

EAST ISLIP UNION FREE
SCHOOL DISTRICT
Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report
June 30, 2025

EAST ISLIP UNION FREE SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 17
Basic Financial Statements:	
District-Wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet - Governmental Funds	20
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	21
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	23
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	24
Notes to Financial Statements	25 - 57
Required Supplementary Information:	
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	58
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	59
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability	60
Schedule of the District's Pension Contributions	61
Other Supplementary Information:	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund	62
Schedule of Project Expenditures - Capital Projects Fund	63
Net Investment in Capital Assets	64

EAST ISLIP UNION FREE SCHOOL DISTRICT

Table of Contents, Continued

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	65 - 66

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INDEPENDENT AUDITORS' REPORT

The Board of Education
East Islip Union Free School District:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Islip Union Free School District (the District), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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 GAAS 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 GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional required supplementary information as listed in the table of contents information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2025 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District’s internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 8, 2025

EAST ISLIP UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2025

The following is a discussion and analysis of the East Islip Union Free School District's (the District) financial performance for the year ended June 30, 2025. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended June 30, 2025 are as follows:

- The District's total net deficit, as reflected in the District-Wide financial statements, increased by \$7,816,028 from the prior year due to an excess of expenses over revenue based on the accrual basis of accounting.
- The District's expenses for the year, as reflected in the District-Wide financial statements, totaled \$135,150,298. Of the expense amount, \$6,743,769 was offset by program charges for services and operating grants and contributions. General revenue of \$120,590,501 amounted to 95% of total revenue and was primarily composed of real property taxes and state sources.
- The District's fund balance in the general fund, as reflected in the Fund financial statements, decreased by \$1,428,451 based on the modified accrual basis of accounting.
- Actual revenue and other financing sources in the general fund were over budget by \$5,445,403 while actual expenditures, other financing uses, and encumbrances were under budget by \$5,789,265 resulting in a total favorable budget variance of \$11,234,668.
- The District appropriated \$4,294,900 of fund balance as of June 30, 2025 toward the 2025-2026 budget to limit the tax levy increase and reduce the burden on District taxpayers.
- On May 2, 2025, the District's residents authorized the proposed 2025-2026 budget in the amount of \$129,013,061. The 2025-2026 budget is supported by a real property tax levy of \$77,152,182, which was an increase of \$1,326,941, or 1.75%, over the 2024-2025 real property tax levy. In addition, the voters approved two propositions as part of the 2025-2026 budget vote that increased the expenditure budget by \$331,087, decreased the state aid revenue budget by \$118,913 and increased the tax levy by \$450,000. As a result, the real property tax levy was increased to \$77,602,182, which was an increase of \$1,776,941 or 2.34% over the 2024-25 real property tax levy.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

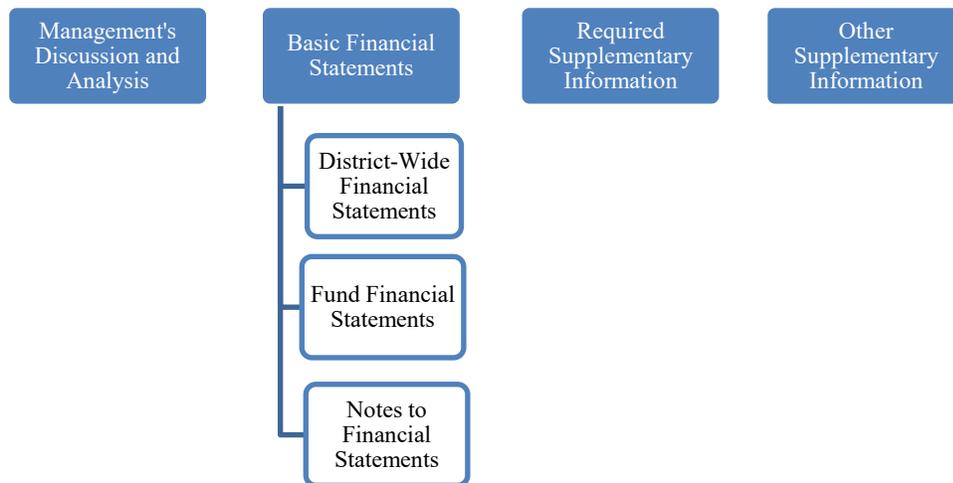
2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are District-Wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the operations in more detail than the District-Wide statements.
- The governmental fund statements tell how basic services such as instruction and support functions were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the collection of taxes for other governments.

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

Organization of the District's Annual Financial Report



EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The table below summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as collecting taxes for other governments
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset, deferred outflows of resources, liability and deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Current assets, deferred outflows of resources, liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets and liabilities, short-term and long-term
Type of inflow and outflow information	All revenue and expenses during the year; regardless of when cash is received or paid	Revenue for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

A. District-Wide Statements

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

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

- Over time, increases and decreases in net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differs from governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase 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 and amortization is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term liabilities are both accounted for in account groups and do not affect the fund balances.

District-Wide 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 Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate and amortize capital 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 consists of net capital assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisitions, construction and improvements of those assets.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

- Restricted net positions 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 is net position that does not meet any of the above restrictions.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District 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 District has two kinds of funds:

- Governmental funds - Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them. In summary, the government fund statements focus primarily on the sources, uses, and balance of current financial resources and often have a budgetary orientation. Included are the general fund, special revenue funds, debt service fund and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balance.
- Fiduciary funds - The District collects and remits taxes to East Islip Public Library. The District excludes these activities from the District-Wide financial statements because it cannot use these to finance its operations.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position decreased by \$7,816,028 for the year ended June 30, 2025.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Condensed Statement of Net Position-Governmental Activities

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Current assets	\$ 54,521,806	54,959,257	(437,451)
Noncurrent assets	<u>121,252,678</u>	<u>115,653,229</u>	<u>5,599,449</u>
Total assets	<u>175,774,484</u>	<u>170,612,486</u>	<u>5,161,998</u>
Deferred outflows of resources	<u>48,197,577</u>	<u>78,162,186</u>	<u>(29,964,609)</u>
Current liabilities	15,610,098	15,812,027	(201,929)
Noncurrent liabilities	<u>374,451,097</u>	<u>398,230,744</u>	<u>(23,779,647)</u>
Total liabilities	<u>390,061,195</u>	<u>414,042,771</u>	<u>(23,981,576)</u>
Deferred inflows of resources	<u>72,442,850</u>	<u>65,447,857</u>	<u>6,994,993</u>
Net position (deficit):			
Net investment in capital assets	57,389,746	55,696,829	1,692,917
Restricted	37,784,160	31,277,542	6,506,618
Unrestricted	<u>(333,705,890)</u>	<u>(317,690,327)</u>	<u>(16,015,563)</u>
Total net position (deficit)	<u>\$ (238,531,984)</u>	<u>(230,715,956)</u>	<u>(7,816,028)</u>

Current assets decreased \$437,451, or 0.8%, primarily due to a decrease in cash, offset by an increase in leases receivable.

Noncurrent assets increased by \$5,599,449, or 4.8%, due to the net pension liability for the Teachers' Retirement System (TRS) becoming an asset which was offset by depreciation and amortization expense exceeding capital asset additions.

The change in deferred outflows represents amortization of pension related items and the change in the District's contribution subsequent to measurement date for pensions, as discussed in note 13, and deferred outflows related to the total other postemployment benefits obligation as discussed in note 15.

Current liabilities decreased by \$201,929 or 1.3%, primarily due to a decrease in accounts payable offset by an increase in bonds payable, due to teachers' retirement system and unearned - collections in advance.

Long-term liabilities decreased by \$23,779,647, or 6.0%, primarily due to the net pension liability - TRS becoming an asset, and decreases in bonds payable and total OPEB liability.

The changes in deferred inflows represent amounts related to leases, as described in note 8, amortization of pension related items, as discussed in note 13, and the amortization of deferred inflows related to the total other postemployment benefits obligation as discussed in note 15.

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) such as land, construction in progress, buildings and improvements, and furniture, equipment, and vehicles, net of accumulated depreciation, accumulated amortization, and related debt. This number increased from the prior year by \$1,692,917.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The increase of \$6,506,618 to \$37,784,160 in restricted net position refers to the change in the District's reserves: workers' compensation, unemployment insurance, retirement contribution (ERS and TRS), repair, insurance, employee benefit accrued liability, and capital as well as amounts restricted for debt service, scholarships and donations, extraclassroom activities and the net pension asset - TRS.

The unrestricted net deficit in the amount of \$333,705,047 relates to the balance of the District's net position. This number does not include the District's reserves, which are classified as restricted net position, or amounts restricted for scholarships and donations, extraclassroom activities, debt service and the net pension asset - TRS. This deficit increased by \$16,014,720, or 5.0%.

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Revenue:			
Program revenue:			
Charges for services	\$ 2,519,168	2,498,235	20,933
Operating grants and contributions	4,224,601	4,763,374	(538,773)
General revenue:			
Real property taxes and other real property tax items	75,859,661	75,825,464	34,197
State sources	40,731,616	41,391,731	(660,115)
Use of money and property	2,402,648	2,230,354	172,294
Miscellaneous	<u>1,596,576</u>	<u>1,954,426</u>	<u>(357,850)</u>
Total revenue	<u>127,334,270</u>	<u>128,663,584</u>	<u>(1,329,314)</u>
Expenses:			
General government support	20,206,961	21,254,112	(1,047,151)
Instruction	104,299,763	110,069,269	(5,769,506)
Pupil transportation	5,241,431	5,002,497	238,934
Community services	757,447	790,776	(33,329)
Food service program	1,737,560	1,728,416	9,144
Debt service - interest	<u>2,907,136</u>	<u>2,959,261</u>	<u>(52,125)</u>
Total expenses	<u>135,150,298</u>	<u>141,804,331</u>	<u>(6,654,033)</u>
Change in net position	<u>\$ (7,816,028)</u>	<u>(13,140,747)</u>	<u>5,324,719</u>

Change in Net Position from Operating Results

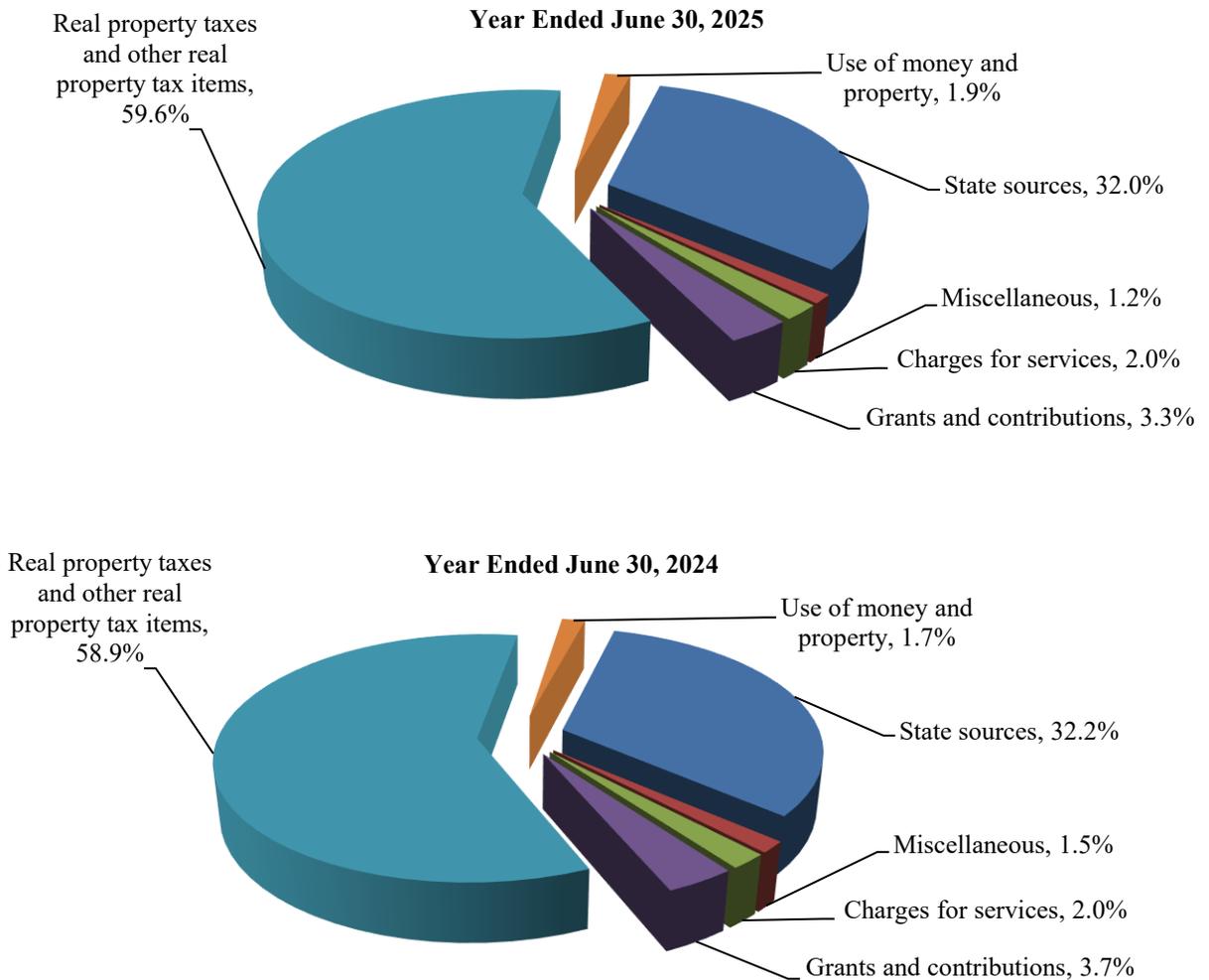
For the year ended June 30, 2025, the District's revenue totaled \$127,334,270. Real property taxes (including other real property tax items) and state sources accounted for most of the District's revenue. The remainder came from fees charged for services, operating grants, capital grants, investment earnings, and other miscellaneous sources.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The cost of all programs and services totaled \$135,150,298 for the year ended June 30, 2025. These expenses are predominantly related to general government support and instruction, which account for 15.0% and 77.3% of District expenses, respectively. Total expenses decreased by \$6,654,033, or 4.7%, primarily due to actuarially determined pension and other post-employment benefit expenses allocated to general government support and instruction.

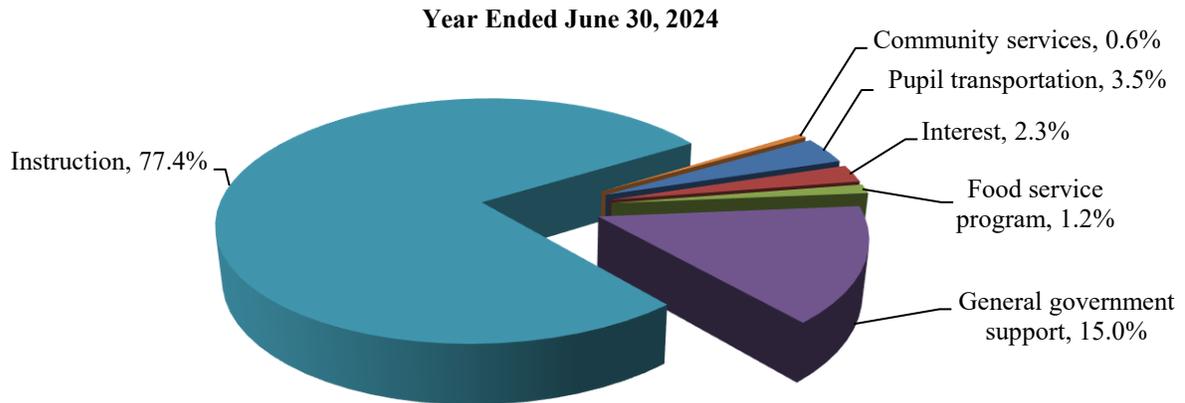
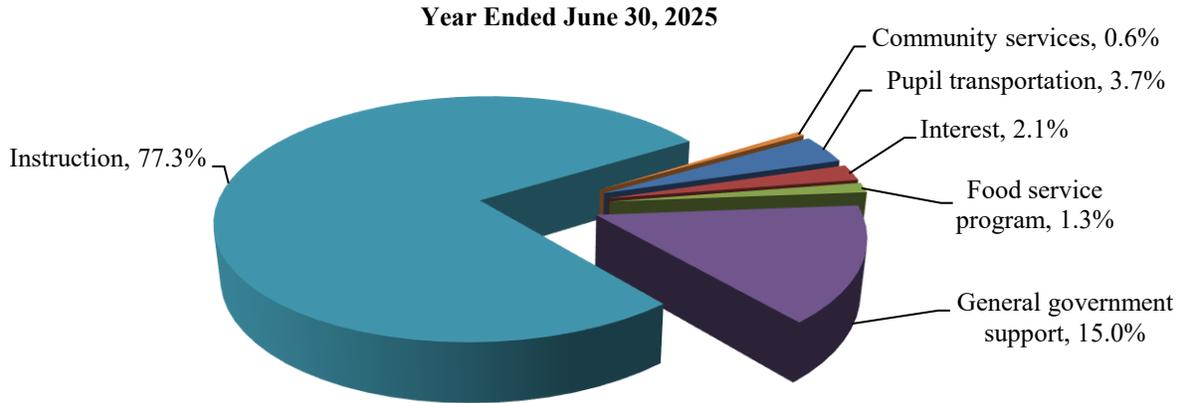
The users of the District's programs financed \$2,519,168 of the cost as shown in charges for services. The federal and state governments subsidized certain programs with operating grants and contributions of \$4,224,601. Most of the District's net costs of \$128,406,529 were financed by District taxpayers and state sources.

A graphic display of the distribution of revenues for the two years follows:



EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

A graphic display of the distribution of expenses for the two years follows:



4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

At June 30, 2025, the District's governmental funds reported a combined fund balance of \$41,946,236, which is a decrease of \$1,241,505 from the prior year.

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

EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

	<u>2025</u>	<u>2024</u>	<u>Change</u>
General Fund:			
Restricted for workers' compensation	\$ 1,891,334	1,825,080	66,254
Restricted for unemployment insurance	153,072	153,072	-
Restricted for retirement contributions - TRS	4,654,178	4,491,822	162,356
Restricted for retirement contributions - ERS	2,835,054	2,735,741	99,313
Restricted for repair	3,831,224	4,064,916	(233,692)
Restricted for insurance	38,357	37,013	1,344
Restricted for employee benefit accrued liability	6,088,621	6,064,392	24,229
Restricted for capital	5,732,807	7,075,160	(1,342,353)
Assigned - general support	169,586	597,356	(427,770)
Assigned - instruction	119,140	70,793	48,347
Assigned - appropriated for subsequent year's expenditures	4,294,900	4,239,743	55,157
Unassigned	<u>5,160,520</u>	<u>5,042,156</u>	<u>118,364</u>
Total fund balance - General Fund	<u>34,968,793</u>	<u>36,397,244</u>	<u>(1,428,451)</u>
School Lunch Fund:			
Nonspendable for inventory	6,660	1,938	4,722
Assigned	<u>868,013</u>	<u>918,096</u>	<u>(50,083)</u>
Total fund balance - School Lunch Fund	<u>874,673</u>	<u>920,034</u>	<u>(45,361)</u>
Miscellaneous Fund:			
Restricted for scholarships	7,023	8,148	(1,125)
Assigned - unappropriated fund balance	<u>188,984</u>	<u>224,048</u>	<u>(35,064)</u>
Total fund balance - Miscellaneous Fund	<u>196,007</u>	<u>232,196</u>	<u>(36,189)</u>
Debt Service Fund - restricted for debt service	<u>1,895,515</u>	<u>1,964,851</u>	<u>(69,336)</u>
Capital Projects Fund:			
Restricted for capital projects	3,252,024	2,633,299	618,725
Assigned	<u>759,224</u>	<u>1,040,117</u>	<u>(280,893)</u>
Total fund balance - Capital Projects Fund	<u>4,011,248</u>	<u>3,673,416</u>	<u>337,832</u>
Total fund balance - all funds	<u>\$ 41,946,236</u>	<u>43,187,741</u>	<u>(1,241,505)</u>

EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

A. General Fund

The net decrease of \$1,428,451 in the general fund is due to expenditures and other financing uses exceeding revenue and other financing sources in the current year. This decrease includes a voter approved use of capital reserve in the amount of \$3,000,000, which resulted in an operating transfer out to the capital projects fund.

B. School Food Service Fund

The net decrease of \$45,361 in the school food service fund is due to a decrease in sales revenue, interfund revenue from the general fund and surplus food, offset by an increase in federal and state reimbursements.

C. Miscellaneous Special Revenue Fund

The fund balance in the miscellaneous special revenue fund decreased by \$36,189. This decrease is due to current year expenditures exceeding revenue for extraclassroom activities.

D. Debt Service Fund

The net decrease of \$69,336 in the debt service fund is due to expenditures and other financing uses exceeding use of money and property and other financing sources in the current year.

E. Capital Projects Fund

The net increase in the fund balance of the capital projects fund of \$337,832 as transfers in were greater than capital outlay.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2024-2025 Budget

The District's general fund adopted budget for the year ended June 30, 2025 was \$126,053,938. This amount was increased by encumbrances carried forward from the prior year in the amount of \$668,149 and revisions of \$3,437,982 which resulted in a final budget of \$130,160,069. The majority of the funding was from real property taxes and state sources which was budgeted in the amount of \$109,057,296.

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

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

EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Opening, unassigned fund balance	\$ 5,042,156
Revenue and other financing sources over budget	5,445,403
Expenditures, other financing uses and encumbrances under budget	5,789,265
Interest allocated to reserves, net of reductions	(749,190)
Transfers to reserve	(1,409,517)
Unused appropriated reserves	(4,662,697)
Assigned - appropriated for June 30, 2026 budget	<u>(4,294,900)</u>
Closing, unassigned fund balance	<u>\$ 5,160,520</u>

The \$5,042,156 represents the portion of the District's June 30, 2024 fund balance that was retained as unassigned fund balance.

The revenue and other financing sources over budget of \$5,445,403 were primarily the result of revenue from state sources and use of money and property over budget.

The expenditures, other financing uses, and encumbrances under budget of \$5,789,265 were primarily the result of general government support, instruction, and employee benefits.

The District appropriated \$715,000 from the workers' compensation reserve, \$55,000 from the unemployment reserve, \$2,000,000 from the retirement contribution reserve - TRS, \$1,312,607 from the retirement reserve - ERS and \$580,000 from the employee benefit accrued liability reserve as part of the 2024-2025 budget, but unused. In addition, voters approved the use of \$3,000,000 from the capital reserve which was transferred to the capital projects fund, and \$381,256 from the repair reserve, which was used in the current year.

Interest in the amount of \$950,806 was allocated to the reserves as follows: \$66,254 to the workers' compensation reserve, \$5,563 to the unemployment insurance reserve, \$162,356 to the retirement contribution reserve - TRS, \$99,313 to the retirement contribution reserve - ERS, \$147,564 to the repair reserve, \$1,344 to the insurance reserve, \$220,283 to the employee benefit accrued liability reserve, and \$248,130 to the capital reserves. The unemployment insurance reserve and the employee benefit reserve were reduced by \$5,563 and \$196,054, respectively, to comply with maximum funding limitations a stipulated by Board policy

The assigned, appropriated fund balance of \$4,294,900 is the amount the District has chosen to use to partially fund its operating budget for 2025-2026.

The closing, unassigned fund balance represents the fund balance retained by the District that is not restricted or assigned for the subsequent year's budget. This amount is limited to 4.00% of the 2025-2026 budget. At June 30, 2025, the District's unassigned fund balance is at the statutory limit.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

6. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The District paid for furniture, equipment, vehicles, and various building additions and renovations during the fiscal year 2025. A summary of the District's capital assets and intangible lease assets, net of accumulated depreciation and accumulated amortization, is as follows:

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Land	\$ 2,161,500	2,161,500	-
Construction in progress	7,143,596	6,549,114	594,482
Buildings and improvements	181,591,404	179,379,511	2,211,893
Furniture, equipment and vehicles	7,199,767	6,791,645	408,122
Right-to-use assets	<u>414,252</u>	<u>171,492</u>	<u>242,760</u>
	198,510,519	195,053,262	3,457,257
Less accumulated depreciation/ amortization	<u>(84,473,808)</u>	<u>(79,400,033)</u>	<u>(5,073,775)</u>
Capital assets, net	<u>\$ 114,036,711</u>	<u>115,653,229</u>	<u>(1,616,518)</u>

The District spent \$1,116,827 in the general fund and school food service fund for furniture, equipment, and vehicle purchases during the year and \$2,493,115 in the capital projects fund on construction in progress, buildings and improvements, and furniture, equipment, and vehicles. The District also recorded depreciation and amortization expense of \$5,226,460. See note 9 to the financial statements for detail.

B. Long-Term Debt

At June 30, 2025, the District had total bonds payable, inclusive of unamortized premiums, of \$53,985,447, energy performance contract payable of \$2,275,000, and lease liability of \$386,518. The decrease in bonds payable, inclusive of unamortized premiums, is due to current year principal payments. The decrease in energy performance contract payable is due to current year principal payments. The increase in lease liability is due to a new lease agreement offset by current year principal payments. More detailed information about the District's long-term debt is presented in note 12 to the financial statements.

A summary of outstanding long-term debt at June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Bonds payable	\$ 53,985,447	57,464,171	(3,478,724)
Energy performance contract payable	2,275,000	2,470,000	(195,000)
Lease liability	<u>386,518</u>	<u>22,229</u>	<u>364,289</u>
Total	<u>\$ 56,646,965</u>	<u>59,956,400</u>	<u>(3,309,435)</u>

EAST ISLIP UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

The general fund budget for the 2025-2026 school year was approved by the voters in the amount of \$129,013,061. This is an increase of 2.34% over the previous year's adopted budget. In addition, the voters approved two propositions that increased the expenditure budget by \$331,087, decreased the state aid revenue budget by \$118,913 and increased the tax levy by \$450,000. As a result, the real property tax levy was increased to \$77,602,182, which was an increase of \$1,776,941 or 2.35% over the 2024-2025 real property tax levy.

Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services and the property tax cap which will continue to impact the District's ability to fund its current cost of services.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

East Islip Union Free School District
Attn: Mr. Stephen Harrison
Assistant Superintendent for Business
1 Craig B. Gariepy Avenue
Islip Terrace, New York 11752

EAST ISLIP UNION FREE SCHOOL DISTRICT
Statement of Net Position
Governmental Activities
June 30, 2025

Assets

Current assets:	
Cash and equivalents - unrestricted	\$ 15,719,805
Cash and equivalents - restricted	30,557,501
Receivables:	
Accounts receivable	285,052
State and Federal aid	3,106,360
Due from other governments	2,724,291
Leases	2,122,137
Inventory	6,660
Total current assets	54,521,806
Noncurrent assets:	
Net pension asset - teachers' retirement system - proportionate share	7,215,967
Capital assets - net	114,036,711
Total noncurrent assets	121,252,678
Total assets	175,774,484
<u>Deferred outflows of resources</u>	
Pensions	20,685,781
OPEB	27,511,796
Total deferred outflows of resources	48,197,577

Liabilities

Current liabilities:	
Accounts payable	3,279,987
Accrued liabilities	386,924
Accrued interest	96,426
Due to other governments	22,253
Due to teachers' retirement system	5,031,804
Due to employees' retirement system	542,340
Bonds payable	4,233,724
Energy performance contract	200,000
Capital leases	95,482
Workers' compensation	375,939
Compensated absences	555,923
Other liabilities	734,764
Unearned - collections in advance	54,532
Total current liabilities	15,610,098
Noncurrent liabilities:	
Bonds payable	49,751,723
Energy performance contract	2,075,000
Lease liabilities	291,036
Workers' compensation	1,367,830
Compensated absences	5,531,062
Total OPEB liability	311,208,840
Net pension liability - employees' retirement system - proportionate share	4,225,606
Total noncurrent liabilities	374,451,097
Total liabilities	390,061,195
<u>Deferred inflows of resources</u>	
Leases	2,095,261
Pensions	9,102,582
OPEB	61,245,007
Total deferred inflows of resources	72,442,850

Net position

Net investment in capital assets	57,389,746
Restricted:	
Workers' compensation reserve	1,891,334
Unemployment insurance reserve	153,072
Retirement contribution reserve - teachers' retirement system	4,654,178
Retirement contribution reserve - employees' retirement system	2,835,054
Repair reserve	3,831,224
Insurance reserve	38,357
Employee benefit accrued liability reserve	6,088,621
Capital reserve	8,984,831
Debt service	1,895,515
Scholarships	7,023
Extraclassroom	188,984
Net pension asset - TRS	7,215,967
Unrestricted	(333,705,890)
Total net position	\$ (238,531,984)

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Statement of Activities
Governmental Activities
Year ended June 30, 2025

		Program Revenue		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Expense and Changes in Net Position</u>
Functions and programs:				
General government support	\$ 20,206,961	-	-	(20,206,961)
Instruction	104,299,763	2,009,858	3,085,084	(99,204,821)
Pupil transportation	5,241,431	-	-	(5,241,431)
Community services	757,447	-	-	(757,447)
Food service program	1,737,560	509,310	1,139,517	(88,733)
Debt service interest	2,907,136	-	-	(2,907,136)
Total functions and programs	\$ 135,150,298	2,519,168	4,224,601	(128,406,529)
General revenue:				
Real property taxes				71,408,031
Other real property tax items				4,451,630
Use of money and property				2,402,648
Sale of property and compensation for loss				270,562
State sources				40,731,616
Medicaid reimbursement				169,395
Miscellaneous				1,156,619
Total general revenue				120,590,501
Change in net position				(7,816,028)
Net position (deficit) at beginning of year				(230,715,956)
Net position (deficit) at end of year				\$ (238,531,984)

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2025

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>Assets</u>							
Cash and equivalents - unrestricted	\$ 13,665,749	1,959	915,528	-	-	1,136,569	15,719,805
Cash and equivalents - restricted	25,224,647	-	-	196,007	1,884,823	3,252,024	30,557,501
Receivables:							
Accounts receivable	285,052	-	-	-	-	-	285,052
State and Federal aid	1,317,453	1,512,126	80,668	-	-	196,113	3,106,360
Due from other governments	2,724,291	-	-	-	-	-	2,724,291
Due from other funds	1,583,793	-	49,087	-	11,181	-	1,644,061
Lease receivables	2,122,137	-	-	-	-	-	2,122,137
Inventory	-	-	6,660	-	-	-	6,660
Total assets	<u>46,923,122</u>	<u>1,514,085</u>	<u>1,051,943</u>	<u>196,007</u>	<u>1,896,004</u>	<u>4,584,706</u>	<u>56,165,867</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>							
Liabilities:							
Accounts payable	2,860,304	127,893	122,738	-	-	169,052	3,279,987
Accrued liabilities	386,924	-	-	-	-	-	386,924
Due to other governments	22,253	-	-	-	-	-	22,253
Due to other funds	49,087	1,386,192	-	-	489	208,293	1,644,061
Due to teachers' retirement system	5,031,804	-	-	-	-	-	5,031,804
Due to employees' retirement system	542,340	-	-	-	-	-	542,340
Other liabilities	734,764	-	-	-	-	-	734,764
Unearned - collections in advance	-	-	54,532	-	-	-	54,532
Total liabilities	<u>9,627,476</u>	<u>1,514,085</u>	<u>177,270</u>	<u>-</u>	<u>489</u>	<u>377,345</u>	<u>11,696,665</u>
Deferred inflows or resources:							
Leases	2,095,261	-	-	-	-	-	2,095,261
Unearned revenue	231,592	-	-	-	-	196,113	427,705
Total deferred inflows of resources	<u>2,326,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,113</u>	<u>2,522,966</u>
Fund balances:							
Nonspendable	-	-	6,660	-	-	-	6,660
Restricted:							
Workers' compensation reserve	1,891,334	-	-	-	-	-	1,891,334
Unemployment insurance reserve	153,072	-	-	-	-	-	153,072
Retirement contribution reserve - teachers' retirement system	4,654,178	-	-	-	-	-	4,654,178
Retirement contribution reserve - employees' retirement system	2,835,054	-	-	-	-	-	2,835,054
Repair reserve	3,831,224	-	-	-	-	-	3,831,224
Insurance reserve	38,357	-	-	-	-	-	38,357
Employee benefit accrued liability reserve	6,088,621	-	-	-	-	-	6,088,621
Capital reserve	5,732,807	-	-	-	-	3,252,024	8,984,831
Debt service	-	-	-	-	1,895,515	-	1,895,515
Scholarships	-	-	-	7,023	-	-	7,023
Extraclassroom	-	-	-	188,984	-	-	188,984
Assigned	4,583,626	-	868,013	-	-	759,224	6,210,863
Unassigned (deficit)	5,160,520	-	-	-	-	-	5,160,520
Total fund balances	<u>34,968,793</u>	<u>-</u>	<u>874,673</u>	<u>196,007</u>	<u>1,895,515</u>	<u>4,011,248</u>	<u>41,946,236</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 46,923,122</u>	<u>1,514,085</u>	<u>1,051,943</u>	<u>196,007</u>	<u>1,896,004</u>	<u>4,584,706</u>	<u>56,165,867</u>

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2025

Total governmental fund balances		\$ 41,946,236
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
The assets consist of:		
Land and construction in progress	\$ 9,305,096	
Capital assets - net	<u>104,731,615</u>	114,036,711
Certain revenue will be collected after year end and is deferred in the governmental funds but recognized in the statement of activities.		
		427,705
Some deferred inflows and outflows are not reported in governmental governmental funds. These consist of the following:		
Deferred outflows of resources - pensions	20,685,781	
Deferred inflows of resources - pensions	(9,102,582)	
Deferred outflows of resources - OPEB	27,511,796	
Deferred inflows of resources - OPEB	<u>(61,245,007)</u>	(22,150,012)
Long-term liabilities that are not due and payable in the current period are not reported in the funds:		
Accrued interest	(96,426)	
Bonds payable	(53,985,447)	
Capital leases	(386,518)	
Energy performance contract	(2,275,000)	
Claims payable	(1,743,769)	
Compensated absences	(6,086,985)	
Total OPEB liability	(311,208,840)	
Net pension asset - teachers' retirement system	7,215,967	
Net pension liability - employees' retirement system	<u>(4,225,606)</u>	<u>(372,792,624)</u>
Total net position at end of year		<u>\$ (238,531,984)</u>

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended June 30, 2025

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenue:							
Real property taxes	\$ 71,408,031	-	-	-	-	-	71,408,031
Other real property tax items	4,451,630	-	-	-	-	-	4,451,630
Charges for services	2,009,858	-	-	-	-	-	2,009,858
Use of money and property	2,286,667	-	20,592	-	95,389	-	2,402,648
Sale of property and compensation for loss	270,562	-	-	-	-	-	270,562
State sources	40,731,616	1,779,628	330,444	-	-	-	42,841,688
Federal sources	169,395	1,367,708	697,704	-	-	-	2,234,807
Miscellaneous	705,986	-	1,000	449,633	-	-	1,156,619
Surplus food	-	-	111,369	-	-	-	111,369
Food sales	-	-	509,310	-	-	-	509,310
Total revenue	<u>122,033,745</u>	<u>3,147,336</u>	<u>1,670,419</u>	<u>449,633</u>	<u>95,389</u>	<u>-</u>	<u>127,396,522</u>
Expenditures:							
General government support	13,242,498	-	-	-	-	-	13,242,498
Instruction	64,321,191	3,016,787	-	485,822	-	-	67,823,800
Pupil transportation	4,897,807	176,630	-	-	-	-	5,074,437
Community services	722,669	-	-	-	-	-	722,669
Cost of food sales	-	-	1,725,718	-	-	-	1,725,718
Employee benefits	31,045,424	144,904	-	-	-	-	31,190,328
Debt service:							
Principal	224,886	-	-	-	3,170,000	-	3,394,886
Interest	383,723	-	-	-	2,873,458	-	3,257,181
Capital outlay	-	-	-	-	-	2,662,168	2,662,168
Total expenditures	<u>114,838,198</u>	<u>3,338,321</u>	<u>1,725,718</u>	<u>485,822</u>	<u>6,043,458</u>	<u>2,662,168</u>	<u>129,093,685</u>
Excess (deficiency) of revenue over expenditures	<u>7,195,547</u>	<u>(190,985)</u>	<u>(55,299)</u>	<u>(36,189)</u>	<u>(5,948,069)</u>	<u>(2,662,168)</u>	<u>(1,697,163)</u>
Other financing sources (uses):							
Proceeds from leases	416,030	-	-	-	-	-	416,030
Premiums on obligations	39,128	-	-	-	-	-	39,128
Transfers in	164,724	190,485	9,938	-	6,043,457	3,000,000	9,408,604
Transfers out	<u>(9,243,880)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,724)</u>	<u>-</u>	<u>(9,408,604)</u>
Total other financing sources (uses)	<u>(8,623,998)</u>	<u>190,485</u>	<u>9,938</u>	<u>-</u>	<u>5,878,733</u>	<u>3,000,000</u>	<u>455,158</u>
Changes in fund balances	(1,428,451)	(500)	(45,361)	(36,189)	(69,336)	337,832	(1,242,005)
Fund balances at beginning of year	<u>36,397,244</u>	<u>-</u>	<u>920,034</u>	<u>232,196</u>	<u>1,964,851</u>	<u>3,673,416</u>	<u>43,187,741</u>
Fund balances at end of year	<u>\$ 34,968,793</u>	<u>(500)</u>	<u>874,673</u>	<u>196,007</u>	<u>1,895,515</u>	<u>4,011,248</u>	<u>41,945,736</u>

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Reconciliation of the Statement of Revenue, Expenditures and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year ended June, 30 2025

Net change in fund balances		\$ (1,241,505)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since the capital outlay includes amounts under the capitalization threshold.		
Additions of capital assets	\$ 3,609,942	
Depreciation	<u>(5,226,460)</u>	(1,616,518)
Certain revenue will be collected after year end and is deferred in the governmental funds but recognized in the statement of activities.		
		(62,252)
Repayment of bonds, leases, energy performance contract, and installment debt, principal is an expenditures in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Issuance of lease payable	(394,175)	
Principal paid on bonds payable	3,170,000	
Principal paid on leases	29,886	
Principal paid on energy performance contract	195,000	
Accrued interest	2,193	
Amortization of premiums on bonds payable	<u>308,724</u>	3,311,628
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Claims payable	(329,705)	
Compensated absences	(22,593)	
Total OPEB liability	17,271,774	
Deferred outflows of resources - OPEB	(26,255,846)	
Deferred inflows of resources - OPEB	447,741	
Net pension liability - teachers' retirement system	10,186,903	
Net pension liability - employees' retirement system	(320,319)	
Deferred outflows of resources - pensions	(3,708,763)	
Deferred inflows of resources - pensions	<u>(5,476,573)</u>	<u>(8,207,381)</u>
Change in net position of governmental activities		<u>\$ (7,816,028)</u>

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year ended June 30, 2025

	Custodial <u>Fund</u>
Additions - real property taxes	\$ 4,160,785
Deductions - payments to library	<u>4,160,785</u>
Change in net fiduciary position	-
Fiduciary net position at beginning of year	<u>-</u>
Fiduciary net position at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

(1) Summary of Significant Accounting Policies

The financial statements of the East Islip Union Free School District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

(a) Reporting Entity

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. The District does not have any reportable component units or other organizational entities for the year ended June 30, 2025.

(b) Joint Venture

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

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

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Joint Venture, Continued

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

(c) Basis of Presentation

(i) District-Wide Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants, if applicable.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue include: (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants, contributions and other revenues that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including real property taxes and state aid, is presented as general revenue.

(ii) Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All funds of the District are presented as major funds. The District's financial statements present the following fund types:

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 emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(ii) Fund Financial Statements, Continued

General Fund - is the District's primary operating fund and is used to account for and report all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Special Aid Fund - is used to account for and report the proceeds of federal and state grants that are legally restricted to expenditures for specified purposes.

School Food Service Fund - is used to account for and report the activities of the school lunch operations.

Miscellaneous Special Revenue Fund - is used to account for the extraclassroom activity funds, scholarships and various deposits in which the district has administrative control over.

Debt Service Fund - is used to account for the advance refunding of a portion of the District's outstanding serial bonds.

Capital Projects Fund - is used to account for and report the financial resources used for acquisition, construction, or major repair of capital facilities.

Fiduciary Funds - are used to account for activities in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide financial statements, because their resources do not belong to the District, and are not available to be used. There is one class of fiduciary funds:

Custodial Fund - is used to collect and remit taxes to the East Islip Public Library.

(d) Measurement Focus and Basis of Accounting

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

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus and Basis of Accounting, Continued

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

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

(e) Property Taxes

(i) Calendar

Real property taxes are levied annually by the Board no later than October 15, and become a lien on December 1. Taxes are collected by the Town of Islip (the Town) and remitted to the District beginning November 1st.

(ii) Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County (the County). The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1st.

(f) Restricted Resources

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

(g) Interfund Transactions

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

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

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Interfund Transactions, Continued

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

(h) Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

(i) Fair Value Measurement

GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical asset or liabilities that the component units have the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

The fair value of financial instruments classified as current assets or liabilities, including cash, investments, accounts receivable, and accounts payable and accrued expenses approximate carrying value, principally because of the short maturity of those items. Bonds payable are carried at cost, which approximates the fair value based on current rates at which the District could borrow funds with similar maturities.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Cash and Equivalents

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

(k) 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.

(l) Inventory

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

A nonspendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

(m) Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical cost is based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building and building improvements	\$ 15,000	Straight-line	20-50 years
Furniture and equipment	1,000	Straight-line	5-20 years
Vehicles	5,000	Straight-line	8 years

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2025, the District has not recorded any such impairment losses.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(n) Lease Assets

Lease assets are reported at the present value of remaining future lease payments remaining on the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District'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 District-Wide Financial Statements follow the same thresholds as noted above for capital assets.

(o) Deferred Outflows of Resources and Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-Wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension systems and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included in this item are the District contributions to the pension systems subsequent to the measurement date. The second item represents changes of assumptions related to the total OPEB liability.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First relates to cash received before the related revenue is earned and is reported as unearned revenue. The second item is related to pensions reported in the District-Wide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net position systems and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The third represents differences between expected and actual experience as well as the change of assumptions and other inputs related to the OPEB liability.

(p) Vested Employee Benefits - Compensated Absences

Compensated absences consist of unpaid 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.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(p) Vested Employee Benefits - Compensated Absences, Continued

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

The liability has been calculated using the vesting method and an accrual for that liability is included in the District-Wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

(q) Other Benefits

District employees participate in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS).

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through the District's self-insurance plan. The District pays 100% of the cost for retiree's health care insurance, excluding co-pays which are the sole responsibility of the retirees. Survivor beneficiaries reimburse the District monthly for 100% of the calculated premiums. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

(r) Short-Term Debt

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

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

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Accrued Liabilities and Long-Term Obligations

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

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

(t) Equity Classifications

(i) District-Wide Statements

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

Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisitions, construction and improvements of those assets.

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

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

(ii) Fund Statements

There are five classifications for fund balance as detailed below, however, in the fund financial statements there are four classifications presented:

Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance consists of inventory recorded in the school food service fund of \$6,660.

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

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(t) Equity Classifications, Continued

(ii) Fund Statements, Continued

Workers' Compensation

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

Unemployment Insurance

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

Retirement Contributions

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Under this classification, the District can restrict amounts for ERS and TRS contributions. The reserve is accounted for in the general fund.

Repair Reserve

Repair reserve (GML §6-d) is used to pay for certain repairs to capital improvements or equipment. The reserve is accounted for in the general fund.

Property Loss and Liability Claims

Property loss and liability claims reserves (Education Laws 1709(8-c) and 1950(4)(cc)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000 whichever is greater. These types of reserve funds may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(t) Equity Classifications, Continued

(ii) Fund Statements, Continued

Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Capital

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

Debt Service

Mandatory reserve for debt service (GML §6-1) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvements that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the debt service fund.

Scholarships

Reserve for scholarships is used to account for monies donated for scholarship purposes, net of earnings and awards. The reserve is accounted for in the miscellaneous special revenue fund.

Extraclassroom Activities

Reserve for extraclassroom activities is used to account for funds received from students for outside programs and is accounted for in the miscellaneous special revenue fund.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(t) Equity Classifications, Continued

(ii) Fund Statements, Continued

Restricted fund balance at June 30, 2025 includes the following:

General Fund:

Workers' compensation	\$ 1,891,334
Unemployment insurance	153,072
Retirement contribution	7,489,232
Repairs	3,831,224
Property loss and liability claims	38,357
Employee benefit accrued liability	6,088,621
Capital	<u>5,732,807</u>
Total General Fund	25,224,647
Miscellaneous Special Revenue Fund	196,007
Debt Service Fund	1,895,515
Capital Projects Fund	<u>3,252,024</u>
Total restricted fund balance	\$ <u>30,568,193</u>

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority. The District has no committed fund balances at June 30, 2025.

Assigned - Includes amounts that are constrained by the District to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance and amounted to \$288,726. Additionally, the District assigned \$4,294,900 of general fund fund balance to reduce the tax levy for the ensuing fiscal year budget.

Unassigned - Includes all other general fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the District. Additionally, this includes fund deficits, if any.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2025, the District was in compliance with the 4% limitation.

(u) Subsequent Events

The District has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Fund Statements and District-Wide Statements

Due to the differences in the measurement focus and basis of accounting used in the fund statements and the District-Wide 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 resource measurement focus of the District-Wide statements, compared with the current financial resource measurement focus of the governmental funds.

(a) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

(b) Statement of Revenue, Expenditures and Changes in Fund Balances vs. Statement of Activities

Differences between the Statement of Revenue, Expenditures and Changes in Fund Balances and the Statements of Activities fall into one of three broad categories.

Long-term Revenue and Expense Differences

Long-term revenue differences arise because governmental fund report revenue only when they are considered "available," whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as 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 governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability

(a) Budgetary Data

The District administration prepares a proposed budget for adoption by the Board for the general fund, which is subject to voter approval.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No budget revisions occurred during the fiscal year.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward.

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

(b) 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 assigned 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.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(4) Deposits with Financial Institutions and Investments

(a) Cash

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts.

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

- A. Uncollateralized;
- B. Collateralized with securities held by the pledging financial institution in the District's name; or
- C. Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the District's behalf at year end.

Restricted cash represents cash and equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$1,891,334 for workers' compensation, \$153,072 for unemployment insurance, \$7,489,232 for retirement contributions, \$3,831,224 for repairs, \$38,357 for insurance claims, \$6,088,621 for employee benefit accrued liability, \$8,984,831 for capital improvements, \$1,895,515 for debt service, \$7,023 for scholarships, and \$188,984 for extraclassroom activities.

(b) Investments

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

(5) Participation in BOCES

During the year ended June 30, 2025, the District was billed \$8,642,099 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,453,953. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Education Services James Hines Administration Center, 201 Sunrise Highway, Patchogue, New York 11772.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(6) Receivables

Federal and state aid receivable at June 30, 2025 consisted of the following:

<u>General Fund</u>	
Excess cost aid	\$ 1,026,179
General aid	<u>291,274</u>
Total General Fund	<u>1,317,453</u>
<u>Special Aid Fund</u>	
New York State aid	1,113,183
Federal aid	<u>398,943</u>
Total Special Aid Fund	<u>1,512,126</u>
<u>School Food Service Fund</u>	
New York State reimbursements	28,278
Federal reimbursements	<u>52,390</u>
Total School Food Service Fund	<u>80,668</u>
<u>Capital Projects Fund</u>	
New York State aid - Smart Schools Bond Act	<u>196,113</u>
Total - All Funds	<u>\$ 3,106,360</u>

The general fund excess cost aid and general aid receivables include \$173,979 of unavailable state revenue. The capital projects fund smart schools bond act receivable includes \$196,113 of unavailable state revenue. District management has deemed these amounts to be fully collectible.

(7) Due from Other Governments

Due from other governments in the general fund at June 30, 2025 consisted of the following:

County grant	\$ 22,994
Tuition billings	247,344
BOCES aid	<u>2,453,953</u>
Total due from other governments	<u>\$ 2,724,291</u>

District management has deemed these amounts to be fully collectible.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(8) Lease Receivable

The District recognized a lease receivable and deferred inflow of resources - leases for agreements whereby the District leases building space to other entities with interest rates ranging from 2.04% to 3.15%. The lease receivable amount is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured at the amounts as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized over the life of the lease term.

Principal and interest payments received for the District's lease receivable amounted to \$416,712 and \$62,811 , respectively, for the year ended June 30, 2025.

The following is a summary of the principal and interest requirements to maturity for the District's lease receivable:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 300,732	58,539	359,271
2027	320,646	49,402	370,048
2028	341,483	39,666	381,149
2029	363,281	29,303	392,584
2030	386,079	18,283	404,362
2031	<u>409,916</u>	<u>6,577</u>	<u>416,493</u>
Total	<u>\$2,122,137</u>	<u>201,770</u>	<u>2,323,907</u>

District management has deemed the amounts to be fully collectible.

(9) Capital Assets

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

	Balance June 30, <u>2024</u>	<u>Increase</u>	<u>Decrease</u>	Balance June 30, <u>2025</u>
Capital assets not being depreciated:				
Land	\$ 2,161,500	-	-	2,161,500
Construction in progress	<u>6,549,114</u>	<u>2,493,115</u>	<u>(1,898,633)</u>	<u>7,143,596</u>
Total capital assets not being depreciated or amortized	<u>8,710,614</u>	<u>2,493,115</u>	<u>(1,898,633)</u>	<u>9,305,096</u>
Capital assets being depreciated:				
Buildings and improvements	179,379,511	313,260	1,898,633	181,591,404
Furniture, equipment and vehicles	6,791,645	409,392	(1,270)	7,199,767
Right-to-use assets	<u>171,492</u>	<u>394,175</u>	<u>(151,415)</u>	<u>414,252</u>
Total capital assets being depreciated and amortized	<u>186,342,648</u>	<u>1,116,827</u>	<u>1,745,948</u>	<u>189,205,423</u>

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(9) Capital Assets, Continued

	Balance June 30, <u>2024</u>	<u>Increase</u>	<u>Decrease</u>	Balance June 30, <u>2025</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	\$ (75,406,469)	(4,776,558)	-	(80,183,027)
Furniture, equipment and vehicles	(3,838,740)	(426,037)	1,270	(4,263,507)
Right-to-use assets	<u>(154,824)</u>	<u>(23,865)</u>	<u>151,415</u>	<u>(27,274)</u>
Total accumulated depreciation and amortized	<u>(79,400,033)</u>	<u>(5,226,460)</u>	<u>152,685</u>	<u>(84,473,808)</u>
Total capital assets, being depreciated and amortized, net	<u>106,942,615</u>	<u>(4,109,633)</u>	<u>1,898,633</u>	<u>104,731,615</u>
Capital assets, net	\$ <u>115,653,229</u>	<u>(1,616,518)</u>	<u>-</u>	<u>114,036,711</u>

Depreciation and amortization expense was charged to governmental functions as follows:

General government support	\$ 2,624,150
Instruction	2,549,363
Pupil transportation	20,134
Food service program	<u>32,813</u>
Total depreciation and amortization expense	\$ <u>5,226,460</u>

(10) Interfund Transactions

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 1,583,793	49,087	164,724	9,243,880
Special aid fund	-	1,386,192	190,485	-
School food service fund	49,087	-	9,938	-
Debt service fund	11,181	489	6,043,457	164,724
Capital projects fund	<u>-</u>	<u>208,293</u>	<u>3,000,000</u>	<u>-</u>
Total	\$ <u>1,644,061</u>	<u>1,644,061</u>	<u>9,408,604</u>	<u>9,408,604</u>

The District typically transfers from the general fund to the special aid fund to fund the District's local share of the summer program for students with disabilities and state supported Section 4201 schools. The District transferred from the general fund to the school food service fund to eliminate negative student account balances. The District typically transfers from the general fund to the debt service fund to pay down debt. The District transferred from the general fund to the capital projects fund the amount of the voter approved expenditure of the capital reserve. The District transferred from the debt service fund to the general fund the current year portion of amortized premiums and interest earnings on debt to offset debt expenditures.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(10) Interfund Transactions, Continued

The District 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.

(11) Short-Term Debt

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN	6/26/25	3.75%	\$ -	13,400,000	13,400,000	-

Interest expense, net of premium amounting to \$39,128, on short-term debt for the year was \$280,518.

(12) Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2025, are as follows:

	<u>Beginning Balance</u>	<u>Issued/ Increases</u>	<u>Redeemed/ Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Long-term debt:						
Bonds payable	\$ 53,190,000	-	(3,170,000)	50,020,000	3,925,000	46,095,000
Unamortized bond premium	<u>4,274,171</u>	<u>-</u>	<u>(308,724)</u>	<u>3,965,447</u>	<u>308,724</u>	<u>3,656,723</u>
Total long-term debt	57,464,171	-	(3,478,724)	53,985,447	4,233,724	49,751,723
Other long-term liabilities:						
Energy performance contract	2,470,000	-	(195,000)	2,275,000	200,000	2,075,000
Lease liability	22,229	394,175	(29,886)	386,518	95,482	291,036
Workers' compensation	1,414,064	329,705	-	1,743,769	375,939	1,367,830
Compensated absences	6,064,392	22,593	-	6,086,985	555,923	5,531,062
Net pension liability - TRS	2,970,936	-	(2,970,936)	-	-	-
Net pension liability - ERS	3,905,287	320,319	-	4,225,606	-	4,225,606
Total OPEB liability	<u>328,480,614</u>	<u>-</u>	<u>(17,271,774)</u>	<u>311,208,840</u>	<u>-</u>	<u>311,208,840</u>
Total long-term liabilities	\$ <u>402,791,693</u>	<u>1,066,792</u>	<u>(23,946,320)</u>	<u>379,912,165</u>	<u>5,461,068</u>	<u>374,451,097</u>

The general fund has typically been used to liquidate long-term liabilities such as serial bonds, energy performance contract payable, lease liability, workers' compensation claims payable, compensated absences payable, net pension liabilities, and total OPEB liability.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(12) Long-term Liabilities, Continued

(a) Bonds Payable

Bonds payable is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2025</u>
2022 Series A bonds	6/27/22	6/15/35	3.00% - 4.00%	\$ 10,220,000
2022 Series B bonds	6/27/22	6/15/35	3.00% - 4.00%	9,650,000
2024 Series D bonds	6/18/24	6/15/39	5.00%	<u>30,150,000</u>
				<u>\$ 50,020,000</u>

Interest for the year ended June 30, 2025 was composed of the following:

Interest paid on:	
Serial bonds	\$ 2,873,458
TAN	319,646
Energy performance contract	63,973
Leases	<u>104</u>
Total interest paid	3,257,181
Plus - Interest accrued in the current year	96,426
Less - Interest accrued in the prior year	(98,619)
Amortization of deferred premiums on bonds and TAN	<u>(347,852)</u>
Total expense	<u>\$ 2,907,136</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,925,000	2,293,700	6,218,700
2027	4,100,000	2,122,650	6,222,650
2028	3,935,000	1,934,900	5,869,900
2029	4,105,000	1,756,050	5,861,050
2030	3,950,000	1,569,500	5,519,500
2031 - 2035	22,560,000	5,007,600	27,567,600
2036 - 2039	<u>7,445,000</u>	<u>781,250</u>	<u>8,226,250</u>
	<u>\$ 50,020,000</u>	<u>15,465,650</u>	<u>65,485,650</u>

The original issue premiums on bonds have been deferred and recorded as a liability on the District-Wide financial statements. The premiums are being amortized using the straight-line method over the remaining time to maturity of the bonds. The current year amortization is \$308,724 and is included as a reduction to interest expense on the Statement of Activities.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(12) Long-term Liabilities, Continued

(a) Bonds Payable, Continued

Original premiums on bonds payable	\$ 4,457,139
Less accumulated amortization	<u>(491,692)</u>
Premiums on bonds payable	\$ <u>3,965,447</u>

In the event that the District were to default on bond principal or interest payments, a court has the power, in proper and appropriate proceedings brought by the bond owner, to render judgment against the District. A court has the power to order payment of such bonds or notes from funds available or to order the District to take all lawful action to obtain the funds, including the raising of the funds in the next annual tax levy. The bond owner may also file with the New York State Comptroller (the Comptroller) a verified statement alleging default in the payment of principal or interest. The Comptroller will have a duty to investigate the circumstances of the alleged default and prepare determinations from their office. The Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance to the District and apply the amount thereof so withheld to the payment of the defaulted principal and interest.

(b) Energy Performance Contract Payable

Existing energy performance contracts are comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Energy Performance Contract	8/22/19	6/15/35	2.59%	\$ <u>2,275,000</u>

The following is a summary of debt service requirements for energy performance contract:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 200,000	58,923	258,923
2027	210,000	53,743	263,743
2028	210,000	48,304	258,304
2029	220,000	42,865	262,865
2030	225,000	37,166	262,166
2031 - 2035	<u>1,210,000</u>	<u>95,701</u>	<u>1,305,701</u>
	\$ <u>2,275,000</u>	<u>336,702</u>	<u>2,611,702</u>

(c) Lease Liability

Existing capital lease obligations are comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Multi-functional Printers Lease	5/1/2025	5/30/2029	2.785%	\$ 385,507
Mail folder/inserter	11/2/2020	11/1/2025	0.3%	<u>1,011</u>
				\$ <u>386,518</u>

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(12) Long-term Liabilities, Continued

(c) Lease Liability, Continued

The following is a summary of debt service requirements for the capital lease obligations:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 95,482	9,537	105,019
2027	97,136	6,872	104,008
2028	99,876	4,132	104,008
2029	<u>94,024</u>	<u>1,314</u>	<u>95,338</u>
	<u>\$ 386,518</u>	<u>21,855</u>	<u>408,373</u>

(13) Pension Obligations

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS is governed by a 10 member Board of Trustees. Benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in TRS, the election is irrevocable. The 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. Additional information regarding TRS by referring to the NYSSTR Annual Comprehensive Financial Report which can be found on TRS's website at www.nystrs.org.

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. Benefits are established under the provisions of the New York State Retirement and Social Security Law. Once a public employer elects to participate in ERS, the election is irrevocable. The State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees Group Life

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(13) Pension Obligations, Continued

(a) Plan Descriptions and Benefits Provided, Continued

Employees' Retirement System (ERS), Continued

Insurance Plan (GLIP), which provides death benefits in the form of life insurance. GLIP amounts are appointed to and included in ERS. ERS 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.ny.gov/retirement/resources/financial-statements-and-supplementary-information.

The systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 6% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale.

For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

(b) Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pensions

At June 30, 2025, the District reported the following asset/liability for its proportionate share of TRS and ERS. The net pension asset/liability were measured as of March 31, 2025 for ERS and June 30, 2024 for TRS. The total pension asset/liability used to calculate the respective net pension asset/liability was determined by an actuarial valuation. The District's proportion of the respective net pension asset/liability was based on a projection of the District's long-term share of contributions to TRS and ERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Net pension asset (liability)	\$ (4,225,606)	7,215,967
District's proportion of the Plan's net pension asset (liability)	0.0246453%	0.241854%
Change in proportionate share	(0.0018779)	(0.017937)

For the year ended June 30, 2025, the District's recognized pension expense of \$1,187,810 for ERS and \$4,415,818 for TRS in the Statement of Activities. At June 30, 2025 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(13) Pension Obligations, Continued

(b) Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 1,048,824	7,770,271	49,474	-
Changes of assumptions	177,214	4,316,610	-	726,094
Net difference between projected and actual investment earnings on pension plan investments	331,529	-	-	8,017,554
Changes in proportion and differences between the District's contributions and proportionate share of contributions	644,421	1,191,528	212,985	96,475
District's contributions subsequent to the measurement date	<u>542,340</u>	<u>4,663,044</u>	<u>-</u>	<u>-</u>
Total	\$ <u>2,744,328</u>	<u>17,941,453</u>	<u>262,459</u>	<u>8,840,123</u>

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

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2026	\$ 936,604	(3,414,535)
2027	1,214,133	9,078,119
2028	(279,127)	(1,267,994)
2029	67,919	(1,455,805)
2030	-	1,058,279
Thereafter	<u>-</u>	<u>440,222</u>
	\$ <u>1,939,529</u>	<u>4,438,286</u>

(c) Actuarial Assumptions

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

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(13) Pension Obligations, Continued
(c) Actuarial Assumptions, Continued

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Investment rate of return (net of investment expense, including inflation)	5.90%	6.95%
Salary scale	4.30%	1.95% - 5.18%
Cost of living adjustments	1.50%	1.30%
Inflation rate	2.90%	2.40%

For ERS, demographic assumptions used in the April 1, 2024 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021. For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis. The demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. TRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions.

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selections of Economic Assumptions for Measuring Pension Obligations and generally accepted accounting principles. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

The long-term expected real rates of return are presented by asset allocation classification. 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 in the following table:

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(13) Pension Obligations, Continued

(c) Actuarial Assumptions, Continued

<u>Asset class</u>	<u>ERS</u>		<u>TRS</u>	
	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	25%	3.54%	33%	6.60%
International equity	14%	6.57%	15%	7.40%
Real estate equity	-	-	11%	6.30%
Global equity	-	-	4%	6.90%
Domestic fixed income	-	-	16%	2.60%
Global bonds	-	-	2%	2.50%
High-yield bonds	-	-	1%	4.80%
Real estate debt	-	-	6%	3.90%
Real estate	12%	4.95%	-	-
Private equity	15%	7.25%	9%	10.00%
Private debt	-	-	2%	5.90%
Real assets	4%	5.55%	-	-
Fixed income	22%	2.00%	-	-
Opportunistic/ARS portfolio	3%	5.25%	-	-
Credit	4%	5.40%	-	-
Cash and equivalents	<u>1%</u>	0.25%	<u>1%</u>	0.50%
	<u>100%</u>		<u>100%</u>	

* For ERS, the real rates of return are net of a long-term inflation assumption of 2.9%. For TRS, the real rates of return are net of pension plan investment expenses and long-term inflation expectations.

(d) Discount Rate

The discount rate used to calculate the total pension asset/liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumed 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 Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(13) Pension Obligations, Continued

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

The following presents the District's proportionate share of the ERS and TRS net pension liabilities calculated using the discount rates referred to above, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rates referred to above:

ERS	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability asset (liability)	\$ <u>(12,229,437)</u>	<u>(4,225,606)</u>	<u>2,457,597</u>
 TRS	 1% Decrease (5.95%)	 Current Discount (6.95%)	 1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	\$ <u>(33,330,967)</u>	<u>7,215,967</u>	<u>41,317,026</u>

(f) Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Employers' total pension liability	\$ (247,600)	(142,838)
Plan net position	<u>230,455</u>	<u>145,821</u>
Employers' net pension asset (liability)	\$ <u>(17,145)</u>	<u>2,983</u>
Ratio of plan net position to the employers' total pension liability	93.08%	102.10%

(g) Contributions to the Pension Plans

ERS employer contributions are paid annually based on the system's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$542,340. This amount has been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to ERS for the year ended June 30, 2025 were \$1,698,625.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(13) Pension Obligations, Continued

(g) Contributions to the Pension Plans, Continued

TRS employer and employee contributions for the year ended June 30, 2025 are paid to the system in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS system. Accrued employer retirement contributions to TRS as of June 30, 2025 amounted to \$5,031,804 including employees' share. The accrued contributions have been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2025 were \$4,663,044.

(14) Pension Plans - Other

(a) Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2025, totaled \$36,552 and \$2,585,302, respectively.

(b) Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for some employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2025 totaled \$337,054.

(15) Other Postemployment Benefits (OPEB)

(a) Plan Description and Benefits

The District administers a Postemployment Healthcare Benefits Program (the Plan) as a single-employer defined benefit plan. The Plan provides for continuation of medical, prescription drugs and behavior health and benefits for eligible retirees and their spouses and dependents. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District.

The obligations of the Plan members, employers and other entities are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the District. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(15) Other Postemployment Benefits (OPEB), Continued

(b) Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Active employees	571
Inactive employees or beneficiaries currently receiving benefits	<u>547</u>
	<u>1,118</u>

(c) Total OPEB Liability

The District's total OPEB liability of \$311,208,840 was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2024.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	ERS - 3.3% - 8.8% TRS - 2.2% - 12.3%
Discount rate	4.81%
Healthcare cost trend rates	5.90% for 2024, decreasing to 4.04% by 2075

Mortality rates were based on the Pub-2010 Headcount-Weighted table for General Employees for ERS group projected fully generationally using MP-2021.

(e) Changes in the Total OPEB Liability

Total OPEB liability as of July 1, 2024	\$ <u>328,480,614</u>
Changes for the year:	
Service cost	9,790,666
Interest	14,000,621
Changes of benefit terms	47,686
Differences between expected and actual experience	(1,405,786)
Changes of assumptions	(28,155,997)
Benefit payments	<u>(11,548,964)</u>
Total changes	<u>(17,271,774)</u>
Total OPEB liability as of June 30, 2025	\$ <u>311,208,840</u>

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(15) Other Postemployment Benefits (OPEB), Continued

(f) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.81%) or 1-percentage point higher (5.81%) than the current discount rate:

	1% Decrease (3.81%)	Current Discount Rate (4.81%)	1% Increase (5.81%)
Total OPEB liability	\$ <u>358,925,573</u>	<u>311,208,840</u>	<u>272,467,322</u>

(g) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rates

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ <u>266,432,703</u>	<u>311,208,840</u>	<u>367,745,190</u>

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of \$20,085,205. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 19,598,321	1,124,629
Changes of assumptions	<u>7,913,475</u>	<u>60,120,378</u>
Total	\$ <u>27,511,796</u>	<u>61,245,007</u>

Amounts reported as deferred outflows of resources related to other postemployment benefits will be recognized as follows:

<u>Year ending</u>	
2026	\$ (7,401,926)
2027	(16,465,997)
2028	(3,952,929)
2029	<u>(5,912,359)</u>
	\$ <u>(33,733,211)</u>

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(16) Risk Management

(a) General Information

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

(b) Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for incurred claims and incurred but not recorded (IBNR) based on a liability evaluation done in August of 2025. As of June 30, 2025, the District has recorded potential workers' compensation claims (losses incurred but not paid) and incurred but not reported claims for a total liability of \$1,743,769. The District has a workers' compensation reserve balance of \$1,891,334. Claims activity is summarized below:

	<u>2025</u>	<u>2024</u>
Unpaid claims at beginning of fiscal year	\$ 1,414,064	1,206,526
Incurred claims and claim adjustment expenses	833,759	471,679
Claims payments	<u>(504,054)</u>	<u>(264,141)</u>
Unpaid claims at year end	\$ <u>1,743,769</u>	<u>1,414,064</u>

(c) Public Entity Risk Pool

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

(17) Tax Abatements

The Town of Islip Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 898-b, may enter into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the Town. The District's property tax revenue was not reduced and the District did not receive any PILOT payments.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(18) Commitments and Contingencies

(a) Grants

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

(b) Litigation

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

(19) Future Implementations of GASB Pronouncements

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

Statement No. 104 - Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.

(20) Certain Risk Disclosures

(a) Concentration - Workforce Covered by Collective Bargaining Agreements

The District's workforce has collective bargaining agreements which dictate employment terms including payroll and related expenditures as well as benefits. The following is a summary of the District's significant collective bargaining agreements set to expire in the 2025-2026 fiscal year:

<u>Collective Bargaining Unit</u>	<u>Expiration Date</u>
East Islip Teachers' Association for Security Guard Unit	June 30, 2026
East Islip Teachers' Association (Secretarial Chapter)	June 30, 2026

Other collective bargaining agreements are maintained by the District and available upon request.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(20) Certain Risk Disclosure, Continued

(b) Constraints

(i) Limitations on Raising Revenue

The District's ability to raise revenue through property taxes is subject to Article VIII of the New York State Constitution and the Real Property Tax Law, including the property tax levy limit (tax cap) imposed by Chapter 97 of the Laws of 2011. The annual increase in the property tax levy cannot exceed the lesser of 2% or change in the consumer price index, unless approved by a 60% majority of the taxpayers.

(ii) Limitations on Spending

Expenditures must be authorized in accordance with the annual budget adopted by the District, pursuant to New York State General Municipal Law (GML) and local charter provisions. The District may not incur expenditures in excess of appropriations, except for legally authorized emergency expenditures.

(iii) Limitations on the Incurrence of Debt

The District is subject to a constitutional debt limit, which is 10% of the full value on the most recent tax roll. The debt limit may be exceeded if authorized by 60% of the voters and approved by the Board of Regents and the New York State Comptroller. All borrowings must be approved by a majority vote of the District's residents at a public referendum.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year ended June 30, 2025

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Budgetary Actual
Revenue:					
Real property taxes	\$ 71,016,948	71,407,394	71,408,031	-	637
Other real property tax items	4,808,293	4,417,847	4,451,630	-	33,783
Charges for services	1,725,000	1,725,000	2,009,858	-	284,858
Use of money and property	1,250,700	1,250,700	2,286,667	-	1,035,967
Sale of property and compensation for loss	-	-	270,562	-	270,562
State sources	37,619,901	37,649,902	40,731,616	-	3,081,714
Federal sources	150,000	150,000	169,395	-	19,395
Miscellaneous	478,000	504,725	705,986	-	201,261
Total revenue	<u>117,048,842</u>	<u>117,105,568</u>	<u>122,033,745</u>	<u>-</u>	<u>4,928,177</u>
Other financing sources:					
Proceeds from leases	-	-	416,030	-	416,030
Premiums on obligations	-	-	39,128	-	39,128
Transfers in	102,656	102,656	164,724	-	62,068
Total other financing sources	<u>102,656</u>	<u>102,656</u>	<u>619,882</u>	<u>-</u>	<u>517,226</u>
Total revenue and other financing sources	117,151,498	117,208,224	<u>122,653,627</u>	<u>-</u>	<u>5,445,403</u>
Appropriated fund balance	4,239,743	4,239,743			
Prior year encumbrance	668,149	668,149			
Appropriated reserves	4,662,697	8,043,953			
	<u>\$ 126,722,087</u>	<u>130,160,069</u>			
Expenditures:					
General government support	14,009,979	14,662,814	13,242,498	169,586	1,250,730
Instruction	65,113,320	66,219,770	64,321,191	119,140	1,779,439
Pupil transportation	5,629,036	5,664,856	4,897,807	-	767,049
Community services	719,584	730,973	722,669	-	8,304
Employee benefits	34,057,025	32,936,525	31,045,424	-	1,891,101
Debt service:					
Principal	1,867,928	224,886	224,886	-	-
Interest	2,701,950	440,081	383,723	-	56,358
Total expenditures	<u>124,098,822</u>	<u>120,879,905</u>	<u>114,838,198</u>	<u>288,726</u>	<u>5,752,981</u>
Other financing uses - transfers out	<u>2,623,265</u>	<u>9,280,164</u>	<u>9,243,880</u>	<u>-</u>	<u>36,284</u>
Total expenditures and other financing uses	<u>\$ 126,722,087</u>	<u>130,160,069</u>	<u>124,082,078</u>	<u>288,726</u>	<u>5,789,265</u>
Change in fund balance			(1,428,451)		
Fund balance at beginning of year			<u>36,397,244</u>		
Fund balance at end of year			<u>\$ 34,968,793</u>		

EAST ISLIP UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability								
Service cost	\$ 9,790,666	9,382,271	9,000,965	12,991,842	12,363,607	9,263,281	5,924,002	6,186,519
Interest	14,000,621	13,008,675	10,676,561	7,955,022	7,630,938	10,744,701	9,464,151	8,712,641
Changes of benefit terms	47,686	-	(1,717,269)	-	(5,971,012)	-	-	-
Differences between expected and actual experience	(1,405,786)	9,655,630	24,724,496	876,294	5,570,164	(42,023,660)	1,777,889	-
Changes of assumptions	(28,155,997)	(3,860,970)	(19,921,551)	(75,954,672)	10,836,767	65,963,106	48,858,770	(12,338,713)
Benefit payments	<u>(11,548,964)</u>	<u>(10,499,283)</u>	<u>(9,052,725)</u>	<u>(8,118,406)</u>	<u>(8,005,126)</u>	<u>(7,718,609)</u>	<u>(7,871,138)</u>	<u>(6,808,799)</u>
Net change in total OPEB liability	(17,271,774)	17,686,323	13,710,477	(62,249,920)	22,425,338	36,228,819	58,153,674	(4,248,352)
Total OPEB liability - beginning	<u>328,480,614</u>	<u>310,794,291</u>	<u>297,083,814</u>	<u>359,333,734</u>	<u>336,908,396</u>	<u>300,679,577</u>	<u>242,525,903</u>	<u>246,774,255</u>
Total OPEB liability - ending	<u>\$ 311,208,840</u>	<u>328,480,614</u>	<u>310,794,291</u>	<u>297,083,814</u>	<u>359,333,734</u>	<u>336,908,396</u>	<u>300,679,577</u>	<u>242,525,903</u>
Covered payroll	52,312,385	53,210,386	52,059,892	56,553,383	52,377,148	57,549,964	52,972,099	57,205,253
Total OPEB liability as a percentage of covered payroll	594.90%	617.32%	596.99%	525.32%	686.05%	585.42%	567.62%	423.96%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
4.81%	4.21%	4.13%	3.54%	2.16%	2.21%	3.51%	3.87%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available. There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability
Year ended June 30, 2025

<u>TRS System - Asset (Liability)</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
The District's proportion of the net pension asset/liability	0.241854%	0.259791%	0.262590%	0.269840%	0.263277%	0.271341%	0.276345%	0.291083%	0.303942%	0.309179%
The District's proportionate share of the net pension asset (liability)	\$ 7,215,967	(2,970,936)	(5,038,815)	46,760,628	7,275,054	7,049,470	4,997,051	2,212,516	(3,255,341)	32,009,960
The District's covered payroll	\$ 46,131,429	46,179,570	46,518,511	45,800,443	44,686,439	45,291,305	44,487,081	46,126,988	48,869,334	46,573,119
The District's proportionate share of the net pension asset/liability as a percentage of covered payroll	15.64%	6.43%	10.83%	102.10%	16.28%	15.56%	11.23%	4.80%	6.66%	68.73%
Plan fiduciary net position as a percentage of the total pension asset/liability	102.10%	99.20%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.0%	110.5%
<u>ERS System - Asset (Liability)</u>										
The District's proportion of the net pension asset/liability	0.0246453%	0.0265232%	0.0270567%	0.0271441%	0.0259563%	0.0270778%	0.0277286%	0.0293811%	0.0299397%	0.0304990%
The District's proportionate share of the net pension asset (liability)	\$ (4,225,606)	(3,905,287)	(5,802,057)	2,218,920	(25,846)	(7,170,354)	(1,964,657)	(948,260)	(2,813,200)	(4,895,177)
The District's covered payroll	\$ 10,625,004	10,353,426	10,355,317	10,399,572	9,683,003	10,097,066	9,931,891	9,590,696	9,305,729	9,305,729
The District's proportionate share of the net pension asset/liability as a percentage of covered payroll	39.77%	37.72%	56.03%	21.34%	0.27%	71.01%	19.78%	9.89%	30.23%	52.60%
Plan fiduciary net position as a percentage of the total pension asset/liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%

EAST ISLIP UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Pension Contributions
Year ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>TRS System</u>										
Contractually required contribution	\$ 4,663,044	4,507,125	4,935,635	4,558,814	4,364,782	3,959,218	4,809,937	4,359,734	5,406,083	6,214,874
Contribution in relation to the contractually required contribution	<u>4,663,044</u>	<u>4,507,125</u>	<u>4,935,635</u>	<u>4,558,814</u>	<u>4,364,782</u>	<u>3,959,218</u>	<u>4,809,937</u>	<u>4,359,734</u>	<u>5,406,083</u>	<u>6,214,874</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	<u>\$ 46,131,429</u>	<u>46,179,570</u>	<u>49,608,020</u>	<u>46,518,511</u>	<u>45,800,443</u>	<u>44,686,439</u>	<u>45,291,305</u>	<u>44,487,081</u>	<u>46,126,988</u>	<u>48,869,334</u>
Contribution as a percentage of covered payroll	10.11%	9.76%	9.95%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	12.72%
 <u>ERS System</u>										
Contractually required contribution	\$ 1,698,625	1,518,107	1,246,606	1,382,455	1,577,444	1,407,780	1,402,287	1,469,484	1,356,791	1,593,557
Contribution in relation to the contractually required contribution	<u>1,698,625</u>	<u>1,518,107</u>	<u>1,246,606</u>	<u>1,382,455</u>	<u>1,577,444</u>	<u>1,407,780</u>	<u>1,402,287</u>	<u>1,469,484</u>	<u>1,356,791</u>	<u>1,593,557</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	<u>\$ 10,625,004</u>	<u>10,353,426</u>	<u>10,472,227</u>	<u>10,050,826</u>	<u>9,848,761</u>	<u>9,868,377</u>	<u>10,050,373</u>	<u>9,686,164</u>	<u>9,382,402</u>	<u>9,311,464</u>
Contribution as a percentage of covered payroll	15.99%	14.66%	11.90%	13.75%	16.02%	14.27%	13.95%	15.17%	14.46%	17.11%

EAST ISLIP UNION FREE SCHOOL DISTRICT
 Other Supplementary Information
 Schedule of Change from Adopted Budget to Final Budget and
 the Real Property Tax Limit - General Fund
 Year ended June 30, 2025

Change from adopted budget to final budget:

Original budget	\$ 126,053,938
Add prior year's encumbrances	668,149
Adopted budget	126,722,087
Budget revisions	3,437,982
Final budget	\$ 130,160,069

Section 1318 of Real Property Tax Law Limit Calculation

2025-2026 voter approved expenditure budget	\$ 129,013,061
Maximum allowed 4% of 2025-2026 budget	\$ 5,160,522

General fund fund balance subject to Section 1318 of
 Real Property Tax Law*:

Unrestricted fund balance:

Appropriated fund balance	\$ 4,294,900	
Encumbrances	288,726	
Unassigned fund balance	5,160,520	
Total unrestricted fund balance		9,744,146

Less:

Appropriated fund balance	4,294,900	
Encumbrances	288,726	
Total adjustments		4,583,626

General fund fund balance subject to Section 1318
 of Real Property Tax Law \$ 5,160,520

Actual percentage 4.00%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," updated April 2011 (originally issued November 2010), the portion of [general fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

EAST ISLIP UNION FREE SCHOOL DISTRICT
 Other Supplementary Information
 Schedule of Project Expenditures - Capital Projects Fund
 Year ended June 30, 2025

Project Title	Original Appropriation	Revised Appropriation	Expenditures				Unexpended Balance	Methods of Financing				Fund Balance June 30, 2025
			Prior Years	Current Year	Operating Transfers Out	Total		Proceeds of Obligations	Grant Aid	Local Sources	Total	
Smart Schools Bond Act	3,332,894	3,332,894	1,021,632	-	-	1,021,632	2,311,262	-	825,519	-	825,519	(196,113)
May 2018 Bond Proposition and Capital Reserve	59,996,334	59,996,334	58,760,105	280,892	-	59,040,997	955,337	49,379,277	-	10,617,057	59,996,334	955,337
2015-16 Capital Reserve - approved 5/17/22	5,951,633	5,951,633	4,171,239	1,632,264	-	5,803,503	148,130	-	-	5,951,633	5,951,633	148,130
2015-16 Capital Reserve - approved 5/16/23	2,000,000	2,000,000	1,147,094	739,775	-	1,886,869	113,131	-	-	2,000,000	2,000,000	113,131
2023-24 Capital Reserve - approved 5/20/25	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>9,237</u>	<u>-</u>	<u>9,237</u>	<u>2,990,763</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,990,763</u>
Total	<u>\$ 74,280,861</u>	<u>74,280,861</u>	<u>65,100,070</u>	<u>2,662,168</u>	<u>-</u>	<u>67,762,238</u>	<u>6,518,623</u>	<u>49,379,277</u>	<u>825,519</u>	<u>21,568,690</u>	<u>71,773,486</u>	<u>4,011,248</u>

EAST ISLIP UNION FREE SCHOOL DISTRICT
Other Supplementary Information
Net Investment in Capital Assets
June 30, 2025

Capital assets, net		\$ 114,036,711
Deduct:		
Bonds payable	\$ 53,985,447	
Energy performance contract	2,275,000	
Lease liability	<u>386,518</u>	<u>56,646,965</u>
Net investment in capital assets		<u>\$ 57,389,746</u>

**INDEPENDENT AUDITORS' 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**

The Board of Education
East Islip Union Free School District:

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, each major fund, and the aggregate remaining fund information of East Islip Union Free School District (the District), as of and for the year ended June 30, 2025, and the related notes to financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 8, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 8, 2025