		
	General Fund	Community Development Fund	Country Club Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Real property taxes	$ 6,843,657	$ -	$ -	$ -	$6,843,657
Other tax items	521,648				521,648
Non-property taxes	357,328				357,328
Departmental income	1,971,574				1,971,574
Intergovernmental charges	5,064				5,064
Use of money and property	195,513				195,513
Licenses and permits	280,924				280,924
Fines and forfeitures	320,059				320,059
Sale of property and compensation for loss	46,835				46,835
Miscellaneous	499,686				499,686
State aid	411,359			843,406	1,254,765
Federal aid	390,917			897,175	1,288,092
Total Revenues	11,844,564	-	-	1,740,581	13,585,145
EXPENDITURES					
General government support	2,509,124				2,509,124
Public safety	714,175				714,175
Transportation	1,539,270			74,150	1,613,420
Economic opportunity and development	20,601				20,601
Culture and recreation	1,374,271			1,878,708	3,252,979
Home and community services	664,956				664,956
Employee benefits	2,475,669				2,475,669
Debt service - principal	1,208,167				1,208,167
Debt service - interest	358,271				358,271
Capital outlay				433,115	433,115
Total Expenditures	10,864,504	-	-	2,385,973	13,250,477
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	980,060	-	-	(645,392)	334,668
OTHER FINANCING SOURCES (USES)					
BAN redeemed from appropriations				249,000	249,000
Premium on short-term obligations	112,676				112,676
Proceeds from bond anticipation notes payable				1,680,000	1,680,000
Repayment of bond anticipation notes payable				(2,300,000)	(2,300,000)
Proceeds from leases				433,115	433,115
Operating transfers in	70,644			1,208,818	1,279,462
Operating transfers (out)	(1,146,013)			(70,644)	(1,216,657)
TOTAL OTHER FINANCING SOURCES (USES)	(962,693)	-	-	1,200,289	237,596
NET CHANGE IN FUND BALANCE	17,367	-	-	554,897	572,264
FUND BALANCE - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	1,647,845	-	(643,170)	(397,113)	607,562
CORRECTION OF ERROR - MISCLASSIFICATION OF COUNTRY CLUB FUND	-	-	643,170	-	643,170
FUND BALANCE - BEGINNING OF YEAR. AS RESTATED	1,647,845	-	-	(397,113)	1,250,732
FUND BALANCE - END OF YEAR	$ 1,665,212	$ -	$ -	$ 157,784	$ 1,822,996

During the fiscal year ended May 31, 2025, the Village began reporting business-type activities related to the country club fund, which is presented as a proprietary fund in the financial statements. Business-type activities were not reported in the prior year, as the country club fund was previously reported within governmental activities. See the accompany notes to financials statements for further consideration of this change in presentation.

See accompanying notes to financial statements

THE INCORPORATED VILLAGE OF PORT JEFFERSON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended May 31, 2025

Net Change in Fund Balance		$ 572,264
Amounts reported for governmental activities in the Statement of Activities include the following:		
Long-Term Revenue and Expense Differences		
In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the fiscal year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the fiscal year changed by:		1,587
The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the fiscal year is:		(40,413)
Increases/decreases in the proportionate share of the net pension asset/liability, the total other post-employment benefit obligation, and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Employees' retirement system	$ 234,429	
Total other post-employment benefits obligation	103,719	338,148
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, in the Statement of Net Position those costs are capitalized and allocated over their useful lives as annual depreciation expense in the Statement of Activities.		
Capital outlays	$ 2,777,877	
Depreciation expense	(1,354,542)	
Loss on disposals	(685,648)	737,687
Capital outlays relating to leasing assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual amortization expense in the Statement of Activities.		
Intangible lease capital outlay	$ 433,115	
Amortization expense	(149,905)	283,210
Long-Term Debt Transaction Differences		
Proceeds from leases are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.		(433,115)
Proceeds from bond anticipation note issuances are other financing sources in the governmental funds, but they increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.		(1,680,000)
Repayment of bond anticipation note issuances is an other financing use in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		2,300,000
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Bonds payable	$ 760,000	
Lease liability	365,513	1,125,513
Governmental funds report premiums, discounts, and similar items on bonds when debt is first issued. These amounts are deferred and amortized in the Statement of Activities. Amortization for the fiscal year was:		20,385
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount by which accrued interest changed is:		24,095
Change in Net Position		$ 3,249,361

See accompanying notes to financial statements

THE INCORPORATED VILLAGE OF PORT JEFFERSON
STATEMENT OF NET POSITION
PROPRIETARY FUND
May 31, 2025

ASSETS	
Current Assets	
Cash and cash equivalents	
Unrestricted cash	$ 1,638,506
Receivables	
Accounts receivable	103,494
Due from other funds	669,738
Prepaids	8,379
Inventory	111,065
Capital assets, being depreciated, net of accumulated depreciation	6,921,313
Intangible lease assets, net of accumulated amortization	574,469
TOTAL ASSETS	10,026,964
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	140,181
TOTAL DEFERRED OUTFLOWS OF RESOURCES	140,181
LIABILITIES	
Payables	
Accounts payable	58,767
Accrued liabilities	45,955
Due to other funds	996,427
Due to employees' retirement system	18,525
Other liabilities	89,192
Accrued interest payable	1,992
Unearned credits	
Collections in advance	1,960,822
Long-term liabilities	
Due and payable within one year	
Bonds payable	145,000
Lease liability	212,369
Total other post-employment benefits obligation	85,998
Due and payable after one year	
Bonds payable	460,000
Lease liability	322,827
Compensated absences payable	126,844
Net pension liability - proportionate share - employees' retirement system	291,446
Total other post-employment benefits obligation	2,716,630
TOTAL LIABILITIES	7,532,794
DEFERRED INFLOWS OF RESOURCES	
Pensions	57,230
Other post-employment benefits obligation	1,113,220
TOTAL DEFERRED INFLOWS OF RESOURCES	1,170,450
NET POSITION	
Net investment in capital assets	6,355,586
Unrestricted (deficit)	(4,891,685)
TOTAL NET POSITION (DEFICIT)	$ 1,463,901

See accompanying notes to financial statements

THE INCORPORATED VILLAGE OF PORT JEFERSON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Fiscal Year Ended May 31, 2025

	Country Club Fund
OPERATING REVENUES	
Departmental income	$ 3,273,240
Miscellaneous revenue	2,965
Total Operating Revenues	3,276,205
OPERATING EXPENSES	
General government support	184,946
Culture and recreation	2,613,813
Depeciation and amortization	917,889
Total Operating Expenses	3,716,648
Increase (Decrease) from Operations	(440,443)
NON-OPERATING REVENUES AND (EXPENSES)	
Debt service - interest	(21,238)
Use of money and property	82,794
Operating transfers (out)	(62,805)
Total Net Non-Operating Revenues (Expenses)	(1,249)
Change in Net Position	(441,692)
Total Net Position - Beginning of year, as previously reported	-
Correction of error - misclassification of country club fund	2,012,854
Change in accounting principle	(6,174)
Correction of error - capital assets and intangible lease assets	(101,087)
Total Net Position - Beginning of year, as restated	1,905,593
Total Net Position - End of year	$ 1,463,901

See accompanying notes to financial statements

THE INCORPORATED VILLAGE OF PORT JEFERSON
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended May 31, 2025

	Country Club Fund
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers	$ 3,514,260
Payments to suppliers and service providers	(874,354)
Payments to employees for salaries and benefits	(2,144,952)
Net Cash Provided (Used) by Operating Activities	494,954
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers to other funds	(62,805)
Net Cash Provided (Used) in Noncapital Financing Activities	(62,805)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets and intangible lease assets	(62,289)
Principal payments - bond payable	(145,000)
Principal payments - lease liability	(182,890)
Interest paid on capital related debt	(21,795)
Net Cash Provided (Used) in Capital and Related Financing Activities	(411,974)
CASH FLOW FROM INVESTING ACTIVITIES	
Interest on investments	82,794
Net Decrease in Cash and cash equivalents	102,969
Cash and cash equivalents - Beginning of year, as restated	1,535,537
Cash and cash equivalents - End of year	$ 1,638,506
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Income (loss) from operations	$ (440,443)
Adjustments to reconcile change in net position to net cash provided by operating activities	
Depreciation and amortization	917,889
Changes in:	
Accounts receivable	(11,927)
Due from other funds	1,999
Inventory	(11,902)
Deferred outflows of resources - pensions	94,891
Accounts payable	(115,691)
Accrued liabilities	(11,267)
Due to other funds	(6,589)
Due to employees' retirement system	2,486
Other liabilities	3,168
Collections in advance	247,983
Compnsated absences payable	(773)
Net pension liability - proportionate share	(9,137)
Deferred inflows of resources - pensions	(130,407)
Total other post-employment benefits obligation	(59,634)
Deferred inflows - other post-employment benefits obligation	24,308
Net Cash Provided (Used) by Operating Activities	$ 494,954
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Iintangible lease assets obtained from lease liabilities	$ 489,117

See accompanying notes to financial statements

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Incorporated Village of Port Jefferson (the "Village") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The 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.

Certain significant accounting principles and policies utilized by the Village are described below.

A. Reporting Entity:

The Village is governed by Municipal Law and other general laws of the State of New York. The Board of Trustees ("the Board") is the legislative body responsible for overall operations, the Mayor serves as chief executive officer, and the Treasurer serves as chief fiscal officer.

The following basic services are provided: general government support, public safety, transportation, economic opportunity and development, culture and recreation, and home and community services.

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 Village. The Village is not a component unit of another reporting entity. The decision to include a potential component unit in the Village's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the Village's reporting entity.

B. Basis of Presentation:

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the Village's governmental activities and business-type activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Generally, governmental activities are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions, and are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Operating grants and contributions include operating-specific and discretionary (either operating or capital grants and contributions), while capital grants reflect capital specific grants, if applicable.

The Statement of Net Position presents financial position of the Village at fiscal year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the Village'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, are allocated to functional areas in proportion to the payroll expended for those areas. Pension and other post-employment benefits obligation expenses were allocated between governmental activities and business-type activities based on the proportionate share of payroll for each activity. 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 operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

Fund Financial Statements:

The Fund Financial Statements provide information about the Village's funds. Separate statements for each fund category are presented. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column, and proprietary funds.

The Village reports the following major fund categories:

Governmental Funds:

Governmental Funds – are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities, are accounted for through governmental funds. The following are the Village's major governmental funds:

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

Special revenue fund: This fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The Village's special revenue fund is as follows:

Community development fund: This fund is used to account for community development block grants received from the U.S. Department of Housing and Urban Development (HUD) passed through Suffolk County.

Capital projects fund: This fund is used to account for the financial resources used for the acquisition, construction, renovation, or major repair of capital facilities and other capital assets, such as equipment.

Proprietary Funds:

Proprietary Funds – are used to account for the business-type operations of a government. Proprietary funds are supported primarily with fees and charges for services. The following is the Village's proprietary fund:

Country club fund: This fund is used to account for the operations and activities relating to the county club, which is primarily financed through charges to users. Revenues include membership fees and related charges, while expenses include operating costs associated with providing recreational services.

C. Measurement Focus and Basis of Accounting:

The Government-Wide and Proprietary Fund 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 flows take place. Nonexchange transactions, in which the Village gives or received value without directly receiving or giving equal value in exchange, include real property taxes, state aid, 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 state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements for the governmental funds 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 Village considers real property taxes to be available if collected within 60 days after the end of the fiscal year, and all other governmental revenues to be available if collected within six months 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, lease liabilities, compensated absences payable, claims and judgments, if applicable, net pension costs, and total other post-employment benefits obligation, which are recognized as expenditures to the extent they have matured. Capital asset and intangible lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

D. <u>Real Property Taxes</u>:

Real property taxes are levied annually no later than May 15, and become a lien on June 1. Taxes are levied based on the taxable value of all real property located in the Village. Taxable assessed value represents the appraisal value less applicable expenditures authorized by the Village.

Taxes are recorded as receivable on June 1, and are due in an annual installment on June 1. Payments must be received on or before July 1. Penalties are imposed thereafter at the rate of 5% for the first month and 1% per month thereafter. Unpaid Village taxes are collected through tax lien sales.

E. <u>Restricted Resources:</u>

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

F. <u>Interfund Transactions:</u>

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flows. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the Village must account for in other funds in accordance with budgetary authorizations.

In the Government-Wide Financial Statements, the amounts reported on the Statement of Net Position for interfund receivables and payables for internal balances represent amounts due between different fund types (governmental activities and proprietary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the proprietary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying governmental funds balance sheet when it is the Village's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables, payables, transfers in, and transfers out activity is provided subsequently in the notes to financial statements.

G. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and reported revenues and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas including useful lives of capital assets and intangible lease assets, lease liability, compensated absences payable, net pension assets/(liabilities), total other post-employment benefits, and potential contingent liabilities, if applicable.

H. Cash and Cash Equivalents:

The Village's cash and cash equivalents consist of cash on hand and demand deposits, as well as short-term investments with original maturities of three months or less from the date of acquisition. Certain cash balances can be restricted by various legal and contractual obligations, such as debt agreements.

I. Receivables:

Receivables 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.

J. Inventory and Prepaids:

Inventory consists primarily of merchandise held for resale in the Village's Country Club operations, including golf-related supplies and apparel. Inventory is stated at cost using the first-in, first-out basis. Prepaid items represent payments made by the Village for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the Government-Wide and Proprietary Fund Financial Statements. These items are reported as assets on the Statement of Net Position using the consumption method. A current asset for the inventory and prepaid amounts is recorded at the time of purchase and an expense is reported in the fiscal year the goods or services are consumed.

K. <u>Capital Assets</u>:

Capital assets are reported at actual cost of acquisitions, when available, or estimated historical costs based on appraisals conducted by independent third-party professionals. Donated asses are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions value are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Government-Wide and Proprietary Fund Financial Statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	$1,000	Straight-line	15-50 years
Infrastructure	$1,000	Straight-line	20-60 years
Machinery and equipment	$1,000	Straight-line	5-20 years

The Village evaluates prominent events of changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Village's policy is to record an impairment loss in the period when the Village determines that the carrying amount of the asset will not be recoverable. At May 31, 2025, the Village has not recorded any such impairment losses.

L. <u>Intangible Lease Assets:</u>

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

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible lease assets reported in the Government-Wide and the Proprietary Fund Financial Statements follow the same thresholds as noted above for capital assets.

M. <u>Deferred Outflows and Inflows of Resources</u>:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 Village has one item that qualifies for reporting in this category. This amount is related to pensions reported in the Government-Wide and Proprietary Fund Statement of Net Position, and is detailed further in the notes to financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Village has two items that qualify for reporting in this category. These amounts are related to pensions and other post-employment benefits obligation reported in the Government-Wide and Proprietary Fund Statement of Net Position, and are detailed further in the notes to financial statements.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The Government-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus. The Village reported $72,400 of deferred inflows of resources in the general fund as of May 31, 2025 related to unavailable real property taxes.

N. Bond Anticipation Notes Payable

The Village 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 if amounts are due and payable within one year. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter. BANs that are replaced with long-term financing, or renewed subsequent to year end but prior to the issuance of the financial statements, are treated as long-term obligations, as these notes will not require the use of working capital during that period.

See the accompanying notes to financial statements for further information about BAN activity.

O. Collections in Advance:

Collections in advance arise when the Village receives resources before it has legal claim to them, as when charges for services monies are received in advance from payers prior to the services being rendered by the Village. These amounts are recorded as liabilities in the financial statements. The liabilities are reduced and revenues are recognized in subsequent periods when the Village has legal claim to the resources.

P. Employee Benefits – Compensated Absences:

Compensated absences consist of unused accumulated annual sick leave, vacation, and sabbatical time.

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

The Village 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.

In accordance with the provisions of GASB Statement No. 101, *Compensated Absences*, compensated absences are recognized as a liability when the obligation is attributable to services already rendered, the payment is probable, and the amount can be reasonably estimated. This includes both:

- Leave that is expected to be used in future periods, and

- Leave that will be paid out upon termination or retirement, per contractual agreements.

The liability is calculated based on the employees' current pay rates and any additional salary-related costs that are directly associated with the payment of compensated absences.

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 reported for those employees that have obligated themselves to separate from service with the Village by May 31st. There are no such amounts recorded as of May 31, 2025.

Q. Other Benefits:

Village employees participate in the New York State and Local Employee's Retirement System. Village employees are eligible for these benefits when they reach normal retirement age. Village employees may choose to participate in the Village's deferred compensation plan established under Internal Revenue Code Section 457(b).

The Village provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the Village provides individual, family, or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if Village employees are eligible for these benefits if they reach normal retirement age while working for the Village. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the fiscal year. The cost of providing post-retirement benefits is shared between the Village and the retired employee. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the Government-Wide and Proprietary Fund Financial Statements, the cost of other post-employment benefits is recognized on the accrual basis of accounting. See the notes to financial statements for additional information. In prior fiscal years, the Village contributed to a Length of Service Award Program (LOSAP). The Town of Brookhaven assumed responsibility for the LOSAP, and the Village no longer makes contributions to the program.

R. Long-Term Debt:

The Village borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be reflected in the general fund.

In the Fund Financial Statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the Government-Wide and Proprietary Fund Financial Statements, premiums received on long-term debt issuances are netted with bonds payable and amortized over the life of the bonds.

S. Equity Classifications:

Government-Wide and Proprietary Fund Financial Statements:

In the Government-Wide and Proprietary Fund Financial Statements, there are two classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) and intangible lease assets (present value of future lease payments remaining on the lease term less accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets, and capital related accounts payable, net of any unexpended debt proceeds.

Unrestricted net position – reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Village.

As of May 31, 2025, the governmental activities reported a deficit in unrestricted net position of $10,237,536, and the business-type activities reported a deficit in unrestricted net position of $4,891,685. These deficits are primarily the result of unfunded liabilities such as the Village recognizing its proportionate share of the net pension liability and total other post-employment benefit liability on the Statement of Net Position. The accumulated effect of these required recognitions, coupled with the limitations from the State on funding the other post-employment benefit liability on a "pay as you go" basis, has resulted in an unrestricted net position deficit.

Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements for the governmental funds, there are two classifications of fund balance presented:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The village had no non-spendable fund balance as of May 31, 2025.

Restricted fund balance – 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 Village had no restricted fund balances as of May 31, 2025.

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision-making authority (i.e. the Board). The Village had no committed fund balances as of May 31, 2025.

Assigned fund balance – Includes amounts that are subject to a purpose constraint that represents an intended use established by the Village's Board. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent fiscal year's budget. Assigned fund balance also includes Board designations not classified as restricted or committed at the end of the fiscal year.

Unassigned fund balance – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

Order of Use of Fund Balance

In circumstances where and expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned, or unassigned), the expenditure is to be spent first from the restricted fund balance to the extend appropriated by either budget vote or Board approved budget revision, then from the assigned fund balance to the extent that there is an appropriation, and then from the unassigned fund balance.

T. New Accounting Pronouncement:

GASB has issued Statement No. 101, *Compensated Absences* (GASB Statement No. 101), effective for the Village for the fiscal year ended May 31, 2025. This statement establishes updated recognition and measurement guidance for liabilities related to compensated absences. Under GASB Statement No. 101, liabilities for compensated absences are recognized when leave is attributable to services already rendered, payment is probable, and the amount can be reasonably estimated. This includes both accumulated leave expected to be used in future periods and leave payable upon an employee's separation from service. The liability is measured using current pay rates as of the financial statement date, including any applicable salary-related costs.

As disclosed in the accompanying notes to the financial statements, the cumulative effect of the adoption of GASB Statement No. 101 (change in accounting principle) resulted in changes to both governmental activities and the proprietary fund. This adoption resulted in an increase of the compensated absences payable balance of $39,204 and a decrease to net position of $39,204 in the Statement of Net Position as of June 1, 2024.

U. Future Accounting Pronouncement:

GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*, to improve the key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for the fiscal year ended May 31, 2027.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as intangible lease assets, subscription assets, and assets held for sale. The requirements of this statement are effective for the fiscal year ended May 31, 2027.

The statement above is not an all-inclusive list of all future GASB statements impacting the Village. The Village will evaluate the impact and materiality of the statements above and implement the provisions as applicable.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS (GOVERNMENTAL FUNDS) AND GOVERNMENT-WIDE FINANCIAL STATEMENTS:

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements (Governmental funds) and the Government-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 Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

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

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

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities may fall into one of three broad categories. The amounts shown represent:

Long-term revenue and expense differences:
Long-term revenue differences arise because governmental funds report revenues only when that 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, where as the accrual basis of accounting is used on the Statement of Activities.

Capital related differences:
Capital related differences include the difference between proceeds for the sale of capital assets reported on the Fund Financial Statements and the gain or loss on sale of assets reported on the Statement of Activities, and the difference between recording and expenditure for the purchase of capital items or financing of intangible lease assets in the Fund Financial Statements and depreciation expense or amortization expense on those items recorded in the Statement of Activities.

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.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary Data:

The Village's administration submits a proposed budget for approval by the Board for the general fund. The tentative budget includes proposed expenditures and the proposed means of financing. A public hearing is held on the tentative budget by April 15th. After completion of the budget hearing, the Board may further change the tentative budget. Such budget, as so revised, shall be adopted by resolution no later than May 1st. All subsequent modifications of the budget must be approved by the Board.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the fiscal year are increased by the amount of the encumbrances carried forward from the prior fiscal year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent fiscal year.

Appropriations authorized for the current fiscal year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriations of fund balance. 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. During the year, the Board approved supplemental appropriations totaling $698,511 related to the planned use of appropriated fund balance of $39,000 and unanticipated revenues received of $659,511.

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. 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 reservations 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.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A. Cash and Cash Equivalents:

New York State law governs the Village's investment policies. Resources must be deposited in Federal Deposit Insurance Company (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 and obligations of the state and its municipalities and Villages.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. Deposits are to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

A) Uncollateralized;

B) Collateralized with securities held by the pledging financial institution in the Village's name; or

C) Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

All of the Village's aggregate bank balances were covered by depository insurance or collateralized with securities held by pledging financial institutions in the Village's name at year end.

B. Investments:

The Village does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The Village also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

B. Investment Pool:

The Village participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and considered to be cash equivalents. At May 31, 2025, the Village held $354,069 in investments in the general fund consisting of various investments in securities issued by the United States and its agencies.

Fund	Bank Balance	Carrying Amount
General Fund	$ 354,069	$ 354,069
	$ 354,069	$ 354,069

Total investments of the cooperative at June 30, 2025, the date of the most recently available audited financial statements, are $13,530,190,970, which consisted of $3,819,691,492 in repurchase agreements, and $9,710,499,478 in U.S. Government Treasury Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2025 are $591,627,356.

The above amounts represent the cost of the investment pool shares and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. CLASS is rated AAAm by S&P Global ratings. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website www.newyorkclass.org or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver, CO 80202.

NOTE 5 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A. CAPITAL ASSETS

Capital asset balances and activity of the governmental activities and the business-type activities for the fiscal year ended May 31, 2025 were as follows:

	As Restated Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 23,048,387	$ -	$ -	$ 23,048,387
Total capital assets not being depreciated	23,048,387	-	-	23,048,387
Capital assets that are depreciated:				
Buildings and improvements	13,848,449	963,161	(53,984)	14,757,626
Infrastructure	20,889,465	1,668,536		22,558,001
Machinery and equipment	3,372,127	146,180	(92,075)	3,426,232
Total capital assets being depreciated	38,110,041	2,777,877	(146,059)	40,741,859
Less accumulated depreciation:				
Buildings and improvements	6,853,027	296,561	(35,312)	7,114,276
Infrastructure	1,709,134	837,096	555,494	3,101,724
Machinery and equipment	1,797,457	220,885	19,407	2,037,749
Total accumulated depreciation	10,359,618	1,354,542	539,589	12,253,749
Total capital assets being depreciated, net	27,750,423	1,423,335	(685,648)	28,488,110
Total capital assets, net	$ 50,798,810	$ 1,423,335	$ (685,648)	$ 51,536,497

*Beginning balance is restated. See the accompanying notes to financial statements for further detail of the opening balance restatement.

Depreciation expense and loss on disposals were charged to governmental functions as follows:

General government support	$ 392,737
Transportation	328,063
Culture and recreation	1,179,229
Home and community services	140,161
	$ 2,040,190

	As Restated Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
Business-type activities:				
Capital assets that are not depreciated:				
Land	$ -	$ -	$ -	$ -
Total capital assets not being depreciated	-	-	-	-
Capital assets that are depreciated:				
Buildings and improvements	14,770,706	51,972		14,822,678
Machinery and equipment	1,284,512	10,317		1,294,829
Total capital assets being depreciated	16,055,218	62,289	-	16,117,507
Less accumulated depreciation:				
Buildings and improvements	7,837,895	692,660		8,530,555
Machinery and equipment	584,027	81,612		665,639
Total accumulated depreciation	8,421,922	774,272	-	9,196,194
Total capital assets being depreciated, net	7,633,296	(711,983)	-	6,921,313
Total capital assets, net	$ 7,633,296	$ (711,983)	$ -	$ 6,921,313

*Beginning balance is restated. See the accompanying notes to financial statements for further detail of the opening balance restatement.

B. INTANGIBLE LEASE ASSETS

The following schedule summarizes the Village's intangible lease asset activity of the governmental activities and the business-type activities for the fiscal year ended May 31, 2025:

	As Restated Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Intangible lease assets				
Machinery and equipment	$ 316,410	$ 433,115	$ -	$ 749,525
Total intangible lease assets being amortized	316,410	433,115	-	749,525
Less accumulated amortization:				
Machinery and equipment	-	149,905	-	149,905
Total accumulated amortization	-	149,905	-	149,905
Total intangible lease assets, net	$ 316,410	$ 283,210	$ -	$ 599,620

*Beginning balance is restated. See the accompanying notes to financial statements for further detail of the opening balance restatement.

	As Restated Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Business-type activities:				
Intangible lease assets				
Machinery and equipment	$ 228,969	$ 489,117	$ -	$ 718,086
Total intangible lease assets being amortized	228,969	489,117	-	718,086
Less accumulated amortization:				
Machinery and equipment	-	143,617	-	143,617
Total accumulated amortization	-	143,617	-	143,617
Total intangible lease assets, net	$ 228,969	$ 345,500	$ -	$ 574,469

*Beginning balance is restated. See the accompanying notes to financial statements for further detail of the opening balance restatement.

NOTE 6– INTERFUND TRANSACTIONS:

The Village typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. It is expected that all interfund payables should be repaid within one year.

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General fund	$ 3,873,064	$ 2,354,550	$ 70,644	$ 1,146,013
Community development fund	10,000	23,631		
Capital projects fund	3,013,538	4,191,732	1,208,818	70,644
Total governmental funds	6,896,602	6,569,913	1,279,462	1,216,657
Country club fund	669,738	996,427	-	62,805
Total proprietary funds	669,738	996,427	-	62,805
Total governmental and proprietary funds	$ 7,566,340	$ 7,566,340	$ 1,279,462	$ 1,279,462

The Village typically transfers from the general fund to the capital projects fund per the approved budget to provide financing for capital improvement projects. The Village transferred from the capital projects fund to the general fund to return unused funds for a closed out capital improvement project. The Village transferred from the country club fund to the capital projects fund to reclassify interfund expenses and to provide funding for capital improvement projects.

NOTE 7 – SHORT-TERM DEBT:

Transactions in short-term debt for the fiscal year ending May 31, 2025 are summarized below:

	Maturity	Net Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	10/11/2024	4.79%	$ 2,549,000	$ -	$ (2,549,000)	$ -
BAN	10/11/2025	3.10%	-	2,300,000	-	2,300,000
Total			$ 2,549,000	$ 2,300,000	$ (2,549,000)	$ 2,300,000

BAN issuances and redemptions are detailed further in the subsequent events footnote.

The BANs were issued to fund capital projects for the fiscal year ended May 31, 2025. The Village received premiums of $112,676 on the BAN issuances. The Village redeemed BANs from appropriations totaling $249,000 and made interest payments related to the BANs in the amount $121,758.

As of May 31, 2025, the balance of BANs on the Fund Financial Statements was $2,300,000. $620,000 was recorded as current liabilities on the Statement of Net Position, while $1,680,000 was recorded as non-current liabilities due and payable after one year as a result of the July 2025 bond and BAN issuances detailed further in the notes to financial statements.

NOTE 8 – LONG-TERM LIABILITIES:

The following tables summarize the changes in long-term liabilities for governmental and business-type activities for the fiscal year ended May 31, 2025:

	As Restated Beginning Balance	Issued	Redeemed	Ending Balance	Due within one year
Governmental Activities:					
Bonds payable**	$ 6,105,000		$ (760,000)	$ 5,345,000	$ 760,000
Add: Bond premium**	265,000		(20,385)	244,615	20,385
Bonds anticipation notes payable	2,300,000	$ 1,680,000	(2,300,000)	1,680,000	1,680,000
Lease liability	316,410	433,115	(365,513)	384,012	162,380
Total long-term debt	8,986,410	2,113,115	(3,445,898)	7,653,627	2,622,765
Other long-term liabilities:					
Compensated absences payable*	473,486		(1,587)	471,899	
Net pension liability - proportionate share - ERS	1,578,059	458,585	(506,555)	1,530,089	
Total other post-employment benefits obligation	8,392,968	779,145	(953,788)	8,218,325	252,176
Total long-term liabilities	$ 19,430,923	$ 3,350,845	$ (4,907,828)	$ 17,873,940	$ 2,874,941

	As Restated Beginning Balance	Issued	Redeemed	Ending Balance	Due within one year
Business-type activities:					
Bonds payable	$ 750,000		$ (145,000)	$ 605,000	$ 145,000
Lease liability	228,969	$ 489,117	(182,890)	535,196	212,369
Total long-term debt	978,969	489,117	(327,890)	1,140,196	357,369
Other long-term liabilities:					
Compensated absences payable*	127,617		(773)	126,844	
Net pension liability - proportionate share - ERS	300,583	88,348	(97,485)	291,446	
Total other post-employment benefits obligation	2,862,262	265,628	(325,262)	2,802,628	85,998
Total long-term liabilities	$ 4,269,431	$ 843,093	$ (751,410)	$ 4,361,114	$ 443,367

*Beginning balance is restated. See the accompanying notes to financial statements for further detail of the opening balance restatement in connection with the change in accounting principle.

**Certain beginning balance amounts reported in the long-term liability rollforward above have been reclassified to conform to the May 31, 2025 financial statement presentation. There is no net effect on the total beginning balance for total long-term liabilities for this reclassification.

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, bond anticipation notes payable, lease liability, compensated absences payable, net pension liability, and total other-post employment benefits obligation, if applicable. The proprietary fund (country club fund) has typically been used to liquidate long-term liabilities for the business-type activities.

During the fiscal year ended May 31, 2025, the Village began reporting business-type activities related to the country club fund, which is presented as a proprietary fund in the financial statements. Business-type activities were not reported in the prior year, as the country club fund was previously reported within governmental activities. Prior year comparative information has been restated to the extent necessary to be consistent with the current year presentation.

A. Bonds Payable:

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Governmental activities - 2019 Refunding Bond	10/10/2019	10/1/2028	0.60-2.75%	$ 795,000
Governmental activities - 2020 Bond	8/13/2020	8/1/2030	1.125-2.00%	350,000
Governmental activities - 2024 Bond	4/24/2024	4/15/2037	3.16%	4,200,000
				$ 5,345,000

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Business-type activities - 2019 Refunding Bond	10/10/2019	10/1/2028	0.60-2.75%	$ 605,000
				$ 605,000

The following is a summary of debt service requirements for bonds payable:

Fiscal Year Ended June 30,	Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest
2026	$ 760,000	$ 209,075	$ 145,000	$ 12,103
2027	765,000	187,462	145,000	9,493
2028	340,000	168,585	155,000	6,221
2029	350,000	153,188	160,000	2,200
2030	360,000	137,200	-	-
2031-2035	1,905,000	426,500	-	-
2036-2037	865,000	52,200	-	-
	$ 5,345,000	$ 1,334,210	$ 605,000	$ 30,017

Unissued Debt

The board has authorized the issuance of serial bonds and bond anticipation notes for various capital improvement projects totaling $11,035,000. The Village has issued $5,200,000 of such obligations pursuant to these authorizations and, as of May 31, 2025, has $5,835,000 of authorized but unissued debt remaining.

B. Lease Liability:

The Village recognizes a lease liability obligation for agreements whereby the Village obtains the right to present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's used for a period of one year or greater. The Village has entered into such lease agreements for various vehicles and other equipment items with interest rates ranging from 0.31% to 6.20%.

Principal and interest amounts paid on the Village's lease liability amounted to $548,403 and $206,684, respectively, for the fiscal year ended May 31, 2025.

The following is a summary of the principal and interest requirements to maturity for the Village's leases:

Fiscal Year Ended June 30,	Governmental activities		Business - type activities	
	Principal	Interest	Principal	Interest
2026	$ 162,380	$ 12,121	$ 212,369	$ 6,874
2027	106,497	7,069	154,237	3,774
2028	61,639	3,934	119,114	1,712
2029	45,279	1,416	37,328	382
2030	8,217	122	12,148	65
	$ 384,012	$ 24,662	$ 535,196	$ 12,807

B. Long-Term Interest:

Interest on long-term debt and lease liability for the fiscal year was composed of:

	Governmental Activities	Business-Type Activities
Interest paid	$ 236,513	$ 21,795
Less interest accrued in the prior fiscal year	(103,633)	(2,549)
Plus interest accrued in the current fiscal year	79,538	1,992
Less amortization on premium on bonds	(20,385)	-
Total expense	$ 192,033	$ 21,238

C. Premium on Bonds:

In the governmental activities financial statements, the bond issuance premium is amortized as a component of interest expense over the remaining life of the bond, as follows:

Fiscal Year Ended June 30,	Amortization of Premium
2026	$ 20,385
2027	20,385
2028	20,385
2029	20,385
2030	20,385
2031-2035	101,925
2036-2037	40,765
	$ 244,615

NOTE 9 – PENSION PLAN:

A. Plan Description and Benefits Provided:

Employees' Retirement System

The Village participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer defined benefit pension plan. The System 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 new 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. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). 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 Village 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. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244.

B. Funding Policies:

The System is noncontributory, except as follows:

a. Employees who joined the system after July 27, 1976, but before January 1, 2010
   i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
b. Employees who joined the system on or after January 1, 2010, but before April 1, 2012
   i. Employees contribute 3% of their salary throughout active membership.
c. Employees who joined the system on or after April 1, 2012
   i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

The Village is required to contribute at an actuarially determined rate. The Comptroller certifies the actuarially determined rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. The Village's contribution rates for the fiscal year ended March 31, 2025, by tier (as applicable), of covered payroll were as follows:

	ERS
Tier 4	17.8%
Tier 5	15.3%
Tier 6	11.3%

The Village contributions made to the System were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the Village's fiscal year-end were:

	ERS
2025	$ 604,040
2024	$ 482,410
2023	$ 410,364

C. <u>Pension Asset, Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:</u>

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

	ERS
Measurement date	March 31, 2025
Net pension asset/(liability)	$ (1,821,535)
Village's portion of the Plan's total net pension asset/(liability)	0.0106238%
Change in proportion since prior measurement date	-0.0021352%

For the fiscal year ended May 31, 2025, the Village recognized pension expense of $318,097 for ERS. At May 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources ERS	Deferred Inflows of Resources ERS
Differences between expected and actual experience	$ 452,117	$ 21,327
Changes of assumptions	76,392	-
Net difference between projected and actual earnings on pension plan investments	142,913	-
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	90,279	336,360
Village's contributions subsequent to the measurement date	114,429	-
	$ 876,130	$ 357,687

Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the fiscal year ended May 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended:	ERS
2026	$ 247,192
2027	389,592
2028	(215,019)
2029	(17,751)
2030	-
	$ 404,014

Actuarial Assumptions

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

Measurement date	March 31, 2025
Actuarial valuation date	April 1, 2024
Interest rate	5.90%
Salary scale	4.3% for ERS
Cost of living adjustments	1.5% annually
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience
Inflation rate	2.90%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For ERS, the actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

For ERS, the long-term expected 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 return, 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 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 as of the measurement date are summarized below:

	ERS	
Measurement Date	March 31, 2025	
Asset type	Target Allocation	Long-term expected real rate of return
Domestic equity	25%	3.54%
International equity	14%	6.57%
Private equity	15%	7.25%
Real estate	12%	4.95%
Opportunistic/ absolute return strategy	3%	5.25%
Real assets	4%	5.55%
Credit	4%	5.40%
Cash	1%	0.25%
Fixed income	22%	2.00%
	100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.90% for ERS.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% for ERS. 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 determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

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

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Village's proportionate share of the net pension asset/(liability)	$ (5,271,752)	$ (1,821,535)	$ (1,059,398)

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employer as of the respective measurement date was as follows:

	(Dollars in Thousands)
	ERS
Measurement Date	March 31, 2025
Employers' total pension liability	$ (247,600,239)
Plan fiduciary net position	230,454,512
Employer's net pension liability	$ (17,145,727)
Ratio of plan fiduciary net position to the employer's total pension liability	93.08%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of May 31, 2025 represent the projected employer contribution for the period of April 1, 2024 through May 31, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2025 amounted to $114,429.

NOTE 10 – OTHER RETIREMENT PLANS:

A. Deferred Compensation Plan:

The Village has established a deferred compensation plan in accordance with Internal Revenue Code §457(b) for all employees. The Village makes no contributions to the plan and maintains no assets ot incurs any liabilities in connection to the plan. The plan, available to all employees, permits them to defer a portion of their salary until future year, usually retirement. Employee contributions for fiscal year ended May 31, 2025 totaled $54,874.

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A. Plan Description:

The Village's OPEB Plan (the "Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with provisions of their employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP). Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the Village. No assets are accumulated in a trust to pay related benefits.

B. Benefits Provided:

The Village provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the Village offices and are available upon request.

C. Employees Covered by Benefit Terms:

At the valuation date of June 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	21
Active employees	60
	81

D. Total OPEB Liability:

The Village's total OPEB liability of $11,020,953 was measured as of May 31, 2025, and was determined by an actuarial valuation as of June 1, 2023.

E. Actuarial Assumptions and Other Inputs:

The total OPEB liability in the June 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.50%
Discount rate	4.80%
Healthcare cost trend rates	5.75% decreasing to an ultimate rate of 5.00% by 2025
Retirees' share of benefit-related costs	25.00% of projected health insurance premiums for retirees

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based in accordance with the SOA RP-2014 Total Dataset, as appropriate, with adjustments for mortality improvements based on Society of Actuaries' Scale MP – 2021.

The actuarial assumptions used in the June 1, 2023 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

F. Changes in the Total OPEB Liability:

Balance at May 31, 2024	$ 11,255,630
Changes for the fiscal year:	
Service cost	578,480
Interest	465,893
Differences between expected and actual experience	-
Changes in benefit terms	-
Changes in discount rate	(953,163)
Changes of assumptions or other inputs	-
Benefit payments	(325,887)
Net changes	(234,677)
Balance at May 31, 2025	$ 11,020,953

Changes in discount rate reflect a change in the discount rate from 4.20% in 2024 to 4.80% in 2025.

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (3.80%) or 1- percentage point higher (5.80%) than the current discount rate:

	1% Decrease (3.80%)	Discount Rate (4.80%)	1% Increase (5.80%)
Total OPEB liability	$ 12,682,056	$ 11,020,953	$ 9,676,340

H. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$ 9,393,835	$ 11,020,953	$ 13,079,824

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended May 31, 2025, the Village recognized OPEB expense of $186,797.

At May 31, 2025, the Village reported deferred outflows of resources or deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	$ (1,492,607)
Changes of assumptions or other inputs	(2,884,977)
Total	$ (4,377,584)

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

Fiscal year ended May 31,	
2026	$ (1,007,654)
2027	(1,007,654)
2028	(1,230,710)
2029	(571,320)
2030	(424,079)
Thereafter	(136,167)
	$ (4,377,584)

NOTE 12 – RISK MANAGEMENT:

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

NOTE 13 – COMMITMENTS AND CONTINGENCIES:

A. Encumbrances:

All encumbrances are classified as assigned fund balance. At May 31, 2025, the Village encumbered the following amounts:

Governmental Activities:		
General fund		
General government support	$	7,049
Public safety		17,271
Transportation		18,193
Culture and recreation		3,571
Home and community services		13,702
Total general fund	$	59,786
Capital projects fund		
Transportation	$	38,570
Culture and recreation		100,086
Total capital projects fund	$	138,656
Business-Related Activities:		
Proprietary fund		
Culture and recreation	$	563
Total proprietary fund	$	563

B. <u>Litigation</u>:

The Village is not aware of any material pending or threatened litigation claims against the Village. The Village is also unaware of any unasserted claims or assessments that would require financial statement disclosure.

C. <u>Certiorari proceedings</u>:

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for the taxes collected through May 31, 2025, which could affect future operating budgets of the Village.

NOTE 14 – RESTATEMENT OF NET POSITION:

During the fiscal year ended May 31, 2025, the Village implemented GASB Statement No. 101, *Compensated Absences*. The implementation of GASB Statement No. 101 (change in accounting principle) required a restatement of the beginning net position as of June 1, 2024.

During the fiscal year, the Village also updated its capital asset records following an appraisal of capital asset inventory that had not been performed for several years. The updated appraisal resulted in adjustments to the Village's previously reported capital asset balances. These adjustments required a restatement of the beginning net position as of June 1, 2024 (correction of error).

During the fiscal year, the Village identified intangible lease assets that had not been recorded in the prior fiscal year. As a result, the Village adjusted its previously reported balances to recognize the intangible lease assets. These adjustments required a restatement of the beginning net position as of June 1, 2024 (correction of error).

The cumulative effect of these changes is summarized as follows:

	Governmental Activities Statement of Net Position	Business-Type Activities Statement of Net Position
Net Position (Deficit), Beginning of Year, as Previously Reported	$ 30,937,942	$ -
Misclassification of country club fund as a governmental fund	(2,012,854)	2,012,854
Non-current assets		
Capital assets	791,334	(330,056)
Intangible lease assets	316,410	228,969
Total non-current assets	1,107,744	(101,087)
Long-term liabilities		
Compensated absences payable	33,030	6,174
Total Long-Term Liabilities	33,030	6,174
Net Position (Deficit), Beginning of Year, as Restated	$ 29,999,802	$ 1,905,593

During the fiscal year ended May 31, 2025, the Village began reporting business-type activities related to the country club fund, which is presented as a proprietary fund in the financial statements. Business-type activities were not reported in the prior year, as the country club fund was previously reported within governmental activities.

NOTE 15 – SUBSEQUENT EVENTS:

The Village has evaluated subsequent events through January 16, 2026, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements, except for the following:

On July 30, 2025, the Village issued bond anticipation notes in the amount of $1,695,000, which are due July 30, 2026 and bear interest at 3.75%.

On July 30, 2025, the Village issued serial bonds in the amount of $760,000, which are due July 15, 2039 and carry an effective true interest rate at 4.21%.

SUPPLEMENTARY INFORMATION

THE INCORPORATED VILLAGE OF PORT JEFFERSON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended May 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	$ 6,845,245	$ 6,845,245	$ 6,843,657	$ (1,588)
Other tax items	375,000	375,000	521,648	146,648
Non-property taxes	410,000	362,000	357,328	(4,672)
Departmental income	2,058,800	2,259,300	1,971,574	(287,726)
Intergovernmental charges	10,000	10,000	5,064	(4,936)
Use of money and property	195,952	195,952	195,513	(439)
Licenses and permits	355,000	255,000	280,924	25,924
Fines and forfeitures	450,000	330,000	320,059	(9,941)
Sale of property and compensation for loss	17,500	17,500	46,835	29,335
Miscellaneous	25,000	522,425	499,686	(22,739)
State aid	603,302	381,302	411,359	30,057
Federal aid	-	390,917	390,917	-
Total Revenues	11,345,799	11,944,641	11,844,564	(100,077)
Other Financing Sources				
Premium on short-term obligations	112,676	112,676	112,676	-
Operating transfers in	-	60,669	70,644	9,975
Total Revenues and Other Financing Sources	11,458,475	12,117,986	12,027,884	(90,102)
Appropriated Fund Balance and Reserves	91,230	130,230		
Total Revenues, Other Financing Sources, and Appropriated Fund Balance and Reserves	$11,549,705	$12,248,216		

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.

THE INCORPORATED VILLAGE OF PORT JEFFERSON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Fiscal Year Ended May 31, 2025

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Actual and Encumbrances
EXPENDITURES					
GENERAL GOVERNMENT SUPPORT					
Board of trustees	$ 47,500	$ 47,500	$ 46,256	$ -	$ 1,244
Village justice	114,140	116,585	112,404	-	4,181
Mayor	137,794	150,187	145,143	3,003	2,041
Treasurer	373,850	353,476	342,690	1,565	9,221
Assessment	40,000	54,222	54,222	-	-
Clerk	406,478	427,017	427,058	-	(41)
Law	129,000	236,377	236,365	-	12
Engineer	49,193	113,568	111,963	1,603	2
Elections	3,000	4,746	4,746	-	-
Special items	76,000	75,443	73,596	-	1,847
Buildings	473,192	484,540	484,065	878	(403)
Auditor	27,000	27,000	26,600	-	-
Contingency	42,000	9,830	-	-	-
Unallocated insurance	551,000	451,000	444,016	-	-
Total General Government Support	2,470,147	2,551,491	2,509,124	7,049	35,318
PUBLIC SAFETY					
Police	492,500	370,052	347,090	16,621	6,341
Traffic control	20,000	13,700	10,702	650	2,348
Parking	108,100	130,950	127,797	-	3,153
Safety inspection	295,000	242,394	228,586	-	13,808
Total Public Safety	915,600	757,096	714,175	17,271	25,650
TRANSPORTATION					
Maintenance of streets	1,301,756	1,168,168	1,138,267	507	29,394
Snow removal	85,000	93,090	84,587	-	8,503
Street lighting	275,000	317,928	301,428	16,500	-
Sidewalks	50,000	-	-	-	-
Off-street parking	38,475	16,475	14,988	1,186	-
Total Transportation	1,750,231	1,595,661	1,539,270	18,193	38,198
Balance carried forward	$5,135,978	$4,904,248	$4,762,569	$ 42,513	$ 99,166

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.

See paragraph on required supplementary information included in the independent auditor's report

THE INCORPORATED VILLAGE OF PORT JEFFERSON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Fiscal Year Ended May 31, 2025

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Actual and Encumbrances
Balance carried forward	$ 5,135,978	$ 4,904,248	$ 4,762,569	$ 42,513	$ 99,166
Economic Opportunity and Development					
Programs for aging	28,700	23,700	20,601	-	3,099
Total Economic Opportunity and Development	28,700	23,700	20,601	-	3,099
Culture and Recreation					
Parks	662,300	584,417	572,232	-	12,185
Playground and recreational centers	850,880	828,565	772,114	3,571	52,880
Celebrations	30,000	30,000	29,925	-	75
Total Culture and Recreation	1,543,180	1,442,982	1,374,271	3,571	65,140
Home and Community Services					
Drainage	16,717	6,717	5,338	417	962
Planning	413,265	401,489	387,705	9,061	4,723
Environmental	48,881	56,854	53,073	-	3,781
Refuse and garbage	192,736	231,256	218,840	4,224	8,192
Total Home and Community Services	671,599	696,316	664,956	13,702	17,658
Balance carried forward	$ 7,379,457	$ 7,067,246	$ 6,822,397	$ 59,786	$ 185,063

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.

THE INCORPORATED VILLAGE OF PORT JEFFERSON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Fiscal Year Ended May 31, 2025

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Actual and Encumbrances
Balance carried forward	$ 7,379,457	$ 7,067,246	$ 6,822,397	$ 59,786	$ 185,063
Employee Benefits					
State retirement	490,000	493,381	506,555	-	(13,174)
Service award program	10,700	10,700	10,678	-	22
Social security and medicare	320,000	280,000	279,329	-	671
Workers' compensation	150,000	142,500	138,010	-	4,490
Life insurance	6,500	700	962	-	(262)
Unemployment insurance	22,000	12,600	12,544	-	56
Disability insurance	2,000	2,000	1,881	-	119
Hospital and medical insurance	1,560,000	1,498,000	1,500,994	-	(2,994)
Accrued leave	20,000	24,716	24,716	-	-
Total Employee Benefits	2,581,200	2,464,597	2,475,669	-	(11,072)
Debt Service					
Principal	1,243,109	1,224,421	1,208,167	-	16,254
Interest	345,939	345,939	358,271	-	(12,332)
Total Debt Service	1,589,048	1,570,360	1,566,438	-	3,922
Other Financing Uses					
Operating transfers out	-	1,146,013	1,146,013	-	-
Total Expenditures and Other Financing Uses	$ 11,549,705	$ 12,248,216	12,010,517	$ 59,786	$ 177,913
Net Change in Fund Balance			17,367		
Fund Balance - Beginning of Year			1,647,845		
Fund Balance - End of Year			$ 1,665,212		

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.

THE INCORPORATED VILLAGE OF PORT JEFFERSON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
For the Last Seven Fiscal Years Ended May 31, *

NYSERS Pension Plan

	2025	2024	2023	2022	2021	2020	2019
Village's proportion of the net pension asset/(liability)	0.0106238%	0.0127590%	0.0138403%	0.0144071%	0.0129621%	0.0133129%	0.0127564%
Village's proportionate share of the net pension asset/(liability)	$ (1,821,535)	$ (1,878,642)	$ (2,967,912)	$ 1,177,717	$ (12,907)	$ (3,525,323)	$ (903,828)
Village's covered payroll	$ 4,094,763	$ 3,772,545	$ 3,782,089	$ 3,766,114	$ 3,781,691	$ 3,635,314	$ 3,386,392
Village's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	44.48%	49.80%	78.47%	31.27%	0.34%	96.97%	26.69%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	7.10%	7.25%

Note to Required Supplementary Information:
* The amounts presented for each fiscal year were determined as of the measurement dates of the plans.
*An additional year of historical information will be added each year, subsequent to the year of implementation until 10 years of historical data is available

THE INCORPORATED VILLAGE OF PORT JEFFERSON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF VILLAGE'S PENSION CONTRIBUTIONS
For the Last Seven Fiscal Years Ended May 31,

NYSERS Pension Plan

	2025	2024	2023	2022	2021	2020	2019
Contractually required contribution	$ 604,040	$ 482,410	$ 410,364	$ 576,519	$ 497,234	$ 485,475	$ 471,316
Contributions in relation to the contractually required contribution	604,040	482,410	410,364	576,519	497,234	485,475	471,316
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Village's covered payroll	$ 4,338,678	$ 4,186,995	$ 3,772,545	$ 3,756,610	$ 3,780,253	$ 3,628,005	$ 3,386,392
Contributions as a percentage of covered payroll	13.92%	11.52%	10.88%	15.35%	13.15%	13.38%	13.92%

Note to Required Supplementary Information:
*An additional year of historical information will be added each year, subsequent to the year of implementation until 10 years of historical data is available.

THE INCORPORATED VILLAGE OF PORT JEFFERSON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN VILLAGE'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
For the Fiscal Years ended May 31,

	2025	2024	2023	2022	2021	2020	2019
Total OPEB Liability							
Service cost	$ 578,480	$ 595,074	$ 677,229	$ 962,944	$ 1,055,760	$ 847,423	$ 770,955
Interest	465,893	482,384	429,634	353,323	372,448	375,868	364,276
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(1,141,650)	-	(2,192,820)	-	1,050,557	-
Changes of assumptions or other inputs	(953,163)	(873,777)	(1,030,639)	(3,836,125)	1,615,088	733,899	1,050,564
Benefit payments	(325,887)	(350,461)	(336,891)	(297,451)	(252,709)	(216,484)	(143,149)
Net change in total OPEB liability	(234,677)	(1,288,430)	(260,667)	(5,010,129)	2,790,587	2,791,263	2,042,646
Total OPEB liability - beginning	11,255,630	12,544,060	12,804,727	17,814,856	15,024,269	12,233,006	10,190,360
Total OPEB liability - ending	$11,020,953	$11,255,630	$12,544,060	$12,804,727	$ 17,814,856	$ 15,024,269	$ 12,233,006
Covered-employee payroll	$ 3,684,096	$ 3,684,096	$ 2,686,284	$ 2,686,284	$ 2,952,488	$ 2,952,488	$ 2,913,999
Total OPEB liability as a percentage of covered-employee payroll	299.15%	305.52%	466.97%	476.67%	603.38%	508.87%	419.80%
Discount rate	4.80%	4.20%	3.90%	3.40%	2.00%	2.50%	3.10%

Notes to Schedule:

Trust Assets
There are no assets accumulated in a trust to pay related benefits.

This schedule is intended to show information for ten years; additional years will be displayed as they become available.

Robert S. Abrams
(1926-2014)

R.S. ABRAMS & CO., LLP
Accountants & Consultants for Over 75 years

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA
Brendan Nelson, CPA
Christopher Schneider, CPA

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 Trustees
The Incorporated Village of Port Jefferson

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, business-type activities, and each major fund of the Incorporated Village of Port Jefferson (the "Village"), as of and for the fiscal year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated January 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

ISLANDIA: 3033 EXPRESS DRIVE NORTH, SUITE 100 • ISLANDIA, NY 11749
WHITE PLAINS: 50 MAIN STREET, SUITE 1000 • WHITE PLAINS, NY 10606
PHONE: (631) 234-4444 • FAX: (631) 234-4234
www.rsabrams.com

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R.S. Abrams + Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
January 23, 2026

Robert S. Abrams
(1926-2014)

R.S. ABRAMS & CO., LLP
Accountants & Consultants for Over 75 years

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Trustees
The Incorporated Village of Port Jefferson

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Incorporated Village of Port Jefferson's (the "Village") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the fiscal year ended May 31, 2025. The Village'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 Village complied, 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 fiscal year ended May 31, 2025.

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 Village 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 Village'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 Village'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 Village'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 Village'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 Village'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 Village'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 Village'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.

R.S. Abrams + Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
January 23, 2026

THE INCORPORATED VILLAGE OF PORT JEFFERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MAY 31, 2025

Federal Grantor/Pass-through Grantor Program Title	Assistance Listing Number (ALN)	Agency or Pass-through Number	Program Expenditures	Total Expenditures by ALN
U.S. Department of Treasury				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	$ 349,137	$ 349,137
Total U.S. Department of Treasury				$ 349,137
U.S. Department of Homeland Security				
Passed-through NYS Division of Homeland Security and Emergency Services:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4839-DR-NY	$ 41,780	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4615-DR-NY	897,175	$ 938,955
Total U.S. Department of Homeland Security				$ 938,955
Total Federal Awards Expended				**$ 1,288,092**

See Accompanying Notes to Schedule of Expenditures of Federal Awards

THE INCORPORATED VILLAGE OF PORT JEFFERSON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MAY 31, 2025

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Incorporated Village of Port Jefferson (the "Village") under programs of the federal government for the fiscal year ended May 31, 2025. 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 Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior fiscal years. Expenditures reported on the Schedule for the Disaster Grants – Public Assistance (FEMA) include $938,955 incurred in the prior fiscal years and approved as allowable in the fiscal year ended June 30, 2025.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Matching costs (the Village's share of certain program costs) are not included in the reported expenditures.

3. INDIRECT COST RATE:

The Village has elected not to use the 10-percent 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 is covered by the Village's casualty insurance policies.

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

THE INCORPORATED VILLAGE OF PORT JEFFERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED MAY 31, 2025

PART I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion(s) issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	______yes	__x__no
Significant deficiencies identified that are not considered to be material weakness(es)?	______yes	__x__none reported
Noncompliance material to financial statements noted?	______yes	__x__no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	______yes	__x__no
Significant deficiencies identified that are not considered to be material weakness(es)?	______yes	__x__none reported

Type of auditor's opinion(s) issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	______yes	__x__no

Identification of major programs:

Name of federal program	Assistance Listing Number(s)
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036

Dollar threshold used to distinguish between Type A and Type B Programs: $750,000

Auditee qualified as low risk?	_____yes	__x__no

THE INCORPORATED VILLAGE OF PORT JEFFERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED MAY 31, 2025

PART II FINANCIAL STATEMENT FINDINGS

There are no financial statements findings to be reported.

PART III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings or questioned costs to be reported.

THE INCORPORATED VILLAGE OF PORT JEFFERSON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED MAY 31, 2025

There were no prior year findings or questioned costs.

THE INCORPORATED VILLAGE OF PORT JEFFERSON
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED MAY 31, 2025

A corrective action plan for the fiscal year ended May 31, 2025 is not required.