

**PORT JEFFERSON SCHOOL DISTRICT  
BUSINESS OFFICE  
550 SCRAGGY HILL ROAD  
PORT JEFFERSON, NY 11777  
PHONE (631)791-4231 FAX (631)476-4467**



Jessica Schmettan  
Superintendent of Schools

Sean Leister  
Deputy Superintendent

Dear Port Jefferson Community,

Following the adoption of the district's audited financial reports for the fiscal year ending June 30, 2025 at the November 12, 2025 Board of Education meeting, questions were raised concerning the negative fund balance of \$8,201,057 noted in that report.

The decrease in the unassigned fund balance is a result of the district's payment of \$16.5 million in accordance with its Child Victims Act settlement agreement. Of that amount, \$11.4 million was covered by a Bond Anticipation Note (BAN), with the balance of funds coming from the use of unassigned district reserves.

The negative balance reported does not signify an actual negative balance in any of the district's bank accounts. It is the result of an accounting regulation the district is governed by as a public entity (Government Accounting Standards Board Rule 62). Based on this regulation, the district is prohibited from recording the BAN funds as revenue until such time as those funds are converted to long-term bond financing. In other words, the BAN funds must be considered a short-term liability, assessed against the district's general fund balance. If, in fact, the district would have been able to record the BAN funds as revenue, as it will be able to do when the BAN funds are converted to long-term bond financing, the fund balance would have been approximately a positive \$2 million, which is the amount that actually exists in the unassigned fund account.

The current BAN comes due in January 2026, at which time the district will issue another BAN that will come due in October 2026. The expectation is that the district will be able to issue a long-term, 28-year bond in October 2026. Currently, state regulations only permit a 15-year, long-term bond to be issued against CVA settlements. However, there is legislation, passed by both the state senate and assembly, authorizing the issuance of up to 30-year bonds to satisfy CVA settlement agreements. It is expected that Governor Hochel will sign that legislation before the end of this year. While this is our current plan relative to the funding of the CVA settlement, the district will continue to investigate and consider all viable options.

We understand the reporting of the negative fund balance is a concern. However, as noted above, it is an accounting number and does not represent an actual negative balance in any district account.

If you do have any questions, please do not hesitate to contact the business office at 631-791-4231. Thank you for your support and your dedication to the education of the children of the Port Jefferson community.

Sincerely,  
Sean Leister  
Deputy Superintendent