

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Central 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 fiduciary fund of the Central Islip Union Free School District (the "District") as of and for the fiscal year ended June 30, 2025, and the related notes to the 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 fiduciary fund of the District, as of June 30, 2025, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, during the fiscal year ended June 30, 2025. Our opinion is not modified with respect to this matter.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of District's proportionate share of the net pension asset/(liability), schedule of District's pension contributions, and schedule of changes in District's total other post-employment benefits liability and related ratios, on pages 4 through 22 and 71 through 75, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 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 the District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
November 12, 2025

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The following is a discussion and analysis of the Central Islip Union Free School District’s (the “District”) financial performance for the fiscal 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 Financial Statements. The results of the current fiscal year are discussed in comparison with the prior fiscal year, with an emphasis placed on the current fiscal year. This section is only an introduction and should be read in conjunction with the District’s financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

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

- The District’s total net deficit, as reflected in the District-Wide Financial Statements, decreased by \$38,519,680, or 14.05%. This was due to revenues exceeding expenses based on the accrual basis of accounting.
- The District ended the current fiscal year with a general fund unassigned fund balance of \$12,059,935, which represents 4.00% of the 2025-2026 voter approved budget (4.00% being the maximum allowable under New York State Real Property Tax Law §1318).
- The general fund budget for the 2025-2026 school year was approved by the voters in the amount of \$301,498,985. This is an increase of \$7,459,383, or 2.54%, from the previous fiscal year’s budget.
- The District’s combined governmental funds reported a total fund balance of \$176,499,724, which is an increase of \$41,701,482, or 30.94%, from the prior fiscal year.
- The District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* (GASB Statement No. 101), effective July 1, 2024. See the accompanying notes to financial statements for additional information regarding the effects of the change in accounting principle.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of 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.

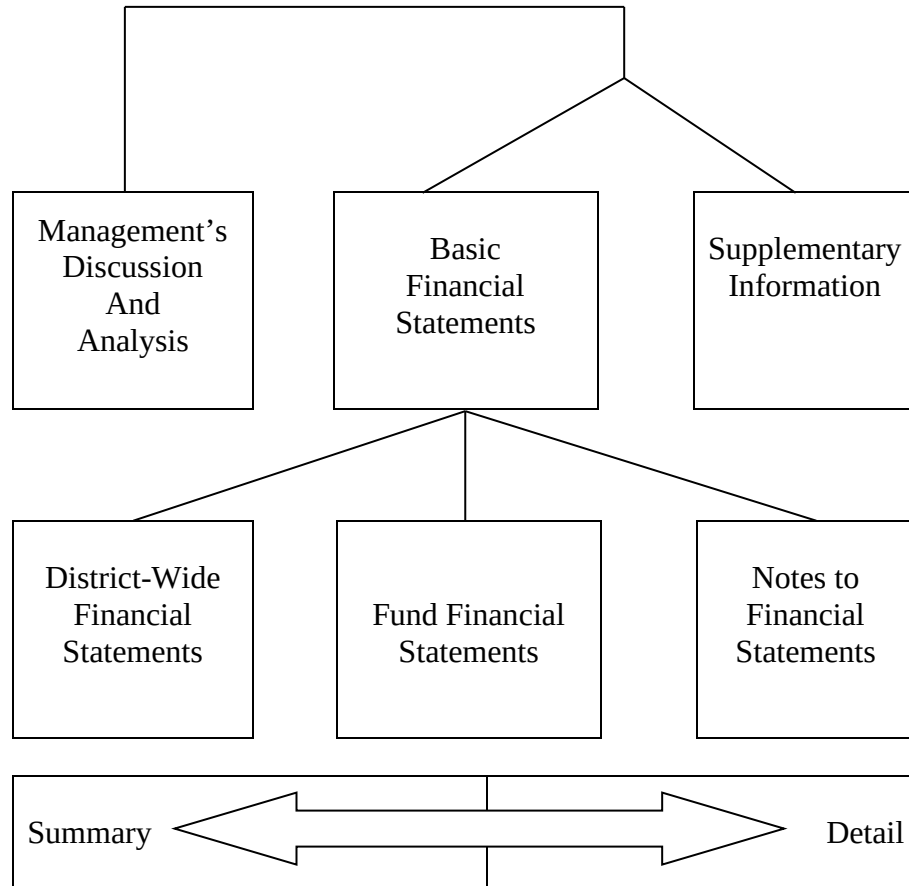
**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- 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 Financial 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 Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others such as real property taxes and payments in lieu of taxes (PILOTS) collected on behalf of other governments and disbursed to those governments.

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

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Organization of the District’s Annual Financial Report



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.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial 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 property taxes collected on behalf of another local government
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Fiduciary Net Position • 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/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 and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the fiscal year or soon thereafter; no capital assets, intangible lease assets, or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; these funds do not currently contain capital assets or intangible lease assets, although they can
Type of inflow and outflow information	All revenues and expenses during the fiscal year, regardless of when cash is received or paid	Revenues for which cash is received during the fiscal 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 fiscal year, regardless of when cash is received or paid

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

A) District-Wide Financial Statements

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

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

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

In the District-Wide Financial Statements, the District's activities are shown as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Real property taxes and state aid finance most of these activities.

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

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

- Capitalize current outlays for capital assets and intangible lease assets;
- Report long-term debt as a liability;

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation and amortization to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - o *Net investment in capital assets*;
 - o *Restricted net position* represents net position 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; and
 - o *Unrestricted net position (deficit)* 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 Financial 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 Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often have a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, capital projects fund, and debt service fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary fund*: The District is the custodian or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. This fund

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

reports real property taxes and PILOTs collected on behalf of other governments and disbursed to those governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

See the Table below for a comparison of the Statement of Net Position as of June 30, 2025 and 2024. The balances presented as of June 30, 2025 include the effects of the implementation of GASB Statement No. 101. The balances presented as of June 30, 2024 reflect the balances as previously reported and do not reflect the effects of the change in accounting principle.

Condensed Statement of Net Position - Governmental Activities

	2025	2024	Change	Total Percentage Change
Current assets	\$ 228,066,757	\$ 177,966,998	\$50,099,759	28.15%
Noncurrent assets	148,543,150	123,185,348	25,357,802	20.59%
Total Assets	376,609,907	301,152,346	75,457,561	25.06%
Deferred outflows of resources	99,960,363	122,757,668	(22,797,305)	(18.57%)
Total Assets and Deferred Outflows	476,570,270	423,910,014	52,660,256	12.42%
Current liabilities	50,825,587	42,537,892	8,287,695	19.48%
Long-term liabilities	517,139,414	557,308,523	(40,169,109)	(7.21%)
Total Liabilities	567,965,001	599,846,415	(31,881,414)	(5.31%)
Deferred inflows of resources	144,171,418	97,477,047	46,694,371	47.90%
Total Liabilities and Deferred Inflows	712,136,419	697,323,462	14,812,957	2.12%
Net Position (Deficit)				
Net investment in capital assets	111,532,130	97,045,696	14,486,434	14.93%
Restricted	185,638,444	125,943,993	59,694,451	47.40%
Unrestricted (deficit)	(532,736,723)	(496,403,137)	(36,333,586)	7.32%
Total Net Position (Deficit)	<u>\$ (235,566,149)</u>	<u>\$ (273,413,448)</u>	<u>\$ 37,847,299</u>	(13.84%)
Net position (deficit), beginning of year, as previously reported		\$ (273,413,448)		
Change in accounting principle		<u>(672,381)</u>		
Net position (deficit), beginning of year, as restated		<u>\$ (274,085,829)</u>		

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Current assets increased by \$50,099,759, or 28.15%, primarily due to increases in cash and cash equivalents, due from state and federal aid receivable, and due from other governments.

Noncurrent assets increased by \$25,357,802, or 20.59%, primarily due to the increase in capital assets, intangible lease assets, and changes in the actuarial valuation for the Teachers' Retirement System pension plan. Refer to the accompanying notes to financial statements for further discussion.

The change in deferred outflows of resources represents amortization of pension-related items as well as the amortization of deferred outflows for other post-employment benefits obligation, as discussed in the accompanying notes to financial statements.

Current liabilities increased by \$8,287,695, or 19.48%, primarily due to increases in accounts payable, due to other governments, due to teachers' retirement system, and compensated absences payable, partially offset by decreases in accrued liabilities and accrued interest payable.

Long-term liabilities decreased by \$40,169,109, or 7.21%, primarily due to principal payments made on long-term debt and changes in actuarial valuations for pensions and other post-employment benefits. Of note, the compensated absences payable balance included within the long-term liabilities balance as of June 30, 2025 includes the effects of the change in accounting principle in connection with the implementation of GASB Statement No. 101.

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

The net investment in capital assets, net of related debt, 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, building and building improvements, land improvements, and furniture and equipment, net of accumulated depreciation and amortization, and net of related debt and capital-related accounts payable, including any unamortized items (discounts, premiums, or deferred amounts on refunding), if applicable. Net investment in capital assets increased by \$14,486,434, or 14.93%.

Restricted net position increased by \$59,694,451, or 47.40%. This relates to the District's reserves and amounts restricted for capital projects and debt service, which increased due to funding of the reserves. Additionally, the increase also relates to the results of the actuarial valuation for the Teachers' Retirement System pension plan, which is reported as a net pension asset as of June 30, 2025.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The unrestricted deficit at June 30, 2025 of \$532,736,723 relates to the balance of the District's net position. The unrestricted deficit increased by \$36,333,586, or 7.32%. Of note, the unrestricted deficit balance as of June 30, 2025 includes the effects of the change in accounting principle in connection with the implementation of GASB Statement No. 101.

B) Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. The activity for fiscal year 2025 reflects the effects of the implementation of GASB Statement No. 101 as detailed in the accompanying notes to financial statements. A summary of the results of operations for the fiscal years ended June 30, 2025, and 2024 is as follows:

Change in Net Position from Operating Results - Governmental Activities Only

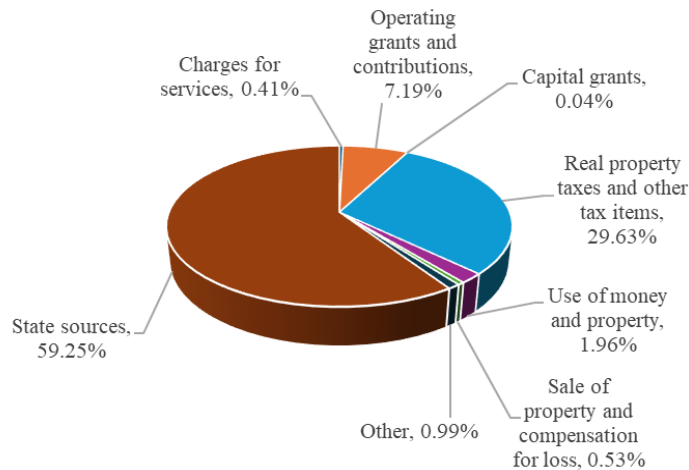
	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$ 1,381,560	\$ 1,023,272	\$ 358,288	35.01%
Operating grants and contributions	24,299,864	27,025,400	(2,725,536)	(10.09%)
Capital grants	149,047	58,019	91,028	156.89%
General Revenues				
Real property taxes and other tax items	100,164,582	97,080,159	3,084,423	3.18%
Use of money and property	6,633,632	4,949,720	1,683,912	34.02%
Sale of property and compensation for loss	1,766,053	2,091,332	(325,279)	(15.55%)
Other	3,358,425	3,032,301	326,124	10.76%
State sources	200,273,673	193,424,604	6,849,069	3.54%
Total Revenues	<u>338,026,836</u>	<u>328,684,807</u>	<u>9,342,029</u>	2.84%
Expenses				
General support	39,859,794	40,055,160	(195,366)	(0.49%)
Instruction	234,934,812	239,335,756	(4,400,944)	(1.84%)
Pupil transportation	15,064,437	13,430,945	1,633,492	12.16%
Community services	14,785	203	14,582	7183.25%
Debt service - interest	590,288	680,834	(90,546)	(13.30%)
Food service program	9,043,040	7,288,806	1,754,234	24.07%
Total Expenses	<u>299,507,156</u>	<u>300,791,704</u>	<u>(1,284,548)</u>	(0.43%)
Total Change in Net Position	<u>\$ 38,519,680</u>	<u>\$ 27,893,103</u>	<u>\$ 10,626,577</u>	38.10%

The District's fiscal year 2025 revenues totaled \$338,026,836. State sources and real property taxes and other tax items accounted for most of the District's revenue by contributing 59.25% and 29.63%, respectively, of total revenue. The remainder came from fees from charges for services, operating grants and contributions, capital grants, use of money and property, and other miscellaneous sources.

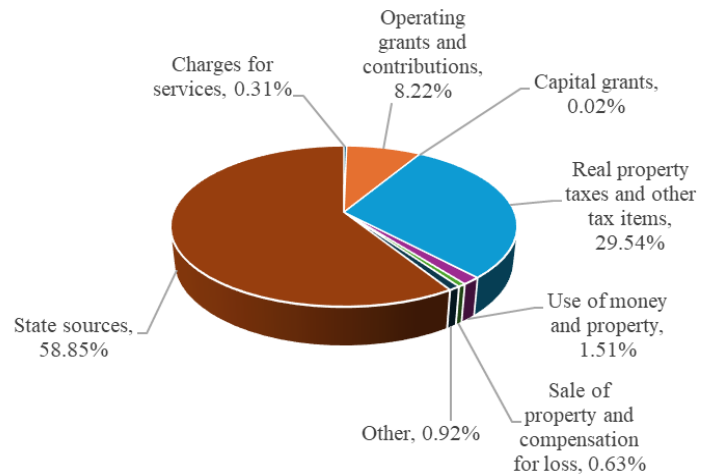
CENTRAL ISLIP UNION FREE SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The total cost of all programs and services totaled \$299,507,156 for the fiscal year. These expenses are predominantly related to instruction costs, which accounted for 78.44% of District expenses and general support activities, which accounted for 13.31% of total costs. Changes in expenses include the effects of the actuarial valuations for the pension systems and other post-employment benefits obligation.

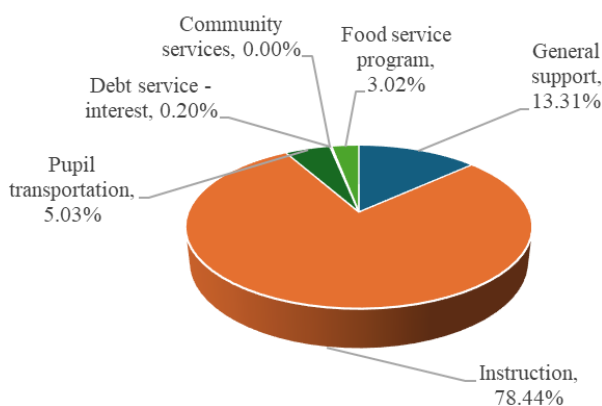
Revenues for Fiscal Year 2025



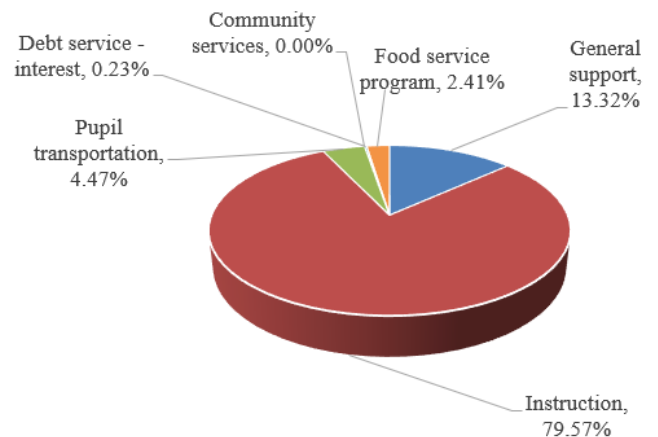
Revenues for Fiscal Year 2024



Expenses for Fiscal Year 2025



Expenses for Fiscal Year 2024



**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between fiscal years for the Fund Financial Statements are not the same as variances between fiscal years for the District-Wide Financial Statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the District. 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, and other long-term liabilities.

As of June 30, 2025, the District's combined governmental funds reported a total fund balance of \$176,499,724, which represents an increase of \$41,702,482, or 30.94%, from the prior fiscal year. See the following Table for more information.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

	2025	2024	Increase/ (Decrease)	Total Percentage Change
General Fund				
Restricted:				
Employees' retirement system	\$ 45,998,362	\$ 32,298,360	\$ 13,700,002	42.42%
Teachers' retirement system	5,249,538	3,404,087	1,845,451	54.21%
Capital	46,698,085	44,363,065	2,335,020	5.26%
Repair	7,894,758	7,500,000	394,758	5.26%
Property loss and liability	88,399	83,979	4,420	5.26%
Insurance	8,500,000	500,000	8,000,000	1600.00%
Employee benefit accrued liability	54,463,360	35,436,200	19,027,160	53.69%
Workers' compensation	2,107,083	2,001,724	105,359	5.26%
Assigned:				
Appropriated for subsequent year	3,500,000	-	3,500,000	100.00%
Encumbrances	1,790,516	556,487	1,234,029	221.75%
Unassigned:				
Unassigned	12,059,935	11,552,521	507,414	4.39%
Total Fund Balance - General Fund	<u>\$ 188,350,036</u>	<u>\$ 137,696,423</u>	<u>\$ 50,653,613</u>	36.79%
School Lunch Fund				
Nonspendable	\$ 28,201	\$ 25,671	\$ 2,530	9.86%
Assigned - unappropriated	5,161,711	4,193,056	968,655	23.10%
Total Fund Balance - School Lunch Fund	<u>\$ 5,189,912</u>	<u>\$ 4,218,727</u>	<u>\$ 971,185</u>	23.02%
Miscellaneous Special Revenue Fund				
Assigned - unappropriated	\$ 281,235	\$ 253,260	\$ 27,975	11.05%
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>\$ 281,235</u>	<u>\$ 253,260</u>	<u>\$ 27,975</u>	11.05%
Capital Projects Fund				
Restricted for unspent bond proceeds	\$ 107,842	\$ 225,053	\$ (117,211)	(52.08%)
Unassigned deficit	(17,785,879)	(7,951,799)	(9,834,080)	123.67%
Total Fund Balance Deficit - Capital Projects Fund	<u>\$ (17,678,037)</u>	<u>\$ (7,726,746)</u>	<u>\$ (9,951,291)</u>	128.79%
Debt Service Fund				
Restricted for debt service	<u>\$ 356,578</u>	<u>\$ 356,578</u>	<u>\$ -</u>	0.00%
Total Fund Balance - All Funds	<u>\$ 176,499,724</u>	<u>\$ 134,798,242</u>	<u>\$ 41,701,482</u>	30.94%

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

A) General Fund:

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

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)	Total Percentage Change
Revenues				
Real property taxes	\$ 87,462,769	\$ 85,818,746	\$ 1,644,023	1.92%
Other tax items	12,701,813	11,261,413	1,440,400	12.79%
Charges for services	431,031	468,503	(37,472)	(8.00%)
Use of money and property	6,630,678	4,949,306	1,681,372	33.97%
Sale of property and compensation for loss	1,766,053	2,091,332	(325,279)	(15.55%)
Miscellaneous	2,591,418	2,350,503	240,915	10.25%
State sources	200,273,673	193,424,604	6,849,069	3.54%
Federal sources	762,609	680,416	82,193	12.08%
Total Revenues	<u>312,620,044</u>	<u>301,044,823</u>	<u>11,575,221</u>	3.85%
Other Financing Sources				
Operating transfers in	81,231	81,687	(456)	(0.56%)
Total Other Financing Sources	<u>81,231</u>	<u>81,687</u>	<u>(456)</u>	(0.56%)
Expenditures				
General support	27,643,125	26,464,277	1,178,848	4.45%
Instruction	135,710,861	124,705,044	11,005,817	8.83%
Pupil transportation	13,986,607	12,426,550	1,560,057	12.55%
Community services	14,785	203	14,582	7183.25%
Employee benefits	75,890,282	68,962,722	6,927,560	10.05%
Debt service - principal	3,669,901	3,587,476	82,425	2.30%
Debt service - interest	646,046	736,130	(90,084)	(12.24%)
Total Expenditures	<u>257,561,607</u>	<u>236,882,402</u>	<u>20,679,205</u>	8.73%
Other Financing Uses				
Operating transfers out	4,486,055	3,773,562	712,493	18.88%
Total Other Financing Uses	<u>4,486,055</u>	<u>3,773,562</u>	<u>712,493</u>	18.88%
Net Change in Fund Balances	<u>\$ 50,653,613</u>	<u>\$ 60,470,546</u>	<u>\$ (9,816,933)</u>	(16.23%)

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

- Real property taxes increased due to a rise in the tax levy in accordance with the 2024-2025 voter approved budget.
- Other property tax items increased due to an increase in PILOTs received.
- Use of money and property increased as a result of higher balances available for investment.
- Revenues from state sources increased due to increases in general aid, excess cost aid, and lottery aid.

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

- General support increased due to salary increases and an increase in BOCES services.
- Instruction increased due to salary increases, an increase in BOCES services, and the District incurring more costs in programs for students with disabilities.
- Employee benefits increased due to higher premium costs for health insurance, required employer pension contributions, and compensated absences paid.

The following is a summary of the general fund's restricted fund balance activity for the fiscal year ended June 30, 2025:

	Beginning Balance	Funding	Interest	Ending Balance
Employees' retirement system	\$ 32,298,360	\$ 12,000,000	\$ 1,700,002	\$ 45,998,362
Teachers' retirement system	3,404,087	1,692,596	152,855	5,249,538
Capital	44,363,065		2,335,020	46,698,085
Repair	7,500,000		394,758	7,894,758
Property loss and liability	83,979		4,420	88,399
Insurance	500,000	8,000,000		8,500,000
Employee benefit accrued liability	35,436,200	17,162,000	1,865,160	54,463,360
Workers' compensation	2,001,724		105,359	2,107,083
Total Restricted Fund Balance	<u>\$ 125,587,415</u>	<u>\$ 38,854,596</u>	<u>\$ 6,557,574</u>	<u>\$ 170,999,585</u>

The District did not utilize any reserves for the fiscal year ended June 30, 2025.

B) Special Aid Fund

The fund balance in the special aid fund remained at \$0, as revenues and expenditures are recognized in equal amounts each year. Expenditures consist primarily of reimbursable grant programs, as well as a transfer from the general fund for the District's share of costs for the summer program for students with disabilities and the state-supported Section

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

4201 schools. Revenues and expenditures in the special aid fund decreased primarily due to the end of the period of performance for COVID-19 federal grants during fiscal year 2025.

C) School Lunch Fund:

The fund balance in the school lunch fund increased by \$971,185, or 23.02%, due to the food service program's operating surplus, partially offset by the interfund transfer to the general fund for administrative costs to run the school lunch program.

D) Miscellaneous Special Revenue Fund:

The fund balance in the miscellaneous special revenue fund increased by \$27,975, or 11.05%, primarily due to extraclassroom and other educational revenues exceeding extraclassroom and other educational expenditures.

E) Capital Projects Fund:

The fund balance in the capital projects fund decreased by \$9,951,291, or 128.79%, due to capital outlay exceeding revenue from state aid and voter approved interfund revenue from the general fund. The deficit fund balance will be eliminated when the District obtains permanent financing for its on-going capital improvement projects.

F) Debt Service Fund:

The fund balance in the debt service fund remained unchanged.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2024-2025 Budget

The District's general fund adopted budget for the fiscal year ended June 30, 2025 was \$294,039,602. This amount was increased by encumbrances carried forward from the prior fiscal year in the amount of \$556,487, which resulted in a final budget of \$294,596,089. The majority of the funding was state sources of \$192,704,055 and real property taxes and other tax items of \$97,185,547.

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

The general fund unassigned fund balance is a component to total fund balance that is the residual of prior fiscal years' excess revenues over expenditures, net of transfers to reserves and assignments to fund subsequent fiscal years' 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 revenues and expenditures for the fiscal year compared to budget is as follows:

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Opening, unassigned fund balance	\$ 11,552,521
Revenues and other financing sources over budget	18,661,673
Expenditures, other financing uses, and encumbrances under budget	30,757,911
Interest allocated to the reserves	(6,557,574)
Assigned appropriated for June 30, 2026 budget	(3,500,000)
Funding of reserves	<u>(38,854,596)</u>
Closing, unassigned fund balance	<u><u>\$ 12,059,935</u></u>

The opening unassigned fund balance of \$11,552,521 is the June 30, 2024 unassigned fund balance.

The revenues and other financing sources over budget of \$18,661,673 were primarily related to other tax items, use of money and property, miscellaneous other revenue, and state sources.

The expenditures, other financing uses, and encumbrances under budget of \$30,757,911 reflected savings across the budget, but were predominantly related to general support and instruction

Interest was allocated to the reserves in accordance with District policy as detailed on page 17.

The assigned - appropriated fund balance of \$3,500,000 for the June 30, 2026 budget is the amount the District has chosen to partially fund its operating budget for 2025-2026.

The District contributed \$38,854,596 in total to the District's reserves as detailed on page 17.

The District closed the 2024-2025 fiscal year with \$12,059,935 in unassigned fund balance. New York State Real Property Tax Law §1318 restricts this number to an amount not greater than 4.00% of the District's budget for the ensuing fiscal year. The District's unassigned fund balance is within the legal limit.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

A) Capital Assets and Intangible Lease Assets:

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

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

Category	2025	2024	Increase (Decrease)
Land	\$ 753,590	\$ 753,590	\$ -
Construction in progress	18,076,634	29,875,389	(11,798,755)
Building and building improvements	176,002,190	150,103,097	25,899,093
Furniture and equipment	8,323,451	7,647,770	675,681
Land improvements	3,603,680	3,584,501	19,179
Subtotal	206,759,545	191,964,347	14,795,198
Less: Accumulated depreciation	72,702,363	68,821,209	3,881,154
Capital assets, net	<u>\$ 134,057,182</u>	<u>\$ 123,143,138</u>	<u>\$ 10,914,044</u>
Intangible lease assets, net	<u>\$ 203,687</u>	<u>\$ 42,210</u>	<u>\$ 161,477</u>

Depreciation expense and loss on disposals was \$3,987,642 and amortization expense was \$113,263 for fiscal year ended June 30, 2025. See accompanying notes to financial statements for additional information.

B) Long-Term Debt

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

	2025	2024	Increase/ (Decrease)
Bonds payable (inclusive of premiums)	\$ 14,224,341	\$ 16,372,816	\$ (2,148,475)
Lease liability	192,851	24,113	168,738
Energy performance contract debt payable	7,541,584	8,980,483	(1,438,899)
	<u>\$ 21,958,776</u>	<u>\$ 25,377,412</u>	<u>\$ (3,418,636)</u>

The decrease in long-term debt is due to principal payments made on the outstanding debt as well as amortization expense on bond premium, partially offset by an increase in lease

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

liability as a result of new leases. More detailed information about the District's long-term debt is presented in the accompanying notes to financial statements.

C) Other Long-Term Liabilities

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

	2025	2024	Increase/ (Decrease)
Compensated absences payable	\$ 68,023,775	\$ 69,423,206	\$ (1,399,431)
Workers' compensation claims payable	2,493,930	1,926,714	567,216
Net pension liability - proportionate share - ERS	11,898,827	10,741,596	1,157,231
Net pension liability - proportionate share - TRS	-	5,556,599	(5,556,599)
Total other post-employment benefits obligation	412,764,106	444,282,996	(31,518,890)
	<u>495,180,638</u>	<u>531,931,111</u>	<u>(36,750,473)</u>

The compensated absences payable balance at June 30, 2025, includes the effect of the implementation of GASB Statement No. 101 (change in accounting principle). The changes in other long-term liabilities include the effects of changes in the actuarial valuations for pensions and total other post-employment benefits obligation. More detailed information about the District's other long-term liabilities is presented in the accompanying notes to financial statements.

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- A) The general fund budget for the 2025-2026 school year was approved by the voters in the amount of \$301,498,985. This is an increase of \$7,459,383, or 2.54%, from the previous fiscal year's budget.
- B) New York State law limits the increase in property taxes levied to the lesser of two percent, or the rate of inflation. The law does allow school districts to levy an additional amount for certain excludable expenditures. An override of the levy limit is also permitted. If the proposed tax levy is within the District's tax levy cap, then the budget is presented and approved by voters. If the proposed tax levy exceeds the District's tax levy cap, the threshold required for approval would be 60 percent of the vote.
- C) Future budgets may be negatively affected by certain trends impacting school districts. These factors include the following:
- Rising costs in employee salaries and health benefits, as well as contributions to pension programs.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- Increased costs associated with meeting the requirements for instructional services.
- Uncertainty with state and federal aid, including new state mandates that may bring changes to state aid formulas that could negatively impact school districts.
- Rising inflation as well as interest rates, which can affect all areas of the budget.
- The property tax cap as discussed above.

D) On August 25, 2025, the District entered into an energy performance contract through an equipment lease purchase agreement in the amount of \$1,232,212. The contract bears an interest rate of 4.534% and has a stated maturity date of August 15, 2040. The proceeds from this agreement will be used to fund energy efficiency improvements throughout the District.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Central Islip Union Free School District
Frank Bacchi
Assistant Superintendent for Business
50 Wheeler Road
Central Islip, New York 11722
631-348-5112

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Current assets

Cash and cash equivalents:

Unrestricted \$ 38,404,771

Restricted 171,464,005

Receivables:

Accounts receivable 198,797

State and federal aid 10,344,774

Due from other governments 7,626,209

Inventory 28,201

Noncurrent assets:

Capital assets not being depreciated 18,830,224

Capital assets being depreciated, net of accumulated depreciation 115,226,958

Intangible lease assets, net of accumulated amortization 203,687

Net pension asset - proportionate share - teachers' retirement system 14,282,281

TOTAL ASSETS 376,609,907

DEFERRED OUTFLOWS OF RESOURCES

Pensions 41,766,475

Other post-employment benefits obligation 58,193,888

TOTAL DEFERRED OUTFLOWS OF RESOURCES 99,960,363

LIABILITIES

Payables:

Accounts payable 5,191,962

Accrued liabilities 16,135,415

Due to other governments 9,878,778

Due to fiduciary fund 108,675

Due to teachers' retirement system 11,502,109

Due to employees' retirement system 1,473,396

Compensated absences payable 6,153,445

Accrued interest payable 194,285

Unearned credits:

Collections in advance 187,522

Long-term liabilities:

Due and payable within one year:

Bonds payable (inclusive of unamortized premiums) 2,148,475

Lease liability 67,732

Energy performance contract debt payable 1,475,390

Compensated absences payable 10,280,630

Total other post-employment benefits obligation 12,612,019

Due and payable after one year:

Bonds payable (inclusive of unamortized premiums) 12,075,866

Lease liability 125,119

Energy performance contract debt payable 6,066,194

Compensated absences payable 57,743,145

Workers' compensation claims payable 2,493,930

Net pension liability - proportionate share - employees' retirement system 11,898,827

Total other post-employment benefits obligation 400,152,087

TOTAL LIABILITIES 567,965,001

DEFERRED INFLOWS OF RESOURCES

Pensions 17,913,055

Other post-employment benefits obligation 126,258,363

TOTAL DEFERRED INFLOWS OF RESOURCES 144,171,418

NET POSITION

Net investment in capital assets 111,532,130

Restricted 185,638,444

Unrestricted (deficit) (532,736,723)

TOTAL NET POSITION (DEFICIT) \$ (235,566,149)

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	
FUNCTIONS / PROGRAMS					
General support	\$ (39,859,794)	\$ -	\$ 437,609	\$ -	\$ (39,422,185)
Instruction	(234,934,812)	834,051	14,587,055	149,047	(219,364,659)
Pupil transportation	(15,064,437)		948,954		(14,115,483)
Community services	(14,785)				(14,785)
Debt service - interest	(590,288)				(590,288)
Food service program	(9,043,040)	547,509	8,326,246		(169,285)
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (299,507,156)</u>	<u>\$ 1,381,560</u>	<u>\$ 24,299,864</u>	<u>\$ 149,047</u>	<u>(273,676,685)</u>
GENERAL REVENUES					
Real property taxes					87,462,769
Other tax items (including STAR reimbursement)					12,701,813
Use of money and property					6,633,632
Sale of property and compensation for loss					1,766,053
Miscellaneous					2,595,816
State sources					200,273,673
Federal sources					762,609
TOTAL GENERAL REVENUES					<u>312,196,365</u>
CHANGE IN NET POSITION					38,519,680
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					(273,413,448)
CHANGE IN ACCOUNTING PRINCIPLE					<u>(672,381)</u>
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED					<u>(274,085,829)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR					<u>\$ (235,566,149)</u>

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS							
Cash and cash equivalents:							
Unrestricted	\$ 37,686,277	\$ 333,346	\$ 106,224	\$ 278,924	\$ -	\$ -	\$ 38,404,771
Restricted	171,442,374				21,631		171,464,005
Receivables:							
Accounts receivable	183,044		1,971	13,782			198,797
State and federal aid	4,077,324	5,586,897	604,008		76,545		10,344,774
Due from other governments	7,626,209						7,626,209
Due from other funds	24,400,766		5,021,905	2,534	3,233,268	356,578	33,015,051
Inventory			28,201				28,201
TOTAL ASSETS	<u>\$ 245,415,994</u>	<u>\$ 5,920,243</u>	<u>\$ 5,762,309</u>	<u>\$ 295,240</u>	<u>\$ 3,331,444</u>	<u>\$ 356,578</u>	<u>\$ 261,081,808</u>
LIABILITIES							
Payables:							
Accounts payable	\$ 3,595,428	\$ 645,699	\$ 59,025	\$ 14,005	\$ 877,805	\$ -	\$ 5,191,962
Accrued liabilities	15,239,947	513,644	381,824				16,135,415
Due to other governments	9,877,581		1,197				9,878,778
Due to other funds	8,364,866	4,702,167	1,562		20,055,131		33,123,726
Due to teachers' retirement system	11,502,109						11,502,109
Due to employees' retirement system	1,473,396						1,473,396
Compensated absences payable	6,153,445						6,153,445
Unearned credits:							
Collections in advance		58,733	128,789				187,522
TOTAL LIABILITIES	<u>56,206,772</u>	<u>5,920,243</u>	<u>572,397</u>	<u>14,005</u>	<u>20,932,936</u>	<u>-</u>	<u>83,646,353</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - state aid	486,940				76,545		563,485
Unavailable revenue - charges for services	372,246						372,246
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>859,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,545</u>	<u>-</u>	<u>935,731</u>
FUND BALANCES							
Nonspendable:							
Inventory			28,201				28,201
Restricted:							
Retirement contribution:							
Employees' retirement system	45,998,362						45,998,362
Teachers' retirement system	5,249,538						5,249,538
Capital	46,698,085						46,698,085
Repair	7,894,758						7,894,758
Property loss and liability	88,399						88,399
Insurance	8,500,000						8,500,000
Employee benefit accrued liability	54,463,360						54,463,360
Workers' compensation	2,107,083						2,107,083
Capital - unspent bond proceeds					107,842		107,842
Debt service						356,578	356,578
Assigned:							
Appropriated fund balance	3,500,000						3,500,000
Unappropriated fund balance	1,790,516		5,161,711	281,235			7,233,462
Unassigned:							
Unassigned fund balance (deficit)	12,059,935				(17,785,879)		(5,725,944)
TOTAL FUND BALANCES	<u>188,350,036</u>	<u>-</u>	<u>5,189,912</u>	<u>281,235</u>	<u>(17,678,037)</u>	<u>356,578</u>	<u>176,499,724</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 245,415,994</u>	<u>\$ 5,920,243</u>	<u>\$ 5,762,309</u>	<u>\$ 295,240</u>	<u>\$ 3,331,444</u>	<u>\$ 356,578</u>	<u>\$ 261,081,808</u>

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2025

Total Governmental Fund Balances \$ 176,499,724

Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building and acquiring capital assets (land, buildings, furniture and equipment) financed from the governmental funds is reported as expenditures in the fiscal year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 206,759,545	
Accumulated depreciation	<u>(72,702,363)</u>	134,057,182

The present value cost of leasing assets financed from the governmental funds is reported as expenditures in the fiscal year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those intangible lease assets among the assets of the District as a whole, and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.

Original present value cost of intangible lease assets	\$ 274,740	
Accumulated amortization	<u>(71,053)</u>	203,687

Certain disbursements previously expended in the governmental funds relating to pensions are treated as long term assets and increase net position. The net pension asset - proportionate share for the teachers' retirement system was: 14,282,281

Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows will be recognized as expenses in future periods were as follows:

Deferred outflows of resources related to pensions	\$ 41,766,475	
Deferred outflows of resources related to other post-employment benefits obligation	<u>58,193,888</u>	99,960,363

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Accrued interest payable relating to long-term liabilities at year end amounted to: (194,285)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable (inclusive of unamortized premiums)	\$ (14,224,341)	
Lease liability	(192,851)	
Energy performance contract debt payable	(7,541,584)	
Compensated absences payable	(68,023,775)	
Workers' compensation claims payable	(2,493,930)	
Net pension liability - proportionate share - employees' retirement system	(11,898,827)	
Total other post-employment benefits obligation	<u>(412,764,106)</u>	(517,139,414)

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenses received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows that will be recognized as a revenue or a reduction in expense in future periods were as follows:

Deferred inflows of resources related to pensions	\$ (17,913,055)	
Deferred inflows of resources related to other post-employment benefits obligation	(126,258,363)	
Deferred inflows of resources related to unavailable revenue	<u>935,731</u>	<u>(143,235,687)</u>

Total Net Position		<u><u>\$ (235,566,149)</u></u>
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CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES							
Real property taxes	\$ 87,462,769	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,462,769
Other tax items	12,701,813						12,701,813
Charges for services	431,031			324,721			755,752
Use of money and property	6,630,678		2,954				6,633,632
Sale of property and compensation for loss	1,766,053						1,766,053
Miscellaneous	2,591,418		4,398				2,595,816
State sources	200,273,673	7,717,855	170,616		149,047		208,311,191
Federal sources	762,609	8,255,763	7,820,428				16,838,800
Surplus food			335,202				335,202
Sales			547,509				547,509
TOTAL REVENUES	<u>312,620,044</u>	<u>15,973,618</u>	<u>8,881,107</u>	<u>324,721</u>	<u>149,047</u>	<u>-</u>	<u>337,948,537</u>
EXPENDITURES							
General support	27,643,125	437,609					28,080,734
Instruction	135,710,861	15,073,110		296,746			151,080,717
Pupil transportation	13,986,607	948,954					14,935,561
Community services	14,785						14,785
Employee benefits	75,890,282		1,346,889				77,237,171
Debt service - principal	3,669,901						3,669,901
Debt service - interest	646,046						646,046
Cost of sales			6,481,802				6,481,802
Capital outlay					14,375,078		14,375,078
TOTAL EXPENDITURES	<u>257,561,607</u>	<u>16,459,673</u>	<u>7,828,691</u>	<u>296,746</u>	<u>14,375,078</u>	<u>-</u>	<u>296,521,795</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>55,058,437</u>	<u>(486,055)</u>	<u>1,052,416</u>	<u>27,975</u>	<u>(14,226,031)</u>	<u>-</u>	<u>41,426,742</u>
OTHER FINANCING SOURCES AND (USES)							
Proceeds from leases					274,740		274,740
Operating transfers in	81,231	486,055			4,000,000		4,567,286
Operating transfers (out)	(4,486,055)		(81,231)				(4,567,286)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(4,404,824)</u>	<u>486,055</u>	<u>(81,231)</u>	<u>-</u>	<u>4,274,740</u>	<u>-</u>	<u>274,740</u>
NET CHANGE IN FUND BALANCES	<u>50,653,613</u>	<u>-</u>	<u>971,185</u>	<u>27,975</u>	<u>(9,951,291)</u>	<u>-</u>	<u>41,701,482</u>
FUND BALANCES - BEGINNING OF YEAR	<u>137,696,423</u>	<u>-</u>	<u>4,218,727</u>	<u>253,260</u>	<u>(7,726,746)</u>	<u>356,578</u>	<u>134,798,242</u>
FUND BALANCES - END OF YEAR	<u>\$ 188,350,036</u>	<u>\$ -</u>	<u>\$ 5,189,912</u>	<u>\$ 281,235</u>	<u>\$ (17,678,037)</u>	<u>\$ 356,578</u>	<u>\$ 176,499,724</u>

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances \$ 41,701,482

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating expenses are measured by amounts earned or incurred during the fiscal year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Changes in these operating expenses were as follows:

Decrease in compensated absences payable	\$ 2,071,812	
Increase in workers' compensation claims payable	<u>(567,216)</u>	1,504,596

Changes in the proportionate share of net pension asset/liability and total other post employment benefits obligation, and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Employees' retirement system	\$ 1,039,266	
Teachers' retirement system	1,478,000	
Other post-employment benefits	<u>(21,808,403)</u>	(19,291,137)

Deferred inflows - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the fiscal year ended was:

78,299

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are capitalized and reported on the Statement of Net Position and allocated to the governmental functions. Depreciation is based on the useful lives of the asset and is expensed as incurred on the Statement of Activities:

Capital outlays	\$ 14,901,686	
Depreciation expense and loss on disposals	<u>(3,987,642)</u>	10,914,044

Capital outlays to lease assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual amortization expense in the Statement of Activities:

Lease outlays	\$ 274,740	
Amortization expense	<u>(113,263)</u>	161,477

Long-Term Debt Differences

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as it accrues. Accrued interest changed by:

32,283

Proceeds from long-term liabilities are recorded as other financing sources in the governmental funds, but increase long-term liabilities on the Statement of Net Position and do not affect the Statement of Activities. Proceeds from long-term liabilities were as follows:

Proceeds from leases	(274,740)
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Premiums and discounts on debt issuances and deferred amounts from debt refundings are recognized when incurred on the Fund Financial Statements. The net amounts are amortized over the life of the debt issued in the Statement of Activities. The net amount that was amortized in the current fiscal year was:

23,475

Repayment of long-term liabilities is reported as an expenditure in the governmental funds, but reduces long-term liabilities on the Statement of Net Position and does not affect the Statement of Activities. Repayments of long-term liabilities were as follows:

Repayment of bond principal	\$ 2,125,000	
Repayment of lease obligation	106,002	
Repayment of energy performance contract debt payable	<u>1,438,899</u>	3,669,901

Change in Net Position	<u><u>\$ 38,519,680</u></u>
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CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
JUNE 30, 2025

	<u>Custodial</u>
ASSETS	
Due from governmental funds	\$ 108,675
TOTAL ASSETS	<u>\$ 108,675</u>
LIABILITIES	
Due to other governments	\$ 108,675
TOTAL LIABILITIES	<u>108,675</u>
NET POSITION	
Restricted	-
TOTAL NET POSITION	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 108,675</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Custodial</u>
ADDITIONS	
Real property taxes collected for Library	\$ 3,648,470
PILOTS collected for Library	145,879
TOTAL ADDITIONS	<u>3,794,349</u>
DEDUCTIONS	
Real property taxes disbursed to Library	3,648,470
PILOTS disbursed to Library	145,879
TOTAL DEDUCTIONS	<u>3,794,349</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Central Islip Union Free School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described below:

A) Reporting Entity:

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

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

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

B) Joint Venture:

The District is a component district in the Eastern Suffolk Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, 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 is organized under Section §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of the 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 (Section §1950(6)). In addition, BOCES Boards also are considered municipal

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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.

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

C) Basis of Presentation:

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, while the capital grants column reflects capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the District at fiscal year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

The District reports the following major governmental funds:

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

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the activities of the District's food service operations. The school lunch operations are primarily supported by federal and state grants and charges to participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for extraclassroom activities and other educational activities.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources to be used for the payment of principal and interest on long-term general obligation debt.

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund includes the custodial fund, which is used to account for real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to other governments.

D) Measurement Focus and Basis of Accounting:

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

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

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences payable, workers' compensation claims, net pension liabilities, total other post-employment benefits obligations, and claims and judgments, if applicable, which are recognized as expenditures to the extent they have matured. Capital asset and intangible lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions of leases with terms greater than one year are reported as other financing sources.

E) Real Property Taxes:

Calendar

Real property taxes are levied annually by the Board no later than October 1, and become a lien on December 1. The District's tax levy is collected by the Town of Islip (the "Town") along with the respective Town and Suffolk County (the "County") levies. Tax collections are remitted to the District and Town Comptrollers until their respective tax levies are satisfied in accordance with the Suffolk County Tax Act.

Enforcement

Uncollected real property taxes are subsequently enforced by 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 1.

F) Payments in Lieu of Taxes (PILOT):

The District reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the District. The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by the County. Beginning in the 2015-2016 fiscal year, the County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2.00% in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB guidance, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

governments or residents of the governments. See the accompanying notes to financial statements for further information.

G) 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 the accompanying notes to financial statements.

H) 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 flows. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfers of expenditures and revenues to provide financing or other services.

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

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

Refer to the accompanying notes to financial statements for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

I) Estimates:

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

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

J) Cash and Cash Equivalents:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from 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:

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's stated value, which approximates market value. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

Purchases of inventorable items in other funds are recorded as expenses/expenditures at the time of purchase and are considered immaterial in amount.

A portion of fund balance in the school lunch fund has been classified as nonspendable to indicate that inventory does not constitute available spendable resources.

M) Capital Assets:

Capital assets are reflected in the District-Wide Financial Statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost, based on professional independent third-party information. Donated assets are reported at acquisition 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 Financial Statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building and building improvements	\$5,000	Straight-line	25-50 years
Land improvements	\$5,000	Straight-line	20 years
Furniture and equipment	\$5,000	Straight-line	5-20 years

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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.

N) Intangible Lease Assets:

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the 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 and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The two items in this category are related to pensions and other post-employment benefits obligation, which are reported in the District-Wide Statement of Net Position and are detailed further in the accompanying notes to financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 two items that qualify for reporting in this category. These amounts are related to pensions and other post-employment benefits obligation, which are reported in the District-Wide Statement of Net Position and are detailed further in the accompanying notes to financial statements.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. The deferred inflows of resources on the Fund Financial Statements represent supplemental aid, foster tuition amounts, and New York State Smart Schools Bond Act funds that do not yet meet the availability criteria for recognition as revenue. In subsequent periods, when the availability criterion is met, the deferred inflows are classified as revenues. The District-Wide Financial Statements, however, report these

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

P) Short-Term Debt:

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

The District may issue bond anticipation notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will 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, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter. See the accompanying notes to financial statements for further detail.

Q) Collections in Advance:

Collections in advance arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is reduced and revenues are recorded. Collections in advance as of June 30, 2025, consist of grant advances received prior to the qualifying expenditures being incurred in the special aid fund and prepaid student account balances in the school lunch fund.

R) Employee Benefits – Compensated Absences:

Compensated absences consist of unused accumulated annual sick and vacation leave. Sick and vacation leave eligibility and accumulation are specified in negotiated labor contracts and individual employment contracts.

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

- Leave that is expected to be used in future periods, and
- Leave that will be paid out upon termination or retirement, per contractual agreements.

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

In the Fund Financial Statements, only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are reported for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

S) Other Benefits:

Eligible District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Section 403(b) and 457(b).

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the fiscal year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure as premiums mature (come due for payments). In the District-Wide Financial Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting.

T) Long-Term Debt

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

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

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

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

U) Equity Classifications:

District-Wide Financial Statements

In the District-Wide Financial Statements, there are three classes of net position:

Net investment in capital assets consists of net capital assets (cost less accumulated depreciation) and net intangible lease assets (present value of future lease payments remaining on the lease term less accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets, net of any unspent debt proceeds, capital-related accounts payable, and including any unamortized items (discounts, premiums, or deferred amounts on refunding), if applicable.

Restricted net position - 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 net position - reports all other 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.

As of June 30, 2025, the governmental activities reported a deficit in unrestricted net position of \$532,736,723. This deficit is primarily the result of unfunded liabilities such as the District recognizing its proportionate share of the net pension liabilities and total OPEB liability on the Statement of Net Position. The accumulated effect of these required recognitions, coupled with the limitations from the state on funding the OPEB liability on a “pay as you go” basis, has resulted in an unrestricted net deficit.

Fund Financial Statements

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

Nonspendable fund balance – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2025, the District had \$28,201 in nonspendable fund balance for inventory recorded in the school lunch fund.

Restricted fund balance – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

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Currently, New York State law still uses the terminology “reserves” and districts are only allowed to use reserves authorized by law. The District has classified the following as restricted:

Retirement Contribution Reserve - Retirement Contribution Reserve (GML§6-r) must be used for financing retirement contributions to the New York State and Local Employees’ Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers’ Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. A board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers’ Retirement System. During the fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. The District accounts for these reserves in the general fund.

Capital Reserve (Education Law §3651) is 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 sources of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The reserve is accounted for in the general fund.

Repair Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, for which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. The reserve is accounted for in the general fund.

Property Loss and Liability Reserves - Property loss and liability reserves (EDL § 1709 (8-c)) are used to pay for property loss and liability claims incurred. The reserve may be established by Board action and are funded by budgetary appropriations and such other funds as may be legally appropriated. Separate reserve funds must be established for property loss and liability claims. The separate identity of each fund must be maintained, whether its assets consist of cash or investments, or both. Expenditures can be made without voter approval. For school districts, each reserve may not exceed the greater of 3% of the annual budget or \$15,000. Once that reserve has been established, the reserve fund may not be reduced (other

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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than by payments for losses for which the reserve was established) below the estimated amount necessary to cover unsettled claims or suits. These reserves are accounted for in the general fund.

Insurance Reserve - According to General Municipal Law §6-n, must be used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the general fund.

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

Workers' Compensation Reserve - This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized by Article 2 of the Workers' Compensation Law, and for payment of costs of administering this self-insurance program. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the general fund.

Restricted for Unspent Bond Proceeds - Unspent, long-term bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

Restricted for Debt Service - This account is used to account for the accumulation of resources that are restricted to pay debt service. The fund includes all unexpended balances of proceeds from borrowings for capital projects, interest and earnings from investment of proceeds, and proceeds of premiums from borrowings. These restricted funds are accounted for in the debt service fund.

Unrestricted Resources - When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Committed fund balance includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (i.e., the Board). The District has no committed fund balances as of June 30, 2025.

Assigned fund balance includes amounts that are constrained by the intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. All encumbrances are classified as assigned fund balances. The amount appropriated for the subsequent fiscal year's budget of the general fund is classified as assigned fund balance in the general fund.

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

New York State Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school 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 fiscal year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The District's unassigned fund balance at June 30, 2025 is within the legal limit.

Fund Balance Classification:

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law, or by formal action of the Board if voter approval is not required. Amendments or modifications to the applied or transferred fund balance must be approved by formal action of the Board.

Deficit Fund Balance:

The capital projects fund had a deficit unassigned fund balance of \$17,785,879. This will be eliminated when the District receives permanent financing from issuing debt and receipt of state aid.

Order of Use of Fund Balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted or assigned fund balance. In the general fund, committed fund balance is determined next and then

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

V) New Accounting Pronouncement:

GASB has issued Statement No. 101, *Compensated Absences* (GASB Statement No. 101), effective for the District for the fiscal year ended June 30, 2025. This statement establishes update recognition and measurement guidance for liabilities related to compensated absences. Under GASB Statement No. 101, liabilities for compensated absences are recognized when leave is attributable to services already rendered, payment is probable, and the amount can be reasonably estimated. This includes both accumulated leave expected to be used in future periods and leave payable upon an employee's separation from service. The liability is measured using current pay rates as of the financial statement date, including any applicable salary-related costs.

As disclosed in the accompanying notes to financial statements, the cumulative effect of the adoption of GASB Statement No. 101 (change in accounting principle) was an increase of the compensated absences payable balance of \$672,381 and an increase in the net deficit of \$672,381 in the Statement of Net Position as of July 1, 2024.

W) Future Accounting Pronouncements:

GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*, to improve the key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for the fiscal year ended June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as intangible lease assets, subscription assets, and assets held for sale. The requirements of this statement are effective for the fiscal year ended June 30, 2026.

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

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS:

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

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 Balance Sheet.

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

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

Long-Term Revenue and Expense Differences:

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

Capital Related Differences:

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

Long-Term Debt Differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A) Budgets:

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

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

voters of the District approved the proposed appropriation budget for the general fund. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), 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 fiscal year. Appropriations authorized for the current fiscal 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. Supplemental appropriations that occurred during the fiscal year are shown on the other supplementary information – schedule of change from adopted budget to final budget, where applicable.

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

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

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 assignments or restrictions of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Company (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements, and obligations of New York State or its localities.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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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 custodian, but not in the District's name.

The District's aggregate bank balances were covered by depository insurance, collateralized with securities held by the District's custodian, a third-party financial institution in the District's name, or collateralized with securities held by the pledging financial institution in the District's name at year end.

B) Restricted Cash and Cash Equivalents:

Restricted cash and cash equivalents represent cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2025 included \$171,464,005 within the governmental funds for general fund reserves and amounts restricted for capital projects and debt service.

C) Investments:

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

D) Investment Pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2025, the District held \$174,968,590 in investments in the general fund consisting of various investments in securities issued by the United States and its agencies.

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Total investments of the cooperative at June 30, 2025 are \$13,530,190,670, which consisted of \$3,819,691,492 in repurchase agreements and \$9,710,499,478 in U.S. Government Treasury Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2025 are \$591,627,356.

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

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2025, the District was billed \$29,653,836 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$3,942,513. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Educational Services, James Hines Administration Center, 201 Sunrise Highway Patchogue, NY 11772.

NOTE 6 –STATE AND FEDERAL AID RECEIVABLES:

State and federal aid receivables at June 30, 2025, consisted of the following:

Description	General	Special Aid	School Lunch	Capital Projects	Total
State aid - excess cost	\$ 3,796,036	\$ -	\$ -	\$ -	\$ 3,796,036
State aid - general aid	167,792				167,792
State aid - nonresident homeless	113,496				113,496
State grants		3,242,945		76,545	3,319,490
Federal grants		2,343,952			2,343,952
Federal reimbursements			589,670		589,670
State reimbursements			14,338		14,338
Total	<u>\$ 4,077,324</u>	<u>\$ 5,586,897</u>	<u>\$ 604,008</u>	<u>\$ 76,545</u>	<u>\$ 10,344,774</u>

The general fund state and federal aid receivable includes \$486,940 of unavailable revenues for supplemental excess cost aid, which is included in deferred inflows of resources on the Balance Sheet. The capital projects fund includes \$76,545 of unavailable revenues for the Smart Schools Bond Act, which is included in deferred inflows of resources on the Balance Sheet.

District management has deemed the amounts to be fully collectible.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

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

BOCES aid	\$ 3,942,513
Payment in lieu of property taxes	2,996,957
Tuition/health services	<u>686,739</u>
Total	<u><u>\$ 7,626,209</u></u>

The general fund due from other governments includes \$372,246 of unavailable revenues for foster tuition, which is included in deferred inflows of resources on the Balance Sheet.

District management has deemed the amounts to be fully collectible.

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets:

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 753,590	\$ -	\$ -	\$ 753,590
Construction in progress	29,875,389	14,100,338	(25,899,093)	18,076,634
Total capital assets not being depreciated	<u>30,628,979</u>	<u>14,100,338</u>	<u>(25,899,093)</u>	<u>18,830,224</u>
Capital assets being depreciated				
Building and building improvements	150,103,097		25,899,093	176,002,190
Furniture and equipment	7,647,770	782,169	(106,488)	8,323,451
Land improvement	3,584,501	19,179		3,603,680
Total capital assets being depreciated	<u>161,335,368</u>	<u>801,348</u>	<u>25,792,605</u>	<u>187,929,321</u>
Less accumulated depreciation:				
Building and building improvements	62,302,081	2,746,268		65,048,349
Furniture and equipment	3,623,257	1,047,980	(36,236)	4,635,001
Land improvement	2,895,871	123,142		3,019,013
Total accumulated depreciation	<u>68,821,209</u>	<u>3,917,390</u>	<u>(36,236)</u>	<u>72,702,363</u>
Total capital assets being depreciated, net	<u>92,514,159</u>	<u>(3,116,042)</u>	<u>25,828,841</u>	<u>115,226,958</u>
Total capital assets, net	<u>\$ 123,143,138</u>	<u>\$ 10,984,296</u>	<u>\$ (70,252)</u>	<u>\$ 134,057,182</u>

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

General support	\$ 250,143
Instruction	2,579,354
Food service program	1,158,145
	<u>\$ 3,987,642</u>

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

B) Intangible Lease Assets

The following schedule summarizes the District's intangible lease asset activity for the fiscal year ended June 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Intangible lease assets				
Furniture and equipment	\$ 307,488	\$ 274,740	\$ (307,488)	\$ 274,740
Total intangible lease assets being amortized	<u>307,488</u>	<u>274,740</u>	<u>(307,488)</u>	<u>274,740</u>
Less accumulated amortization:				
Furniture and equipment	265,278	113,263	(307,488)	\$ 71,053
Total accumulated amortization	<u>265,278</u>	<u>113,263</u>	<u>(307,488)</u>	<u>71,053</u>
 Total intangible lease assets, net	 <u>\$ 42,210</u>	 <u>\$ 161,477</u>	 <u>\$ -</u>	 <u>\$ 203,687</u>

Amortization expense of \$113,263 was charged to the governmental functions as general support.

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 24,400,766	\$ 8,364,866	\$ 81,231	\$ 4,486,055
Special aid fund		4,702,167	486,055	
School lunch fund	5,021,905	1,562		81,231
Miscellaneous special revenue fund	2,534			
Capital projects fund	3,233,268	20,055,131	4,000,000	
Debt service fund	356,578			
Total government activities	<u>33,015,051</u>	<u>33,123,726</u>	<u>4,567,286</u>	<u>4,567,286</u>
Fiduciary fund	108,675			
Total	<u>\$ 33,123,726</u>	<u>\$ 33,123,726</u>	<u>\$ 4,567,286</u>	<u>\$ 4,567,286</u>

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.

The District typically transfers from the general fund to the special aid fund to fund the District's share of costs for the summer program for students with disabilities required by New York State Law and to fund State Supported Section 4201 schools. The District transferred from the general

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

fund to the capital projects fund to finance capital construction projects. The District transferred from the school lunch fund to the general fund for administrative costs to run the school lunch program.

NOTE 10 – DUE TO OTHER GOVERNMENTS:

Due to other governments at June 30, 2025 consisted of the following:

General Fund

New York State governmental agencies	\$ 620
Suffolk County governmental agencies	844,938
Town of Islip	4,483
Due to BOCES and New York State public schools	9,027,540
Total General Fund	<u>9,877,581</u>

School Lunch Fund

Due to NYS Department of Taxation - sales tax	<u>1,197</u>
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Total Due to Other Governments	<u><u>\$ 9,878,778</u></u>
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NOTE 11 - SHORT-TERM DEBT:

There was no short-term debt issued during the fiscal year ended June 30, 2025.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 12 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long-term debt:					
Bonds payable	\$ 16,275,000	\$ -	\$ (2,125,000)	\$ 14,150,000	\$ 2,125,000
Plus: unamortized bond premiumd	97,816		(23,475)	74,341	23,475
Lease liability	24,113	274,740	(106,002)	192,851	67,732
Energy performance contract debt payable	8,980,483		(1,438,899)	7,541,584	1,475,390
Total long-term debt	<u>25,377,412</u>	<u>274,740</u>	<u>(3,693,376)</u>	<u>21,958,776</u>	<u>3,691,597</u>
Other long-term liabilities:					
Compensated absences payable*	70,095,587		(2,071,812)	68,023,775	10,280,630
Workers' compensation claims payable	1,926,714	1,599,795	(1,032,579)	2,493,930	
Net pension liability - proportionate share					
Employees' retirement system	10,741,596	5,459,079	(4,301,848)	11,898,827	
Teachers' retirement system	5,556,599		(5,556,599)	-	
Total other post-employment benefits obligation	<u>444,282,996</u>	<u>59,816,114</u>	<u>(91,335,004)</u>	<u>412,764,106</u>	<u>12,612,019</u>
Total long-term liabilities	<u>\$ 557,980,904</u>	<u>\$ 67,149,728</u>	<u>\$ (107,991,218)</u>	<u>\$ 517,139,414</u>	<u>\$ 26,584,246</u>

*See the accompanying notes to financial statements for further detail of the opening balance restatement in connection with the adoption of GASB Statement No.101 (change in accounting principle).

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

Unissued Debt:

On April 7, 2014 the voters approved a Capital Projects Bond Proposition authorizing the construction of infrastructure improvements and alterations to District school buildings and sites. This voter approval also included the authorized issuance of serial bonds up to an amount not to exceed \$24,890,000. The principal and interest of said serial bonds shall be paid through the levy and collection of taxes on all taxable real property in the District in addition to the authorization of up to \$5,202,010 to be expended from the District's capital reserve to pay for a portion of the capital projects' cost and any such monies so expended shall reduce the amounts of bonds issued. Bonds were issued on August 16, 2018, in the amount of \$17,900,000, which leaves \$1,787,990 of authorized but unissued debt as of June 30, 2025.

On May 17, 2022, the District's voters approved a Capital Projects Bond Proposition authorizing the construction of infrastructure improvements and alterations to District school buildings and

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sites up to an amount not to exceed \$40,000,000. Of that \$40,000,000 total cost, \$6,000,000 of funding would come from the District's general fund unassigned fund balance (on hand and available fund balance), with the remaining \$34,000,000 being funded from the issuance of serial bonds. Remaining unissued debt as of June 30, 2025, related to this Capital Projects Bond Proposition is the full \$34,000,000 of unissued bonds. \$6,000,000 of general fund unassigned fund balance was transferred to the capital projects fund during the 2021-22 fiscal year. No additional transfers were made in the following fiscal years.

A) Bonds Payable:

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2025
Serial Bond	9/13/2012	9/1/2028	4.2%	\$ 1,050,000
Serial Bond	9/12/2014	9/1/2028	2.0 - 3.0%	2,300,000
Serial Bond	8/16/2018	8/15/2033	2.5 - 3.0%	10,800,000
				<u>\$ 14,150,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2026	\$ 2,125,000	\$ 403,125	\$ 2,528,125
2027	2,125,000	335,175	2,460,175
2028	2,125,000	267,225	2,392,225
2029	1,775,000	206,625	1,981,625
2030	1,200,000	162,000	1,362,000
2031-2034	4,800,000	288,000	5,088,000
	<u>\$ 14,150,000</u>	<u>\$ 1,662,150</u>	<u>\$ 15,812,150</u>

The bonds are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and remedies for enforcement of payment are not expressly included in the District's contract with such owners. Upon default in the payment of principal of or interest on the bonds at the suit of the owner, a court has the power, in proper and appropriate proceedings, to render judgment against the District. A court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy.

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Section 99-b of the State Finance Law provides for a covenant between New York State and the purchasers and the holders and owners from time to time of the bonds issued by school districts in New York State. In the event a holder or owner of any bond issued by a school district for school purposes shall file with the Office of the New York State Comptroller (OSC), a verified statement describing such bond and alleging default in the payment thereof or the interest thereon or both. The OSC shall thereafter deduct and withhold from the next succeeding allotment, apportionment, or payment of such state aid or assistance due to such school district such amount thereof as may be required to pay the principal of and interest on such bonds of such school district then in default. In the event such state aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the OSC shall similarly deduct and withhold from each succeeding allotment, apportionment, or payment of such state aid or assistance due such school district such amount or amounts thereof as may be required to cure such default.

B) Bond Premium:

Premiums on bonds, net of accumulated amortization, are reported as a component of the related long-term liability, and amounted to \$74,341 at June 30, 2025. This represents premiums received on the September 2014 bond issuance. These premiums are amortized under the straight-line method over the life of the bond. Amortization expense is recorded as a reduction in interest expense on the Statement of Activities.

C) Lease Liability:

The District recognized a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various copiers and other equipment items with interest rates of 2.16-3.93%.

Principal and interest amounts paid on the District's lease liability amounted to \$106,002 and \$9,126, respectively, for the fiscal year ended June 30, 2025.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2026	\$ 67,732	\$ 6,368	\$ 74,100
2027	70,443	3,657	74,100
2028	54,676	899	55,575
	\$ 192,851	\$ 10,924	\$ 148,200

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D) Energy Performance Contract Debt Payable:

Energy performance contract debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2025
Energy performance contract debt payable	10/19/2021	9/15/2036	1.45%	\$ 6,047,480
Energy performance contract debt payable	7/15/2011	10/15/2026	3.05%	1,494,104
				<u>\$ 7,541,584</u>

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

Fiscal Year Ended			
June 30,	Principal	Interest	Total
2026	\$ 1,475,390	\$ 124,080	\$ 1,599,470
2027	999,590	86,567	1,086,157
2028	501,174	71,655	572,829
2029	508,467	64,362	572,829
2030	515,867	56,963	572,830
2031-2035	2,694,152	169,993	2,864,145
2036-2037	846,944	12,310	859,254
	<u>\$ 7,541,584</u>	<u>\$ 585,930</u>	<u>\$ 8,127,514</u>

E) Long-Term Interest:

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

	Total
Interest paid	\$ 646,046
Less interest accrued in the prior fiscal year	(226,568)
Plus interest accrued in the current fiscal year	194,285
Less amortization expense of bond premiums	(23,475)
Total expense	<u>\$ 590,288</u>

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NOTE 13 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System:

The District participates in the New York State Teachers' Retirement System (TRS) (the "System"). This is a cost-sharing multiple-employer retirement system. The System 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. The System is governed by a 10-member Board of Trustees. System 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 the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the TRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System:

The District participates in the New York State and Local Employees' Retirement System (ERS) (the "System"). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire.

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B) Funding Policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976, and before January 1, 2010.
 - i. Employees contribute 3% of their salary, except those employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010, and before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
 - a. Employees who joined the system after July 27, 1976, and before January 1, 2010.
 - i. Employees contribute 3% of their salary, except those employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010, and before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31st. The District's contribution rates for ERS' fiscal year ended March 31, 2025, ranged from 11.40% to 23.50% of covered payroll.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2025, was 10.11% of covered payroll.

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

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	NYSERS	NYSTRS
2025	\$ 4,301,848	\$ 9,418,986
2024	\$ 3,852,741	\$ 8,920,557
2023	\$ 3,056,444	\$ 9,234,266

C) Pension Assets and Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:

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

	ERS	TRS
Measurement date	March 31, 2025	June 30, 2024
Net pension asset/(liability)	\$ (11,898,827)	\$ 14,282,281
District's portion of the Plan's total net pension asset/(liability)	0.0693982%	0.4786920%
Change in proportion since prior measurement date	-0.0035545%	-0.0072010%

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$3,318,788 for ERS and \$7,993,306 for TRS. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 2,953,369	\$ 15,379,393	\$ 139,312	\$ -
Changes of assumptions	499,013	8,543,698		1,437,130
Net difference between projected and actual earnings on pension plan investments	933,549			15,868,830
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,845,756	719,315	385,338	82,445
District's contributions subsequent to the measurement date	1,473,396	9,418,986		
	<u>\$ 7,705,083</u>	<u>\$ 34,061,392</u>	<u>\$ 524,650</u>	<u>\$ 17,388,405</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Plan Year ended:		
2025	\$ -	\$ (7,171,305)
2026	2,653,275	17,717,060
2027	3,518,974	(2,755,839)
2028	(681,803)	(3,169,038)
2029	216,591	1,884,007
Thereafter	-	749,116
	<u>\$ 5,707,037</u>	<u>\$ 7,254,001</u>

Actuarial Assumptions

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

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	ERS	TRS
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Investment rate of return (net of pension plan investment expense, including inflation)	5.90%	6.95%
Salary increases	4.30%	1.95% - 5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrement	April 1, 2015 - March 31, 2020	July 1, 2019 - June 30, 2023
	System's Experience	System's Experience
Inflation	2.90%	2.40%

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

For ERS, the actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2023.

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

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions Measuring Pension Obligations*. 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.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

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<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2025</u>		<u>June 30, 2024</u>	
<u>Asset type</u>	<u>Target</u> <u>Allocation</u>	<u>Long-term</u> <u>expected real rate</u> <u>of return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-term</u> <u>expected real</u> <u>rate of return</u>
Domestic equity	25%	3.54%	33%	6.6%
International equity	14%	6.57%	15%	7.4%
Global equity			4%	6.9%
Private equity	15%	7.25%	9%	10.0%
Real estate	12%	4.95%	11%	6.3%
Opportunistic/ absolute return strategy	3%	5.25%		
Real assets	4%	5.55%		
Credit	4%	5.40%		
Cash	1%	0.25%		
Fixed income	22%	2.00%	16%	2.6%
Global bonds			2%	2.5%
High-yield bonds			1%	4.8%
Private debt			2%	5.9%
Real estate debt			6%	3.9%
Cash equivalents			1%	0.3%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.90% for ERS, and 2.40% for TRS.

Discount Rate

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

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

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

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
<u>ERS</u>			
District's proportionate share of the net pension asset/(liability)	<u>\$ (34,436,702)</u>	<u>\$ (11,898,827)</u>	<u>\$ 6,920,314</u>
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
<u>TRS</u>			
District's proportionate share of the net pension asset/(liability)	<u>\$ (65,970,677)</u>	<u>\$ 14,282,281</u>	<u>\$ 81,777,171</u>

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Employers' total pension liability	\$ (247,600,239)	\$ (142,837,827)
Plan Fiduciary Net Position	230,454,512	145,821,435
Employers' net pension asset/(liability)	<u>\$ (17,145,727)</u>	<u>\$ 2,983,608</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	93.08%	102.09%

Payables to the Pension Plan

For 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

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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 \$1,473,396.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October, and November 2025 through a state aid intercept, with a balance to be paid by the District, if necessary. 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 and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amounted to \$11,502,109.

NOTE 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 \$77,469 and \$6,047,636, respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code Section §457(b) for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2025, totaled \$1,636,096.

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description:

The District's Other Post-Employment Benefit Plan (the "OPEB Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees, their spouses, and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP) Empire Plan, and HIP Health Plan and is defined as a single-employer defined benefit healthcare plan administered by New York State. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. The Plan does not issue a stand-alone, publicly available report since there are no assets legally segregated

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for the sole purpose of paying benefits under the plan. No assets are accumulated in a trust to pay related benefits.

B) Benefits Provided:

The OPEB Plan provides medical, dental, and Medicare Part B benefits for retired employees and their eligible dependents. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Plan members receiving benefits contributed either a fixed annual amount ranging between \$450 and \$1,000 or 0% - 16% of the health insurance premium and 100% for surviving spouses. The District recognizes the cost of the Plan annually as expenditures in the Fund Financial Statements as payments come due. For fiscal year 2025, the District contributed an estimated \$13,712,320 to the Plan, including \$13,712,320 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

C) Employees Covered by Benefit Terms:

At July 1, 2024, the following employees were covered by the benefit terms:

Active employees	985
Retirees	658
Beneficiaries	20
Spouses of Retirees	335
Total	<u>1,998</u>

D) Total OPEB Liability:

The District's total OPEB liability of \$412,764,106 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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Actuarial cost method	Entry Age Normal
Salary scale	2.40%
Inflation rate	2.40%
Discount rate	5.20%
Health cost trend rates:	
Pre 65 Medical/Retiree Contributions	6.60% for 2025, decreasing per year to an ultimate rate of 3.80% for 2075.
Post 65 Medical	7.30% for 2025, decreasing per year to an ultimate rate of 3.80% for 2075.
Medicare Part B	3.40% for 2025, 6.00% for 2026, 7.70% for 2027, decreasing per year to an ultimate rate of 3.80% for 2075.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

This valuation reflects the adoption of the PubT-2010 headcount-weighted mortality table for teaching positions and PubG-2010 headcount-weighted mortality table for non-teaching positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and health annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity.

Turnover rates and retirement rates were commensurate with the combined experience of the New York State Employees' and Teachers' Retirement Systems.

The actuarial assumptions used in the July 1, 2024, valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable. The OPEB Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

E) Changes in Total OPEB Liability:

Balance of June 30, 2024:	\$ 444,282,996
Changes for the fiscal year:	
Service cost	16,549,873
Interest	17,843,881
Effect of plan changes	(6,505)
Demographic gains or losses	25,422,360
Changes in assumptions or other inputs	(77,616,179)
Benefit payments	(13,712,320)
Net changes	(31,518,890)
Balance as of June 30, 2025:	<u><u>\$ 412,764,106</u></u>

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Changes of assumptions include the change of the discount rate from 3.93% as of June 30, 2024 to 5.20% as of June 30, 2025.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (4.20%) or one percentage point higher (6.20%) than the current discount rate:

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	<u>\$ 473,326,213</u>	<u>\$ 412,764,106</u>	<u>\$ 363,113,432</u>

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$ 354,411,425</u>	<u>\$ 412,764,106</u>	<u>\$ 485,763,430</u>

F) OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$35,520,723. At June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,570,487	\$ 12,751,326
Changes of assumptions	36,623,401	113,507,037
	<u>\$ 58,193,888</u>	<u>\$ 126,258,363</u>

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Amounts reported as deferred outflows of resources and inflows of resources related to other post-employment benefits will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (14,961,189)
2027	(20,468,824)
2028	(10,498,967)
2029	(9,482,446)
2030	(7,908,154)
Thereafter	(4,744,895)
	<u><u>\$ (68,064,475)</u></u>

NOTE 16 – RESTRICTED FOR CAPITAL RESERVE:

The following is a summary of the District’s restricted capital reserve activity since inception:

	<u>Capital Reserve</u>	<u>Capital Reserve</u>	<u>Total</u>
Date Created	2023	2023	
Number of Years to Fund	20	20	
Maximum Funding	\$ 40,000,000	\$ 4,000,000	
General Fund			
Funding Provided	\$ 38,369,000	\$ 4,000,000	\$ 42,369,000
Interest Earnings	3,736,908	592,177	4,329,085
Total General Fund	<u><u>\$ 42,105,908</u></u>	<u><u>\$ 4,592,177</u></u>	<u><u>\$ 46,698,085</u></u>

NOTE 17 – ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$3,500,000 has been appropriated at June 30, 2025 to reduce taxes for the fiscal year ending June 30, 2026.

NOTE 18 – RISK MANAGEMENT:

A) General:

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

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

B) Consortiums and Self-Insured Plan:

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

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims which were incurred on or before year-end but not paid. The liability does not include amounts for claims that were incurred but not reported (IBNR). As of June 30, 2025, the District has incurred but unpaid claims liability in the amount of \$2,493,930 and has a reserve balance for workers' compensation in the amount of \$2,107,083.

Claims activity for the current and preceding year is summarized below:

	2025	2024
Unpaid claims at beginning of year	\$ 1,926,714	\$ 2,234,446
Incurred claims and claim adjustment expenses	1,599,795	1,220,873
Claims payments	(1,032,579)	(1,528,605)
Unpaid claims at year end	<u>\$ 2,493,930</u>	<u>\$ 1,926,714</u>

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 19 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

All encumbrances are classified as assigned fund balance. At June 30, 2025, the District encumbered the following amounts.

General Fund	
General support	\$ 1,387,962
Instruction	337,402
Employee benefits	65,152
Total General Fund	<u>\$ 1,790,516</u>
Capital Projects Fund	
Capital outlay	<u>\$ 4,851,953</u>
Total - All Funds	<u>\$ 6,642,469</u>

B) 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.

C) 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.

NOTE 20 – TAX ABATEMENTS:

Suffolk County Industrial Development Agency and 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 911-a and 898-b, respectively, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the County and Town.

Related to agreements with the Town of Islip IDA, property tax abatements totaled \$6,903,890 for the fiscal year. In connection with these programs, the District received Payments in Lieu of Taxes (PILOTs) totaling \$6,701,713.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Related to agreements with the Suffolk County IDA, information on the amount of property taxes abated was not available. The District received Payment in Lieu of Tax (PILOT) payments totaling \$774,589 for these programs during the fiscal year.

NOTE 21 – RESTATEMENT OF NET POSITION:

During the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. The implementation of GASB Statement No. 101 (change in accounting principle) required the restatement of beginning net position as of July 1, 2024. The cumulative effect of this change is summarized as follows:

	Statement of Net Position
Net Position (Deficit), Beginning of Year, as Previously Reported	<u>\$ (273,413,448)</u>
Long-term liabilities	
Compensated absences payable	<u>672,381</u>
Total Long-Term Liabilities	<u>672,381</u>
Net Position (Deficit), Beginning of Year, as Restated	<u><u>\$ (274,085,829)</u></u>

NOTE 22 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date, but before the financial statements were available to be issued, must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes to financial statements. Management evaluated the activity of the District through November 12, 2025, and concluded the following subsequent events have occurred:

- A) On August 25, 2025, the District entered into an energy performance contract through an equipment lease purchase agreement in the amount of \$1,232,212. The contract bears an interest rate of 4.534% and has a stated maturity date of August 15, 2040. The proceeds from this agreement will be used to fund energy efficiency improvements throughout the District.

SUPPLEMENTARY INFORMATION

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$ 92,685,547	\$ 87,460,036	\$ 87,462,769	\$ 2,733
Other tax items	4,500,000	9,725,511	12,701,813	2,976,302
Charges for services	400,000	163,000	431,031	268,031
Use of money and property	750,000	1,460,000	6,630,678	5,170,678
Sale of property and compensation for loss	1,450,000	1,402,000	1,766,053	364,053
Miscellaneous	1,100,000	825,000	2,591,418	1,766,418
State Sources	192,704,055	192,704,055	200,273,673	7,569,618
Federal Sources				
Medicaid reimbursement	450,000	300,000	762,609	462,609
TOTAL REVENUES	<u>294,039,602</u>	<u>294,039,602</u>	<u>312,620,044</u>	<u>18,580,442</u>
Other Financing Sources				
Transfers from other funds	-	-	81,231	81,231
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>294,039,602</u>	<u>294,039,602</u>	<u>\$ 312,701,275</u>	<u>\$ 18,661,673</u>
Appropriated Reserves	<u>556,487</u>	<u>556,487</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED RESERVES	<u>\$ 294,596,089</u>	<u>\$ 294,596,089</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual and Encumbrances</u>
EXPENDITURES					
General Support					
Board of education	\$ 59,615	\$ 61,115	\$ 46,281	\$ -	\$ 14,834
Central administration	610,501	680,257	679,916	-	341
Finance	2,813,871	1,565,736	1,483,426	24,652	57,658
Staff	1,195,502	1,330,585	1,325,792	-	4,793
Central services	23,559,625	25,716,036	22,084,668	1,363,310	2,268,058
Special items	2,055,880	2,092,328	2,023,042	-	69,286
Total general support	<u>30,294,994</u>	<u>31,446,057</u>	<u>27,643,125</u>	<u>1,387,962</u>	<u>2,414,970</u>
Instruction					
Instruction, admin, and improvement	8,779,514	8,302,742	7,942,270	21,184	339,288
Teaching - regular school	63,960,061	75,622,215	50,305,824	55,279	25,261,112
Programs for children with disabilities	53,928,725	53,214,243	52,704,232	2,018	507,993
Programs for english language learners	10,550,173	9,760,317	9,655,371	851	104,095
Occupational education	2,520,227	2,314,274	2,160,213	-	154,061
Teaching special schools	553,857	299,700	153,025	997	145,678
Instructional media	2,884,084	3,200,858	2,759,441	251,212	190,205
Pupil services	10,468,059	10,697,690	10,030,485	5,861	661,344
Total instruction	<u>153,644,700</u>	<u>163,412,039</u>	<u>135,710,861</u>	<u>337,402</u>	<u>27,363,776</u>
Pupil Transportation	<u>15,841,328</u>	<u>14,874,059</u>	<u>13,986,607</u>	<u>-</u>	<u>887,452</u>
Community Services	<u>5,000</u>	<u>25,000</u>	<u>14,785</u>	<u>-</u>	<u>10,215</u>
Employee Benefits	<u>86,064,513</u>	<u>76,018,380</u>	<u>75,890,282</u>	<u>65,152</u>	<u>62,946</u>
Debt service - principal	3,563,897	3,673,897	3,669,901	-	3,996
Debt service - interest	881,657	646,657	646,046	-	611
Total debt service	<u>4,445,554</u>	<u>4,320,554</u>	<u>4,315,947</u>	<u>-</u>	<u>4,607</u>
TOTAL EXPENDITURES	<u>290,296,089</u>	<u>290,096,089</u>	<u>257,561,607</u>	<u>1,790,516</u>	<u>30,743,966</u>
Other Financing Uses					
Transfers to other funds	<u>4,300,000</u>	<u>4,500,000</u>	<u>4,486,055</u>	<u>-</u>	<u>13,945</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 294,596,089</u>	<u>\$ 294,596,089</u>	<u>262,047,662</u>	<u>\$ 1,790,516</u>	<u>\$ 30,757,911</u>
Change in fund balance			50,653,613		
Fund balance - beginning of year			<u>137,696,423</u>		
Fund balance - end of year			<u>\$ 188,350,036</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,***

NYSERS Pension Plan										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.0693982%	0.0729527%	0.0702624%	0.0698147%	0.0721171%	0.0756060%	0.0786056%	0.0850106%	0.0833981%	0.0824660%
District's proportionate share of the net pension asset/(liability)	\$ (11,898,827)	\$ (10,741,596)	\$ (15,067,090)	\$ 5,707,064	\$ (71,810)	\$ (20,020,906)	\$ (5,569,448)	\$ (2,743,669)	\$ (7,836,274)	\$ (13,236,016)
District's covered payroll	\$ 27,290,892	\$ 26,856,193	\$ 26,892,034	\$ 25,501,307	\$ 25,328,773	\$ 25,801,370	\$ 26,441,953	\$ 26,364,176	\$ 27,067,398	\$ 25,702,853
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	43.60%	40.00%	56.03%	22.38%	0.28%	77.60%	21.06%	10.41%	28.95%	51.50%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%
NYSTRS Pension Plan										
	2024	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.478692%	0.485893%	0.485140%	0.488532%	0.495474%	0.509973%	0.505197%	0.506470%	0.492860%	0.500747%
District's proportionate share of the net pension asset/(liability)	\$ 14,282,281	\$ (5,556,599)	\$ (9,309,311)	\$ 84,657,984	\$ (13,691,293)	\$ 13,249,143	\$ 9,135,300	\$ 3,849,673	\$ (5,278,734)	\$ 52,011,658
District's covered payroll	\$ 91,745,183	\$ 89,610,610	\$ 86,237,752	\$ 82,899,575	\$ 84,689,267	\$ 85,676,537	\$ 82,702,105	\$ 81,519,061	\$ 76,559,914	\$ 75,523,165
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.57%	6.20%	10.79%	102.12%	16.17%	15.46%	11.05%	4.72%	6.89%	68.87%
Plan fiduciary net position as a percentage of the total pension liability	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%
Discount rate	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%

Note to Required Supplementary Information

*The amounts presented for each fiscal year were determined as of the measurement date of the plans.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,**

NYSERS Pension Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 4,301,848	\$ 3,852,741	\$ 3,056,444	\$ 3,909,904	\$ 3,931,457	\$ 3,993,017	\$ 4,034,883	\$ 4,158,078	\$ 3,991,824	\$ 4,629,915
Contributions in relation to the contractually required contribution	<u>4,301,848</u>	<u>3,852,741</u>	<u>3,056,444</u>	<u>3,909,904</u>	<u>3,931,457</u>	<u>3,993,017</u>	<u>4,034,883</u>	<u>4,158,078</u>	<u>3,991,824</u>	<u>4,629,915</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 27,585,135	\$ 27,077,793	\$ 26,157,893	\$ 25,666,381	\$ 25,128,036	\$ 25,667,998	\$ 26,640,220	\$ 26,129,100	\$ 27,035,672	\$ 26,183,395
Contributions as a percentage of covered payroll	15.59%	14.23%	11.68%	15.23%	15.65%	15.56%	15.15%	15.91%	14.77%	17.68%

NYSTRS Pension Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 9,418,986	\$ 8,920,557	\$ 9,234,266	\$ 8,421,855	\$ 7,900,630	\$ 7,451,026	\$ 9,039,621	\$ 8,062,837	\$ 9,383,918	\$ 10,079,951
Contributions in relation to the contractually required contribution	<u>9,418,986</u>	<u>8,920,557</u>	<u>9,234,266</u>	<u>8,421,855</u>	<u>7,900,630</u>	<u>7,451,026</u>	<u>9,039,621</u>	<u>8,062,837</u>	<u>9,383,918</u>	<u>10,079,951</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 93,237,598	\$ 91,745,183	\$ 89,610,610	\$ 86,237,752	\$ 82,899,575	\$ 84,689,267	\$ 85,676,537	\$ 82,702,105	\$ 81,519,061	\$ 76,559,914
Contributions as a percentage of covered payroll	10.10%	9.72%	10.30%	9.77%	9.53%	8.80%	10.55%	9.75%	11.51%	13.17%

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,**

	<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	\$ 16,549,873	\$ 14,177,062	\$ 12,578,673	\$ 18,565,140	\$ 15,444,554	\$ 11,265,534	\$ 7,569,244	\$ 8,507,037
Interest	17,843,881	16,526,729	14,866,137	11,018,554	9,737,385	12,362,248	10,582,023	9,867,545
Changes of benefit terms	(6,505)	(622,987)	-	-	418,561	-	-	-
Differences between expected and actual experience	25,422,360	-	-	-	(15,562,520)	-	(25,642,346)	(13,147,177)
Changes of assumptions or other inputs	(77,616,179)	(18,600,395)	14,909,304	(103,342,548)	66,074,810	68,163,663	90,969,403	-
Benefit payments	<u>(13,712,320)</u>	<u>(11,511,718)</u>	<u>(10,723,740)</u>	<u>(10,166,337)</u>	<u>(9,278,787)</u>	<u>(7,848,279)</u>	<u>(6,962,728)</u>	<u>(6,067,492)</u>
Net change in total OPEB liability	(31,518,890)	(31,309)	31,630,374	(83,925,191)	66,834,003	83,943,166	76,515,596	(840,087)
Total OPEB liability - beginning	<u>444,282,996</u>	<u>444,314,305</u>	<u>412,683,931</u>	<u>496,609,122</u>	<u>429,775,119</u>	<u>345,831,953</u>	<u>269,316,357</u>	<u>270,156,444</u>
Total OPEB liability - ending	<u><u>\$ 412,764,106</u></u>	<u><u>\$ 444,282,996</u></u>	<u><u>\$ 444,314,305</u></u>	<u><u>\$ 412,683,931</u></u>	<u><u>\$ 496,609,122</u></u>	<u><u>\$ 429,775,119</u></u>	<u><u>\$ 345,831,953</u></u>	<u><u>\$ 269,316,357</u></u>
Covered-employee payroll	\$ 107,008,314	\$ 103,741,100	\$ 103,741,100	\$ 102,756,842	\$ 102,756,842	\$ 103,915,462	\$ 103,915,462	\$ 76,457,106
Total OPEB liability as a percentage of covered-employee payroll	385.73%	428.26%	428.29%	401.61%	483.29%	413.58%	332.80%	352.25%
Discount Rate:	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.87%	3.58%

Notes to Schedule:

Trust Assets

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

Changes of Assumptions:

Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period.

This schedule is intended to show information for 10 years; additional years will be displayed as they become available.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET - GENERAL FUND
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 294,039,602
Add: Prior year's encumbrances	<u>556,487</u>
Original Budget	<u>294,596,089</u>
Final Budget	<u><u>\$ 294,596,089</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-2026 voter approved expenditure budget	<u><u>\$ 301,498,985</u></u>
Maximum allowed (4% of the 2025-2026 budget)	<u><u>\$ 12,059,959</u></u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:

Unrestricted fund balance:

Assigned fund balance	\$ 1,790,516	
Appropriated fund balance	3,500,000	
Unassigned fund balance	<u>12,059,935</u>	
Total unrestricted fund balance		17,350,451

Less:

Appropriated fund balance	\$ 3,500,000	
Encumbrances included in assigned fund balance	<u>1,790,516</u>	
Total adjustments		<u>5,290,516</u>

General fund fund Balance Subject to Section 1318 of Real
Property Tax Law

\$ 12,059,935

Actual percentage

4.00%

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Proceeds of Obligations	Methods of Financing		Total	Fund Balance June 30, 2025
			Prior Year's	Current Year	Total			State Aid	Local Sources		
Non-aidable	\$ 511,467	\$ 511,467	\$ 408,890	\$ -	\$ 408,890	\$ 102,577	\$ 511,467	\$ -	\$ -	\$ 511,467	\$ 102,577
Smart Schools Bond Act	7,196,811	7,196,811	4,490,854	149,047	4,639,901	2,556,910		4,570,106		4,570,106	(69,795) *
District-Wide ceilings	4,250,000	4,250,000	4,255,455		4,255,455	(5,455)			4,250,204	4,250,204	(5,251) **
Energy performance contract	7,423,335	7,423,335	7,300,859	117,211	7,418,070	5,265	7,423,335			7,423,335	5,265
District wide improvements	40,000,000	40,000,000	14,239,279	13,834,080	28,073,359	11,926,641			10,000,000	10,000,000	(18,073,359) **
Donated land and building			15,192		15,192	(15,192)				-	(15,192) **
Capital project	16,800,000	16,800,000	16,406,106		16,406,106	393,894	12,525,000	3,316,280	850,005	16,691,285	285,179
Capital project	24,890,000	24,890,000	23,910,950		23,910,950	979,050	17,900,000		6,103,489	24,003,489	92,539
Leases	274,740	274,740		274,740	274,740	-	274,740			274,740	-
TOTAL	\$ 101,346,353	\$ 101,346,353	\$ 71,027,585	\$ 14,375,078	\$ 85,402,663	\$ 15,943,690	\$ 38,634,542	\$ 7,886,386	\$ 21,203,698	\$ 67,724,626	\$ (17,678,037)

* The negative fund balance will be eliminated once New York State Smart Schools Bond Act funds are received.

** The negative fund balance will be eliminated once permanent financing is obtained.

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2025**

Capital assets, net		\$ 134,057,182
Intangible lease assets, net		203,687
Deduct:		
Capital-related accounts payable		877,805
Short-term portion of bonds payable (inclusive of unamortized premiums)	\$ 2,148,475	
Long-term portion of bonds payable (inclusive of unamortized premiums)	12,075,866	
Less: unspent bond proceeds	<u>(107,842)</u>	14,116,499
Short-term portion of lease liability	\$ 67,732	
Long-term portion of lease liability	<u>125,119</u>	192,851
Short-term portion of energy performance contract debt payable	\$ 1,475,390	
Long-term portion of energy performance contract debt payable	<u>6,066,194</u>	<u>7,541,584</u>
Net investment in capital assets		<u><u>\$ 111,532,130</u></u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

To the Board of Education
Central 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 fiduciary fund of the Central Islip Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 12, 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.

A handwritten signature in dark ink that reads "R.S. Abrams & Co., LLP". The signature is written in a cursive, flowing style.

R.S. Abrams & Co., LLP
Islandia, New York
November 12, 2025