EAST ISLIP UNION FREE SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2026

EAST ISLIP UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
East Islip Union Free School District:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Islip Union Free School District (the District), as of and for the year ended June 30, 2026, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional information on pages 57 through 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 2, 2026

OVERVIEW OF THE FINANCIAL STATEMENTS

The following is a discussion and analysis of the East Islip Union Free School District's (the District) financial performance for the year ended June 30, 2026. 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 year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Basic Financial Statements

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

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

- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the operations in more detail than the District-Wide financial statements. The 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.

The notes to 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.

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 year's revenue and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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

- 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.

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. Net position of the governmental activities differ from the governmental fund balances because:

- Capitalize current outlays for capital assets;
- Depreciate/amortize capital assets and allocate the depreciation/amortization to the proper program/activities;
- Report long-term financing activities as liabilities;
- Report other long-term items, including payroll items, as liabilities;
- Calculate revenue and expenses using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - Net investment in capital assets is the District's capital assets net of accumulated depreciation/amortization and any liabilities that the District has to finance its capital assets;
  - Restricted net position is those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and
  - Unrestricted net position is net position that does not meet any of the above restrictions.

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 State).

Governmental Funds

Governmental fund statements include the Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balances. Most basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to spendable resources and (2) the balances left at year-end that are available for spending under the modified accrual basis of accounting. Consequently, the Governmental Fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources available 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 schedules that explain the relationship (or differences) between them.

Fiduciary Fund

The fiduciary fund financial statement include the Statement of Changes in Fiduciary Net Position. The District collects and remits taxes to the local library. The District excludes these activities from the District-Wide financial statements because it cannot use these to finance its operations. The Fiduciary Fund accounts for its activities using the same basis of accounting as the District-Wide financial statements.

FINANCIAL SUMMARY

Net Position

A summary of the Statements of Net Position as of June 30, 2026 and 2025 are as follows:

	2026	2025	Change
Assets:			
Other assets	$ 69,174,945	61,737,773	7,437,172
Capital assets	110,642,655	114,036,711	(3,394,056)
Total assets	179,817,600	175,774,484	4,043,116
Deferred outflows of resources	50,756,996	48,197,577	2,559,419
Liabilities:			
Other liabilities	10,398,133	10,149,030	249,103
Long-term liabilities	401,405,585	379,912,165	21,493,420
Total liabilities	411,803,718	390,061,195	21,742,523
Deferred inflows of resources	57,614,638	72,442,850	(14,828,212)
Net position (deficit):			
Net investment in capital assets	58,500,718	57,389,746	1,110,972
Restricted	44,184,190	37,784,160	6,400,030
Unrestricted (deficit)	(341,528,668)	(333,705,890)	(7,822,778)
Total net position (deficit)	$ (238,843,760)	(238,531,984)	(311,776)

Changes in Net Position

A summary of these Statements of Activities for the years ended June 30, 2026 and 2025 are as follows:

	2026	2025	Change
Revenue:			
Program revenue:			
Charges for services	$ 2,205,629	2,519,168	(313,539)
Operating grants and contributions	4,833,439	4,224,601	608,838
General revenue:			
Property and other taxes	77,736,315	75,859,661	1,876,654
State aid	41,677,485	40,731,616	945,869
Other	4,370,756	3,999,224	371,532
Total revenue	130,823,624	127,334,270	3,489,354
Expenses:			
General support	20,299,308	20,206,961	92,347
Instruction	100,297,738	104,299,763	(4,002,025)
Pupil transportation	5,839,199	5,241,431	597,768
Community services	767,828	757,447	10,381
Food service program	1,682,752	1,737,560	(54,808)
Interest	2,248,575	2,907,136	(658,561)
Total expenses	131,135,400	135,150,298	(4,014,898)
Change in net position	(311,776)	(7,816,028)	7,504,252
Net position (deficit) at beginning of year	(238,531,984)	(230,715,956)	(7,816,028)
Net position (deficit) at end of year	$ (238,843,760)	(238,531,984)	(311,776)

DETAILED ANALYSES

District-Wide Financial Analysis

Other assets increased by $7,437,172 in 2026. Major contributors to the increase include:

- Unrestricted cash and equivalents increased by $1,061,516 as a result of revenue exceeding expenses.
- State and Federal aid receivables increased by $354,464 as unreceived New York State General Aid aid increased by $205,995 from the prior year.

Other liabilities increased by $249,103 in 2026. Major contributors to the increase include:

- Accounts payable increased by $195,235 as there were several expenses billed but not paid by year-end.
- Offsetting the increase was a decrease in due to teachers' retirement system. The contribution rate for this pension system decreased to 9.59% from 10.11% in the prior year.

Changes to capital assets and long-term liabilities are discussed in the Significant Capital Assets and Long-Term Financing Activities section below. Also included in long-term liabilities are the District's proportionate share of the State pension plans (pensions) and the total other postemployment benefits (OPEB) liability. The pensions and OPEB vary from the prior year due to changes in assumptions and differences in expected and actual experience. Traditionally, these liabilities are rarely consistent from year to year.

The changes in deferred outflows of resources and deferred inflows of resources are primarily related to the pensions and OPEB. Amortization of pensions and OPEB related items, contributions subsequent to the measurement dates, and changes in actuarial assumptions have resulted in variances from the prior year.

Changes to net position, including all three components, are discussed below in the analysis of the revenue and expenses below.

For the District's year ended June 30, 2026 revenue totaled $130,823,624 which is an increase from the prior year of $3,489,354. The most significant changes in revenue include:

- Operating grants and contributions increased $608,838. This increase was driven by State aid in the school lunch fund. The State passed a new law, the Universal School Meals Program, which ensures all students, regardless of income, can receive free breakfast and lunch. This also lead to a decrease in charges for services as less students are paying for their meals. Offsetting this increase was a decrease in COVID grant funding.
- Real property taxes and other real property tax items increased $1,876,654. This was driven by real property taxes as the District approved an increase in the real property tax levy of $1,776,941. The real property tax levy was increased to offset expected increases in expenses of $2,959,122.

- State aid increased by $945,869. Primarily due to an increase in New York State General Basic Aid and excess cost of $991,713.

For the District's year ended June 30, 2026 expenses totaled $131,135,400 which is a decrease from the prior year of $4,014,898. The most significant changes in expenses include:

- Instruction decreased $4,002,025. The decrease was due to a decrease in pension and OPEB expenses as discussed below.
- Interest decreased $658,561. This decrease is due to debt being paid down.
- Pension and OPEB resulted in an expense of $1,911,486 in 2026. In 2025 this amount totaled $7,855,083. This represents a decrease of $5,943,597 which has been allocated to several expense groupings. These amounts change significantly each year due to market conditions and actuarial assumptions.

Fund Financial Analysis

Governmental Funds Financial Analysis

Fund balance of the general fund decreased $124,176 for the year ended June 30, 2026 to a total fund balance of $34,844,617. This decrease was driven by the increase in employee benefits expense of $942,256 which is primarily due to an increase in health costs as a result of an increase in rates.

Fund balance of the capital projects fund increased $613,191 for the year ended June 30, 2026 to a total fund balance of $4,624,439. The increase is primarily due to the decrease in capital outlay expenditures of $1,763,763. Additionally, transfers in decreased $1,530,000 from prior year.

The special aid fund did not have any fund balance as of June 30, 2026. This fund never has an operating gain or loss as it primarily operates to oversee specific State, Federal, and local grants. Revenue is recognized as allowable expenditures are incurred. Overall total revenue and expenditures decreased in this fund due to less activity in the Special Education - Grants to States Program.

Fund balance of the school lunch fund increased $328,389 for the year ended June 30, 2026 to a total fund balance of $1,203,062. The reimbursement rate obtained from the Federal government increased from the prior year for both breakfast and lunch. Additionally, due to the new state law making all students eligible for free meals, more students are eating District provided meals as opposed to bringing their own food to school which decreased charges for services. As of June 30, 2026, the school lunch fund reported a nonspendable fund balance of $1,458. This represents inventory and this fund balance cannot be spent as it is already earmarked for inventoriable expenditures.

Fund balance of the miscellaneous special revenue fund increased $6,864 for the year ended June 30, 2026 to a total fund balance of $202,871. There was an increase in extraclassroom activities from the prior year. The entire fund balance for the miscellaneous fund is restricted for extraclassroom and scholarship activities.

Fund balance of the debt service fund increased $12,160 for the year ended June 30, 2026 to a total fund balance of $1,907,675. The increase is primarily due to an increase in interest revenue offset by an increase in principal and interest expense.

Custodial Fund

The custodial fund did not have any net position as of June 30, 2026. This fund collects and remits taxes to the local library.

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The District paid for equipment, and various building additions and renovations during the 2026 fiscal year. A summary of the District's capital assets are as follows:

	2026	2025	Change
Land	$ 2,161,500	2,161,500	-
Construction in progress	4,041,982	7,143,596	(3,101,614)
Buildings and improvements	186,012,929	181,591,404	4,421,525
Furniture, equipment and vehicles	7,830,832	7,199,767	631,065
Right-to-use asset	414,252	414,252	-
Accumulated depreciation/amortization	(89,818,840)	(84,473,808)	(5,345,032)
Total	$ 110,642,655	114,036,711	(3,394,056)

Significant capital asset activity included:

- Building and improvement additions of $4,421,525 and construction in progress decreased $3,101,614 due to completion of capital projects, which were reclassified from construction in progress to buildings and improvements.

Long-Term Financing Activity

At June 30, 2026, the District had total long-term financing payable of $52,117,759. A summary of outstanding long-term financing as of June 30, 2026 and 2025 is as follows:

	2026	2025	Change
Bonds payable	$ 46,095,000	50,020,000	(3,925,000)
Unamortized premium on bonds	3,656,723	3,965,447	(308,724)
Energy performance contract	2,075,000	2,275,000	(200,000)
Lease payable	291,036	386,518	(95,482)
Total	$ 52,117,759	56,646,965	(4,529,206)

Significant long-term financing activity included:

- Paid principal on debt of $4,529,206 reducing the District's long-term obligations.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The District's ability to raise revenue and levy enough real property taxes is highly dependent upon maintaining its population. According to the U.S. Census Bureau it is estimated that the State's population has decreased 1.7% from the period of April 1, 2020 to July 1, 2024. Enrollment and graduation rates determine the level of personnel the District requires and significant changes can alter the District's operating strategy. According to the New York State Department of Education, in 2024-2025, the District has enrollment of 3,380 and a graduation rate of 96%. A decade earlier, in 2014-2015, the District had enrollment of 3,946 and a graduation rate of 92%.

The District is subject to several State finance laws. Major laws include:

- Limiting the amount of unassigned and assigned fund balance, exclusive of encumbrances and amounts designated for the subsequent year's budget, that can be retained by the general fund, to 4% of the ensuing year's budget.
- A tax levy cap which limits the amount the District can raise its tax levy by. The annual increase in the property tax levy cannot exceed the lesser of 2% or the change in the consumer price index, unless approved by a 60% supermajority of the taxpayers.
- The District may not incur expenditures in excess of budgeted appropriations, except for legally authorized emergency expenditures.
- The District is subject to a constitutional debt limit, which is 10% of the full assessed value on the most recent tax roll.

On November 7, 2025, the District issued a TAN in the amount of $12,000,000, at an interest rate of 3.25% with a maturity date of June 26, 2026.

The District's 2026-2027 adopted budget for the general fund includes anticipated expenditures of $132,460,346. The expenditures are to be funded through $79,046,769 of real property taxes and School Tax Relief Reimbursements (STAR), $46,070,318 of other revenue, and $7,343,259 of fund balance. Factors that have affected the 2026-2027 adopted budget include:

- The District's payroll expenditures for the year ended June 30, 2026 were $61,433,017. This amount is expected to increase by approximately 3% to adjust for scheduled raises. This would result in payroll expenditures of approximately $63,276,008 for the ensuing year. Social Security and other directly correlated expenditures are expected to increase as well.

- Changes to interest rates have the potential to significantly impact the District. Over the past few years, the District has benefited from large returns from its cash and equivalents which traditionally have not yielded large returns. On the contrary, the District must continue to manage it cash flow as future borrowings could result in high interest expenses. Interest rates follow changes in the Federal Reserve and Prime rates. The following is a summary of the changes in the rates over the past two years by fiscal quarter:

Year	Month	Federal Reserve Rate	Prime Rate
2024	September	5.00%	8.00%
2024	December	4.50%	7.50%
2025	March	4.50%	7.50%
2025	June	4.50%	7.50%
2025	September	4.25%	7.25%
2025	December	3.75%	6.75%
2026	March	3.75%	6.75%
2026	June	3.75%	6.75%

- The District is also dependent on the State for a large portion of its revenue. Each annual State budget poses a substantial risk to the District as State funding could decrease. The District is also a member of the State's pension systems. Annual contributions to the State's pension systems are dependent upon how well funded the systems are. Poor market results or investing decisions can result in increases to District contributions. Included in the State's 2025-2026 budgeted, included future State aid and increases of:

Year ending	Projected State aid (in millions)	Increase
2028	$ 40,897	4.18%
2029	41,494	3.90%
2030	43,818	3.12%

- The District is expected to face large increases in healthcare costs which has been a growing problem in the United States. The District has recognized a $339,712,933 OPEB liability as of June 30, 2026 which represents projected future retirees' healthcare costs. This liability has been actuarially determined and changes to assumptions or other actuarial factors can significantly alter this estimate.

- Tariffs have resulted in increased costs for certain materials, supplies, and contracted services, which may affect the acquisition and construction costs of capital assets, as well as operating expenditures. There have been multiple judicial challenges to the tariffs and, as such, the effect and use of tariffs are currently unpredictable.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Statement of Net Position
Governmental Activities
June 30, 2026

Assets	
Current assets:	
Cash and equivalents - unrestricted	$ 16,781,321
Cash and equivalents - restricted	30,269,125
Receivables:	
Accounts receivable	412,665
State and Federal aid	3,460,824
Due from other governments	2,495,918
Leases	1,842,413
Inventory	1,458
Total current assets	55,263,724
Noncurrent assets:	
Net pension asset	13,911,221
Capital assets - net	110,642,655
Total noncurrent assets	124,553,876
Total assets	179,817,600
Deferred outflows of resources	
Pensions	20,565,538
OPEB	30,191,458
Total deferred outflows of resources	50,756,996
Liabilities	
Current liabilities:	
Accounts payable	3,475,222
Accrued liabilities	534,957
Accrued interest	89,202
Due to other funds	642
Due to teachers' retirement system	4,840,083
Due to employees' retirement system	574,133
Bonds payable	4,408,724
Energy performance contract	210,000
Lease liability	97,136
Workers' compensation	379,666
Other liabilities	835,714
Unearned - collections in advance	48,180
Total current liabilities	15,493,659
Noncurrent liabilities:	
Bonds payable	45,342,999
Energy performance contract	1,865,000
Lease liability	193,900
Workers' compensation	1,366,871
Compensated absences	6,464,602
Total OPEB liability	339,712,933
Net pension liability - employees' retirement system - proportionate share	1,363,754
Total noncurrent liabilities	396,310,059
Total liabilities	411,803,718
Deferred inflows of resources	
Leases	1,743,131
Pensions	13,720,331
OPEB	42,151,176
Total deferred inflows of resources	57,614,638
Net position	
Net investment in capital assets	58,500,718
Restricted:	
Workers' compensation reserve	1,467,949
Unemployment insurance reserve	153,071
Retirement contribution reserve - teachers' retirement system	4,760,243
Retirement contribution reserve - employees' retirement system	2,930,729
Repair reserve	3,966,422
Insurance reserve	39,651
Employee benefit accrued liability reserve	6,088,648
Capital reserve	8,755,710
Debt service	1,907,675
Scholarships	6,598
Extraclassroom	196,273
Net pension asset - TRS	13,911,221
Unrestricted	(341,528,668)
Total net position	$ (238,843,760)

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Statement of Activities
Governmental Activities
Year ended June 30, 2026

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Net Expense and Changes in Net Position
Functions and programs:				
General support	$ 20,299,308	-	-	(20,299,308)
Instruction	100,297,738	1,899,073	3,009,246	(95,389,419)
Pupil transportation	5,839,199	-	-	(5,839,199)
Community services	767,828	-	-	(767,828)
Food service program	1,682,752	306,556	1,824,193	447,997
Interest	2,248,575	-	-	(2,248,575)
Total functions and programs	$ 131,135,400	2,205,629	4,833,439	(124,096,332)
General revenue:				
Real property taxes				73,432,018
Other real property tax items				4,304,297
Use of money and property				2,295,449
Sale of property and compensation for loss				331,585
State sources				41,677,485
Medicaid reimbursement				217,515
Miscellaneous				1,526,207
Total general revenue				123,784,556
Change in net position				(311,776)
Net position (deficit) at beginning of year				(238,531,984)
Net position (deficit) at end of year				$ (238,843,760)

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2026

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Assets							
Cash and equivalents - unrestricted	$ 15,314,257	3,435	1,132,797	-	-	330,832	16,781,321
Cash and equivalents - restricted	25,059,973	-	-	202,871	1,903,831	3,102,450	30,269,125
Receivables:							
Accounts receivable	412,665	-	-	-	-	-	412,665
State and Federal aid	1,595,720	1,408,281	260,710	-	-	196,113	3,460,824
Due from other governments	2,495,918	-	-	-	-	-	2,495,918
Due from other funds	1,290,701	-	-	-	4,032	1,219,368	2,514,101
Lease receivables	1,842,413	-	-	-	-	-	1,842,413
Inventory	-	-	1,458	-	-	-	1,458
Total assets	$ 48,011,647	1,411,716	1,394,965	202,871	1,907,863	4,848,763	57,777,825
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Accounts payable	3,194,383	113,682	142,979	-	-	24,178	3,475,222
Accrued liabilities	529,557	5,400	-	-	-	-	534,957
Due to other funds	1,220,009	1,289,769	744	-	188	4,033	2,514,743
Due to teachers' retirement system	4,840,083	-	-	-	-	-	4,840,083
Due to employees' retirement system	574,133	-	-	-	-	-	574,133
Other liabilities	835,714	-	-	-	-	-	835,714
Unearned - collections in advance	-	-	48,180	-	-	-	48,180
Total liabilities	11,193,879	1,408,851	191,903	-	188	28,211	12,823,032
Deferred inflows or resources:							
Leases	1,743,131	-	-	-	-	-	1,743,131
Unearned revenue	230,020	2,865	-	-	-	196,113	428,998
Total deferred inflows of resources	1,973,151	2,865	-	-	-	196,113	2,172,129
Fund balances:							
Nonspendable	-	-	1,458	-	-	-	1,458
Restricted:							
Workers' compensation reserve	1,467,949	-	-	-	-	-	1,467,949
Unemployment insurance reserve	153,071	-	-	-	-	-	153,071
Retirement contribution reserve - teachers' retirement system	4,760,243	-	-	-	-	-	4,760,243
Retirement contribution reserve - employees' retirement system	2,930,729	-	-	-	-	-	2,930,729
Repair reserve	3,966,422	-	-	-	-	-	3,966,422
Insurance reserve	39,651	-	-	-	-	-	39,651
Employee benefit accrued liability reserve	6,088,648	-	-	-	-	-	6,088,648
Capital reserve	5,653,260	-	-	-	-	3,102,450	8,755,710
Debt service	-	-	-	-	1,907,675	-	1,907,675
Scholarships	-	-	-	6,598	-	-	6,598
Extraclassroom	-	-	-	196,273	-	-	196,273
Assigned	4,486,229	-	1,201,604	-	-	1,521,989	7,209,822
Unassigned	5,298,415	-	-	-	-	-	5,298,415
Total fund balances	34,844,617	-	1,203,062	202,871	1,907,675	4,624,439	42,782,664
Total liabilities, deferred inflows of resources, and fund balances	$ 48,011,647	1,411,716	1,394,965	202,871	1,907,863	4,848,763	57,777,825

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2026

Total governmental fund balances		$ 42,782,664
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The assets consist of:		
Land and construction in progress	$ 6,203,483	
Capital assets - depreciable, net	104,439,172	110,642,655
Certain revenue will be collected after year end and is deferred in the governmental funds but recognized in the statement of activities.		428,998
Some deferred inflows and outflows are not reported in governmental governmental funds. These consist of the following:		
Deferred outflows of resources - pensions	20,565,538	
Deferred inflows of resources - pensions	(13,720,331)	
Deferred outflows of resources - OPEB	30,191,458	
Deferred inflows of resources - OPEB	(42,151,176)	(5,114,511)
Long-term liabilities that are not due and payable in the current period are not reported in the funds:		
Accrued interest	(89,202)	
Bonds payable	(49,751,723)	
Capital leases	(291,036)	
Energy performance contract	(2,075,000)	
Claims payable	(1,746,537)	
Compensated absences	(6,464,602)	
Total OPEB liability	(339,712,933)	
Net pension asset - teachers' retirement system	13,911,221	
Net pension liability - employers' retirement system	(1,363,754)	(387,583,566)
Total net position		$ (238,843,760)

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended June 30, 2026

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenue:							
Real property taxes	$ 73,432,018	-	-	-	-	-	73,432,018
Other real property tax items	4,303,004	-	-	-	-	-	4,303,004
Charges for services	1,899,073	-	-	-	-	-	1,899,073
Use of money and property	2,090,575	-	14,383	-	190,491	-	2,295,449
Sale of property and compensation for loss	331,585	-	-	-	-	-	331,585
State sources	41,677,485	1,818,015	922,285	-	-	-	44,417,785
Federal sources	217,515	1,191,231	821,954	-	-	-	2,230,700
Miscellaneous	956,201	-	-	528,410	-	41,596	1,526,207
Surplus food	-	-	79,954	-	-	-	79,954
Food sales	-	-	306,556	-	-	-	306,556
Total revenue	124,907,456	3,009,246	2,145,132	528,410	190,491	41,596	130,822,331
Expenditures:							
General support	13,836,655	-	-	-	-	-	13,836,655
Instruction	64,722,224	2,881,056	-	521,546	-	-	68,124,826
Pupil transportation	5,501,563	179,897	-	-	-	-	5,681,460
Community services	733,426	-	-	-	-	-	733,426
Cost of food sales	-	-	1,816,743	-	-	-	1,816,743
Employee benefits	31,987,680	121,703	-	-	-	-	32,109,383
Debt service:					-	-	
Principal	295,482	-	-	-	3,925,000	-	4,220,482
Interest	316,543	-	-	-	2,293,700	-	2,610,243
Capital outlay	-	-	-	-	-	898,405	898,405
Total expenditures	117,393,573	3,182,656	1,816,743	521,546	6,218,700	898,405	130,031,623
Excess (deficiency) of revenue over expenditures	7,513,883	(173,410)	328,389	6,864	(6,028,209)	(856,809)	790,708
Other financing sources (uses):							
Premiums on obligations	45,720	-	-	-	-	-	45,720
Transfers in	178,331	173,410	-	-	6,218,700	1,470,000	8,040,441
Transfers out	(7,862,110)	-	-	-	(178,331)	-	(8,040,441)
Total other financing sources (uses)	(7,638,059)	173,410	-	-	6,040,369	1,470,000	45,720
Changes in fund balances	(124,176)	-	328,389	6,864	12,160	613,191	836,428
Fund balances at beginning of year	34,968,793	-	874,673	196,007	1,895,515	4,011,248	41,946,236
Fund balances at end of year	$ 34,844,617	-	1,203,062	202,871	1,907,675	4,624,439	42,782,664

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Reconciliation of the Statement of Revenue, Expenditures and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year ended June 30, 2026

Net change in fund balances		$ 836,428
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since the capital outlay includes amounts under the capitalization threshold.		
Additions of capital assets	$ 1,973,576	
Depreciation	(5,366,112)	
Disposals	(1,520)	(3,394,056)
Certain revenue will be collected after year end and is deferred in the governmental funds but recognized in the statement of activities.		1,293
Repayment of bonds, leases, energy performance contract, and installment debt, principal is an expenditures in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Principal paid on bonds payable	3,925,000	
Principal paid on leases	95,482	
Principal paid on energy performance contract	200,000	
Accrued interest	7,224	
Amortization of premium on bonds payable	308,724	4,536,430
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Claims payable	(2,768)	
Compensated absences	(377,617)	
Total OPEB liability	(28,504,093)	
Deferred outflows of resources - OPEB	2,679,662	
Deferred inflows of resources - OPEB	19,093,831	
Net pension asset - teachers' retirement system	6,695,254	
Net pension liability - employees' retirement system	2,861,852	
Deferred outflows of resources - pensions	(120,243)	
Deferred inflows of resources - pensions	(4,617,749)	(2,291,871)
Change in net position of governmental activities		$ (311,776)

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2026

	Custodial Fund
Assets - due from other funds	$ 642
Liaibilities - due to other governments	642
Fiduciary net position - restricted for other governments	$ -

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year ended June 30, 2026

	Custodial Fund
Additions - real property taxes	$ 4,283,576
Deductions - payments to library	4,283,576
Change in net fiduciary position	-
Fiduciary net position at beginning of year	-
Fiduciary net position at end of year	$ -

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

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

(a) Reporting Entity

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. The District does not have any reportable component units or other organizational entities for the year ended June 30, 2026.

(b) Joint Venture

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

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

(1) Summary of Significant Accounting Policies, Continued

(b) Joint Venture, Continued

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

(c) Basis of Presentation

(i) District-Wide Statements

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

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

(ii) Fund Financial Statements

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

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(ii) Fund Financial Statements, Continued

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

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

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

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

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

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

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

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

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

(d) Measurement Focus and Basis of Accounting

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

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus and Basis of Accounting, Continued

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

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

(e) Property Taxes

(i) Calendar

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

(ii) Enforcement

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

(f) Restricted Resources

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

(g) Interfund Transactions

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

(1) Summary of Significant Accounting Policies, Continued

(g) Interfund Transactions, Continued

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

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

(h) Estimates

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

(i) Fair Value Measurement

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

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

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

(1) Summary of Significant Accounting Policies, Continued

(j) Cash and Equivalents

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

(k) Receivables

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

(l) Inventory

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

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

(m) Capital Assets

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

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

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

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2026, the District has not recorded any such impairment losses.

(1) Summary of Significant Accounting Policies, Continued

(n) Lease Assets

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

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

(o) Deferred Outflows of Resources and Inflows of Resources

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

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

(p) Vested Employee Benefits - Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time:

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

(1) Summary of Significant Accounting Policies, Continued

(p) Vested Employee Benefits - Compensated Absences, Continued

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

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

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

(q) Other Benefits

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

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

(r) Short-Term Debt

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

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

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

(1) Summary of Significant Accounting Policies, Continued

(s) Accrued Liabilities and Long-Term Obligations

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

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

(t) Equity Classifications

(i) District-Wide Statements

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

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

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

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

(ii) Fund Statements

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

Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance consists of inventory recorded in the school lunch fund of $1,458.

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

(1) Summary of Significant Accounting Policies, Continued

(t) Equity Classifications, Continued

(ii) Fund Statements, Continued

Workers' Compensation

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

Unemployment Insurance

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

Retirement Contributions

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

Repair Reserve

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

Property Loss and Liability Claims

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

(1) Summary of Significant Accounting Policies, Continued

(t) Equity Classifications, Continued

(ii) Fund Statements, Continued

Employee Benefit Accrued Liability

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

Capital

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

Debt Service

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

Scholarships

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

Extraclassroom Activities

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

(1) Summary of Significant Accounting Policies, Continued

(t) Equity Classifications, Continued

(ii) Fund Statements, Continued

Restricted fund balance at June 30, 2026 includes the following:

General Fund:	
Workers' compensation	$ 1,467,949
Unemployment insurance	153,071
Retirement contribution	7,690,972
Repairs	3,966,422
Property loss and liability claims	39,651
Employee benefit accrued liability	6,088,648
Capital	5,653,260
Total General Fund	25,059,973
Miscellaneous Special Revenue Fund	202,871
Debt Service Fund	1,907,675
Capital Projects Fund	3,102,450
Total restricted fund balance	$ 30,272,969

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority. The District has no committed fund balances at June 30, 2026.

Assigned - Includes amounts that are constrained by the District to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance and amounted to $191,329. Additionally, the District assigned $4,294,900 of general fund fund balance to reduce the tax levy for the ensuing fiscal year budget.

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

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2026, the District was in compliance with the 4% limitation.

(u) Subsequent Events

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

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

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

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

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

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

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

Long-term Revenue and Expense Differences

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

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

(3) Stewardship, Compliance and Accountability

(a) Budgetary Data

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

Appropriations are adopted at the program line item level.

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

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

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

(b) Encumbrances

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

(4) Deposits with Financial Institutions and Investments

(a) Cash

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

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

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

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

Restricted cash represents cash and equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $1,467,949 for workers' compensation, $153,071 for unemployment insurance, $7,690,972 for retirement contributions, $3,966,422 for repairs, $39,651 for insurance claims, $6,088,648 for employee benefit accrued liability, $8,755,710 for capital improvements, $1,907,675 for debt service, $6,598 for scholarships, and $196,273 for extraclassroom activities.

(b) Investments

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

(5) Participation in BOCES

During the year ended June 30, 2026, the District was billed $9,500,913 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $2,265,875. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Education Services James Hines Administration Center, 201 Sunrise Highway, Patchogue, New York 11772.

(6) Receivables

Federal and state aid receivable at June 30, 2026 consisted of the following:

General Fund	
Excess cost aid	$ 1,098,451
General aid	497,269
Total General Fund	1,595,720
Special Aid Fund	
New York State aid	1,065,539
Federal aid	342,742
Total Special Aid Fund	1,408,281
School Lunch Fund	
New York State reimbursements	191,869
Federal reimbursements	68,841
Total School Lunch Fund	260,710
Capital Projects Fund	
New York State aid - Smart Schools Bond Act	196,113
Total - All Funds	$ 3,460,824

The general fund excess cost aid and general aid receivables include $119,845 of unavailable state revenue. The capital projects fund smart schools bond act receivable includes $196,113 of claims yet to be approved by the State. District management has deemed these amounts to be fully collectible.

(7) Due from Other Governments

Due from other governments in the general fund at June 30, 2026 consisted of the following:

Due from County	$ 1,275
PILOT receivable	12,265
Tuition and health service billings	206,451
BOCES aid	2,275,927
Total due from other governments	$ 2,495,918

District management has deemed these amounts to be fully collectible.

(8) Lease Receivable

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

Principal and interest payments received for the District's lease receivable amounted to $310,724 and $59,047, respectively, for the year ended June 30, 2026.

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

Year Ended June 30,	Principal	Interest	Total
2027	$ 330,906	49,852	380,758
2028	352,231	39,843	392,074
2029	363,281	29,303	392,584
2030	386,079	18,283	404,362
2031	409,916	6,577	416,493
Total	$ 1,842,413	143,858	1,986,271

District management has deemed the amounts to be fully collectible.

(9) Capital Assets

Capital asset balances and activity for the year ended June 30, 2026 were as follows:

	Balance June 30, 2025	Increase	Decrease	Balance June 30, 2026
Capital assets not being depreciated:				
Land	$ 2,161,500	-	-	2,161,500
Construction in progress	7,143,595	1,067,456	(4,169,069)	4,041,982
Total capital assets not being depreciated or amortized	9,305,095	1,067,456	(4,169,069)	6,203,482
Capital assets being depreciated:				
Buildings and improvements	181,591,405	4,421,524	-	186,012,929
Furniture, equipment and vehicles	7,199,767	653,665	(22,600)	7,830,832
Right-to-use assets	414,252	-	-	414,252
Total capital assets being depreciated and amortized	189,205,424	5,075,189	(22,600)	194,258,013
Less accumulated depreciation and amortization:				
Buildings and improvements	(80,183,027)	(4,865,340)	-	(85,048,367)
Furniture, equipment and vehicles	(4,263,507)	(401,214)	21,080	(4,643,641)
Right-to-use assets	(27,274)	(99,558)	-	(126,832)
Total accumulated depreciation and amortized	(84,473,808)	(5,366,112)	21,080	(89,818,840)
Total capital assets, being depreciated and amortized, net	104,731,616	(290,923)	(1,520)	104,439,173
Capital assets, net	$ 114,036,711	776,533	(4,170,589)	110,642,655

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

General government support	$ 2,714,373
Instruction	2,600,601
Pupil transportation	20,136
Food service program	31,002
Total depreciation and amortization expense	$ 5,366,112

(10) Interfund Transactions

	Interfund		Interfund	
	Receivable	Payable	Revenue	Expenditures
General fund	$ 1,290,701	1,220,009	178,331	7,862,110
Special aid fund	-	1,289,769	173,410	-
School lunch fund	-	744	-	-
Debt service fund	4,032	188	6,218,700	178,331
Capital projects fund	1,219,368	4,033	1,470,000	-
Custodial fund	642	-	-	-
Total	$ 2,514,743	2,514,743	8,040,441	8,040,441

The District typically transfers from the general fund to the special aid fund to fund the District's local share of the summer program for students with disabilities and state supported Section 4201 schools. The District typically transfers from the general fund to the debt service fund to pay down debt. The District transferred from the general fund to the capital projects fund the amount of the voter approved expenditure of the capital reserve and also included a budgeted transfer of $70,000. The District transferred from the debt service fund to the general fund the current year portion of amortized premiums and interest earnings on debt to offset debt expenditures.

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

(11) Short-Term Debt

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/26/26	3.25%	$ -	12,000,000	12,000,000	-

Interest expense, net of premium amounting to $45,720, on short-term debt for the year was $202,363.

(12) Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2026, are as follows:

	Balance June 30, 2025	Increase	Decrease	Balance June 30, 2026	Amounts Due Within One Year
Bonds payable	$ 50,020,000	-	3,925,000	46,095,000	4,100,000
Unamortized premium on bonds	3,965,447	-	308,724	3,656,723	308,724
	53,985,447	-	4,233,724	49,751,723	4,408,724
Other noncurrent liabilities:					
Energy performance contracts	2,275,000	-	200,000	2,075,000	210,000
Lease liability	386,518	-	95,482	291,036	97,136
Workers' compensation	1,743,769	2,768	-	1,746,537	379,666
Compensated absences	6,086,985	377,617	-	6,464,602	-
Net pension liability (asset) - TRS	(7,215,967)	(6,695,254)	-	(13,911,221)	-
Net pension liability (asset) - ERS	4,225,606	-	2,861,852	1,363,754	-
Total OPEB liability	311,208,840	28,504,093	-	339,712,933	-
Total other noncurrent long-term liabilities	318,710,751	22,189,224	3,157,334	337,742,641	686,802
Total long-term liabilities	$ 372,696,198	22,189,224	7,391,058	387,494,364	5,095,526

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

(a) Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2026
2022 Series A bonds	6/27/22	6/15/35	3.00% - 4.00%	$ 9,360,000
2022 Series B bonds	6/27/22	6/15/35	3.00% - 4.00%	8,850,000
2024 Series D bonds	6/18/24	6/15/39	5.00%	27,885,000
				$ 46,095,000

(12) Long-term Liabilities, Continued

(a) Bonds Payable, Continued

Interest for the year ended June 30, 2026 was composed of the following:

Interest paid on:	
Serial bonds	$ 2,293,700
TAN	248,083
Energy performance contract	58,923
Leases	9,537
Total interest paid	2,610,243
Plus - Interest accrued in the current year	89,202
Less - Interest accrued in the prior year	(96,426)
Amortization of deferred premiums on bonds and TAN	(354,444)
Total expense	$ 2,248,575

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

Year ending June 30,	Principal	Interest	Total
2027	$ 4,100,000	2,122,650	6,222,650
2028	3,935,000	1,934,900	5,869,900
2029	4,105,000	1,756,050	5,861,050
2030	3,950,000	1,569,500	5,519,500
2031	4,125,000	1,391,400	5,516,400
2032 - 2036	21,115,000	3,988,450	25,103,450
2037 - 2039	4,765,000	409,000	5,174,000
	$ 46,095,000	13,171,950	59,266,950

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

Original premiums on bonds payable	$ 4,457,139
Less accumulated amortization	(800,416)
Premiums on bonds payable	$ 3,656,723

(12) Long-term Liabilities, Continued

(a) Bonds Payable, Continued

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

(b) Energy Performance Contract Payable

Existing energy performance contracts are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Energy Performance Contract	8/22/19	6/15/35	2.59%	$ 2,075,000

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

Year ending June 30,	Principal	Interest	Total
2027	$ 210,000	53,743	263,743
2028	210,000	48,304	258,304
2029	220,000	42,865	262,865
2030	225,000	37,166	262,166
2031	230,000	31,339	261,339
2032 - 2035	980,000	64,362	1,044,362
	$ 2,075,000	277,779	2,352,779

(12) Long-term Liabilities, Continued

(c) Lease Liability

Existing capital lease obligations are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Multi-functional Printers Lease	5/1/2025	5/30/2029	2.785%	$ 291,036

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

Year ending June 30,	Principal	Interest	Total
2027	$ 97,136	6,872	104,008
2028	99,876	4,132	104,008
2029	94,024	1,314	95,338
	$ 291,036	12,318	303,354

(13) Pension Obligations

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS is governed by a 10 member Board of Trustees. Benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in TRS, the election is irrevocable. The State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS by referring to the NYSTRS Annual Comprehensive Financial Report which can be found on TRS's website at www.nystrs.org.

(13) Pension Obligations, Continued

(a) Plan Descriptions and Benefits Provided, Continued

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. Benefits are established under the provisions of the New York State Retirement and Social Security Law. Once a public employer elects to participate in ERS, the election is irrevocable. The 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. GLIP amounts are appointed to and included in ERS. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.ny.gov/retirement/publications.

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

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

At June 30, 2026, the District reported the following asset/liability for its proportionate share of TRS and ERS. The net pension asset/liability were measured as of March 31, 2026 for ERS and June 30, 2025 for TRS. The total pension asset/liability used to calculate the respective net pension asset/liability was determined by an actuarial valuation. The District's proportion of the respective net pension asset/liability was based on a projection of the District's long-term share of contributions to TRS and ERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2026	June 30, 2025
Actuarial valuation date	April 1, 2025	June 30, 2024
Net pension asset (liability)	$ (1,363,754)	13,911,221
District's proportion of the Plan's net pension asset (liability)	0.0241726%	0.234945%
Change in proportionate share	(0.0004727)	(0.006909)

(13) Pension Obligations, Continued

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

For the year ended June 30, 2026, the District recognized pension expense of $1,733,425 for ERS and $(399,639) for TRS in the statement of activities. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 780,420	7,292,581	-	-
Changes of assumptions	234,096	5,507,019	-	149,986
Net difference between projected and actual investment earnings on pension plan investments	-	-	2,445,286	10,864,629
Changes in proportion and differences between the District's contributions and proportionate share of contributions	671,931	1,112,502	198,410	62,020
District's contributions subsequent to the measurement date	574,133	4,392,856	-	-
Total	$ 2,260,580	18,304,958	2,643,696	11,076,635

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized as follows:

Year ending	ERS	TRS
2027	$ 706,972	7,325,431
2028	(758,734)	(2,726,775)
2029	(419,181)	(2,909,398)
2030	(486,306)	(468,491)
2031	-	1,341,276
Thereafter	-	273,424
	$ (957,249)	2,835,467

(13) Pension Obligations, Continued

(c) Actuarial Assumptions

The total pension asset/liability as of the measurement date was determined by using a rollforward procedure to advance the asset/liability calculated using system assumptions and member demographics from the previous actuarial valuation. The actuarial valuations used the following actuarial assumptions:

	ERS	TRS
Investment rate of return (net of investment expense, including inflation)	5.90%	6.95%
Salary scale	5.20%	2.04% - 5.80%
Cost of living adjustments	1.50%	1.40%
Inflation rate	2.90%	2.50%

For ERS, demographic assumptions used in the April 1, 2025 actuarial valuation are based on the results of an actuarial experience study completed March 31, 2025. Demographic assumptions are primarily based on System experience over the period April 1, 2020 - March 31, 2025. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021. For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis. The demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2024. TRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions.

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

The long-term expected real rates of return are presented by asset allocation classification. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized in the following table:

(13) Pension Obligations, Continued

(c) Actuarial Assumptions, Continued

	ERS		TRS	
Asset class	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Domestic equity	25%	3.29%	33%	6.70%
International equity	14%	5.85%	15%	7.40%
Real estate equity	-	-	11%	6.50%
Global equity	-	-	4%	7.00%
Domestic fixed income	-	-	16%	2.60%
Global bonds	-	-	2%	2.40%
High-yield bonds	-	-	1%	4.70%
Real estate debt	-	-	6%	3.80%
Real estate	12%	5.20%	-	-
Private equity	15%	7.00%	9%	9.80%
Private debt	-	-	2%	6.10%
Real assets	4%	5.54%	-	-
Fixed income	22%	1.75%	-	-
Opportunistic/ARS portfolio	3%	5.13%	-	-
Credit	4%	5.10%	-	-
Cash and equivalents	1%	0.25%	1%	0.60%
	100%		100%	

* For ERS, the real rate of return are net of a long-term inflation assumption of 2.5%. For TRS, the real rates of return are net of pension plan investment expenses and long-term inflation expectations.

(d) Discount Rate

The discount rate used to calculate the total pension asset/liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

(13) Pension Obligations, Continued

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

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

ERS	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	$ (9,314,067)	(1,363,754)	5,283,060

TRS	1% Decrease (5.95%)	Current Discount (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	$ (26,730,587)	13,911,221	48,109,187

(f) Pension Plan Fiduciary Net Position

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

	(Dollars in Millions) ERS	TRS
Employers' total pension liability	$ (253,773)	(148,272)
Plan net position	248,131	154,193
Employers' net pension asset (liability)	$ (5,642)	5,921
Ratio of plan net position to the employers' total pension liability	97.78%	104.00%

(g) Contributions to the Pension Plans

ERS employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2026 represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to $574,133. This amount has been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to ERS for the year ended June 30, 2026 were $1,724,407.

(13) Pension Obligations, Continued

(g) Contributions to the Pension Plans, Continued

TRS employer and employee contributions for the year ended June 30, 2026 are paid to the TRS in September, October and November 2026 through a state aid intercept. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the year ended June 30, 2026 based on paid TRS wages multiplied by the employer's contribution rate, by tier, and employee contributions for the year as reported to the TRS system. Accrued employer retirement contributions to TRS as of June 30, 2026 amounted to $4,840,083, including employees' share. The accrued contributions have been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2026 were $4,392,856.

(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 year ended June 30, 2026, totaled $108,552 and $2,677,944, respectively.

(b) Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for some employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2026 totaled $396,416.

(15) Other Postemployment Benefits (OPEB)

(a) Plan Description and Benefits

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

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

(15) Other Postemployment Benefits (OPEB), Continued

(b) Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the benefit terms:

Active employees	571
Inactive employees or beneficiaries currently receiving benefits	547
	1,118

(c) Total OPEB Liability

The District's total OPEB liability of $339,712,933 was measured as of June 30, 2026 and was determined by an actuarial valuation as of June 30, 2025.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	ERS - 3.3% - 8.8% TRS - 2.2% - 12.3%
Discount rate	4.32%
Healthcare cost trend rates	5.90% for 2025, decreasing to 4.04% by 2075

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

(e) Changes in the Total OPEB Liability

Total OPEB liability as of June 30, 2025	$ 311,208,840
Changes for the year:	
Service cost	8,326,033
Interest	15,064,200
Differences between expected and actual experience	(4,462,613)
Changes of assumptions	22,427,071
Benefit payments	(12,850,598)
Total changes	28,504,093
Total OPEB liability as of June 30, 2026	$ 339,712,933

(15) Other Postemployment Benefits (OPEB), Continued

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.32%) or 1-percentage point higher (5.32%) than the current discount rate:

	1% Decrease (3.32%)	Current Discount Rate (4.32%)	1% Increase (5.32%)
Total OPEB liability	$ 393,504,970	339,712,933	296,248,147

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

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 286,862,000	339,712,933	407,132,894

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

For the year ended June 30, 2026, the District recognized OPEB expense of $19,581,198. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 12,249,801	4,413,562
Changes of assumptions	17,941,657	37,737,614
Total	$ 30,191,458	42,151,176

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

Year ending	
2027	$ (12,873,106)
2028	(360,038)
2029	(2,319,468)
2030	3,592,894
	$ (11,959,718)

(16) Risk Management

(a) General Information

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

(b) Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for incurred claims and incurred but not recorded (IBNR) based on a liability evaluation done in August of 2026. As of June 30, 2026, the District has recorded potential workers' compensation claims (losses incurred but not paid) and incurred but not reported claims for a total liability of $1,764,537. The District has a workers' compensation reserve balance of $1,467,949. Claims activity is summarized below:

	2026	2025
Unpaid claims at beginning of fiscal year	$ 1,743,769	1,414,064
Incurred claims and claim adjustment expenses	567,538	833,759
Claims payments	(564,770)	(504,054)
Unpaid claims at year end	$ 1,746,537	1,743,769

(c) Public Entity Risk Pool

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

(17) Tax Abatements

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

(18) Commitments and Contingencies

(a) Grants

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

(b) Litigation

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

(19) Accounting Standard Issued But Not Yet Implemented

GASB has issued Statement No. 105 - "Subsequent Events" effective for the fiscal year beginning after June 15, 2026. The effects of the implementation of this pronouncement are not known at this time.

(20) Certain Risk Disclosures

(a) Concentration - Workforce Covered by Collective Bargaining Agreements

The District's workforce has collective bargaining agreements which dictate employment terms including payroll and related expenditures as well as benefits. The following is a summary of the District's significant collective bargaining agreements:

Collective Bargaining Unit	Expiration Date
East Islip Teachers' Association	June 30, 2027

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

(20) Certain Risk Disclosure, Continued

(b) Constraints

(i) Limitations on Raising Revenue

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

(ii) Limitations on Spending

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

(iii) Limitations on the Incurrence of Debt

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

EAST ISLIP UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year ended June 30, 2026

	Original Budget	Variance	Final Budget	Variance	Actual
Revenue:					
Real property taxes	$ 73,184,335	244,645	73,428,980	3,038	73,432,018
Other real property tax items	4,445,836	(244,645)	4,201,191	101,813	4,303,004
Charges for services	1,730,000	-	1,730,000	169,073	1,899,073
Use of money and property	1,382,700	-	1,382,700	707,875	2,090,575
Sale of property and compensation for loss	-	2,010	2,010	329,575	331,585
State sources	41,555,720	32,479	41,588,199	89,286	41,677,485
Federal sources	150,000	-	150,000	67,515	217,515
Miscellaneous	348,001	84,850	432,851	523,350	956,201
Total revenue	122,796,592	119,339	122,915,931	1,991,525	124,907,456
Other financing sources:					
Premiums on obligations	-	-	-	45,720	45,720
Transfers in	102,656	-	102,656	75,675	178,331
Total other financing sources	102,656	-	102,656	121,395	224,051
Total revenue and other financing sources	122,899,248	119,339	123,018,587	2,112,920	125,131,507
Appropriated fund balance	4,294,900	-	4,294,900		
Prior year encumbrance	288,726	-	288,726		
Appropriated reserves	2,150,000	1,394,706	3,544,706		
	$ 129,632,874	1,514,045	131,146,919		
Expenditures:					
General support	14,781,464	(722,425)	15,503,889	1,667,234	13,836,655
Instruction	66,849,815	(709,577)	67,559,392	2,837,168	64,722,224
Pupil transportation	6,003,237	(40,501)	6,043,738	542,175	5,501,563
Community services	833,100	26,712	806,388	72,962	733,426
Employee benefits	33,431,198	688,862	32,742,336	754,656	31,987,680
Debt service:					
Principal	200,000	(95,482)	295,482	-	295,482
Interest	773,923	449,640	324,283	7,740	316,543
Total expenditures	122,872,737	(402,771)	123,275,508	5,881,935	117,393,573
Other financing uses - transfers out	(6,471,411)	(1,400,000)	(7,871,411)	(9,301)	(7,862,110)
Total expenditures and other financing uses	$ 129,344,148	(1,802,771)	131,146,919	5,872,634	125,255,683
Change in fund balance					(124,176)
Fund balance at beginning of year					34,968,793
Fund balance at end of year					$ 34,844,617

EAST ISLIP UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
June 30, 2026

Total OPEB liability	2026	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 8,326,033	9,790,666	9,382,271	9,000,965	12,991,842	12,363,607	9,263,281	5,924,002	6,186,519
Interest	15,064,200	14,000,621	13,008,675	10,676,561	7,955,022	7,630,938	10,744,701	9,464,151	8,712,641
Changes of benefit terms	-	47,686	-	(1,717,269)	-	(5,971,012)	-	-	-
Differences between expected and actual experience	(4,462,613)	(1,405,786)	9,655,630	24,724,496	876,294	5,570,164	(42,023,660)	1,777,889	-
Changes of assumptions	22,427,071	(28,155,997)	(3,860,970)	(19,921,551)	(75,954,672)	10,836,767	65,963,106	48,858,770	(12,338,713)
Benefit payments	(12,850,598)	(11,548,964)	(10,499,283)	(9,052,725)	(8,118,406)	(8,005,126)	(7,718,609)	(7,871,138)	(6,808,799)
Net change in total OPEB liability	28,504,093	(17,271,774)	17,686,323	13,710,477	(62,249,920)	22,425,338	36,228,819	58,153,674	(4,248,352)
Total OPEB liability - beginning	311,208,840	328,480,614	310,794,291	297,083,814	359,333,734	336,908,396	300,679,577	242,525,903	246,774,255
Total OPEB liability - ending	$ 339,712,933	311,208,840	328,480,614	310,794,291	297,083,814	359,333,734	336,908,396	300,679,577	242,525,903
Covered payroll	$ 53,315,473	52,312,385	53,210,386	52,059,892	56,553,383	52,377,148	57,549,964	52,972,099	57,205,253
Total OPEB liability as a percentage of covered payroll	637.18%	594.90%	617.32%	596.99%	525.32%	686.05%	585.42%	567.62%	423.96%

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Discount rate	4.32%	4.81%	4.21%	4.13%	3.54%	2.16%	2.21%	3.51%	3.87%

EAST ISLIP UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability
Year ended June 30, 2026

TRS System - Asset (Liability)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
The District's proportion of the net pension asset/liability	0.234945%	0.241854%	0.259791%	0.262590%	0.269840%	0.263277%	0.271341%	0.276345%	0.291083%	0.303942%
The District's proportionate share of the net pension asset (liability)	$ 13,911,221	7,215,967	(2,970,936)	(5,038,815)	46,760,628	7,275,054	7,049,470	4,997,051	2,212,516	(3,255,341)
The District's covered payroll	$ 45,806,630	46,131,429	46,179,570	46,518,511	45,800,443	44,686,439	45,291,305	44,487,081	46,126,988	48,869,334
The District's proportionate share of the net pension asset/liability as a percentage of covered payroll	30.37%	15.64%	6.43%	10.83%	102.10%	16.28%	15.56%	11.23%	4.80%	6.66%
Plan fiduciary net position as a percentage of the total pension asset/liability	104.00%	102.10%	99.20%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.00%

ERS System - Asset (Liability)										
The District's proportion of the net pension asset (liability)	0.0241726%	0.0246453%	0.0266523%	0.0270567%	0.0271441%	0.0259563%	0.0270778%	0.0277286%	0.0293811%	0.0299397%
The District's proportionate share of the net pension asset (liability)	$ (1,363,754)	(4,225,606)	(3,905,287)	(5,802,057)	2,218,920	(25,846)	(7,170,354)	(1,964,657)	(948,260)	(2,813,200)
The District's covered payroll	$ 11,026,108	10,625,004	10,353,426	10,355,317	10,399,572	9,683,003	10,097,066	9,931,891	9,590,696	9,305,729
The District's proportionate share of the net pension liability (asset) as a percentage of covered payroll	12.37%	39.77%	37.72%	56.03%	21.34%	0.27%	71.01%	19.78%	9.89%	30.23%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%

EAST ISLIP UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Pension Contributions
Year ended June 30, 2026

TRS System	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 4,392,856	4,663,044	4,507,125	4,935,635	4,558,814	4,364,782	3,959,218	4,809,937	4,359,734	5,406,083
Contribution in relation to the contractually required contribution	4,392,856	4,663,044	4,507,125	4,935,635	4,558,814	4,364,782	3,959,218	4,809,937	4,359,734	5,406,083
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 45,806,630	46,131,429	46,179,570	49,608,020	46,518,511	45,800,443	44,686,439	45,291,305	44,487,081	46,126,988
Contribution as a percentage of covered payroll	9.59%	10.11%	9.76%	9.95%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%

ERS System										
Contractually required contribution	$ 1,724,407	1,698,625	1,518,107	1,246,606	1,382,455	1,577,444	1,407,780	1,402,287	1,469,484	1,356,791
Contribution in relation to the contractually required contribution	1,724,407	1,698,625	1,518,107	1,246,606	1,382,455	1,577,444	1,407,780	1,402,287	1,469,484	1,356,791
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 11,026,108	10,625,004	10,353,426	10,472,227	10,050,826	9,848,761	9,868,377	10,050,373	9,686,164	9,382,402
Contribution as a percentage of covered payroll	15.64%	15.99%	14.66%	11.90%	13.75%	16.02%	14.27%	13.95%	15.17%	14.46%

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Required Supplementary Information

June 30, 2026

(1) Required Information

The budgetary comparison schedules present comparisons of the original and final adopted budget and comparisons of the final budget and actual results for the General Fund and each major special revenue fund with a legally adopted annual budget. The budgetary basis of accounting is substantially the same as the basis of accounting used in preparing the fund financial statements.

The budgetary comparison schedules are required supplementary information under Governmental Accounting Standards Board Statement No. 34 and are not required part of the basic financial statements. The schedules are intended to demonstrate compliance with the legally adopted budget.

(2) Significant Budgetary Changes

	Original Budget	Final Budget	Actual
Use of money and property	$ 1,382,700	1,382,700	2,090,575
General support	14,781,464	15,503,889	13,836,655
Instruction	66,849,815	67,308,606	64,722,224
Employee benefits	33,431,198	32,993,122	31,987,680

- Use of money and property has a favorable variance due to interest revenue coming in over budget amounts due to larger cash holdings during the year.
- General support has a favorable variance largely due to insurance expense coming in significantly below budgeted amounts.
- Instruction has a favorable variance due to BOCES and software expenses coming in below budgeted amounts.
- Employee benefits actual expenses will fluctuate significantly from year to year due to workforce turnover and timing differences in contribution rates.

(3) Schedule of Changes in the District's Total OPEB Liability and Related Ratios

The Schedule of Changes in the District's Total OPEB Liability and Related Ratios is required to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

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

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

EAST ISLIP UNION FREE SCHOOL DISTRICT
Other Supplementary Information
Schedule of Change from Adopted Budget to Final Budget and
the Real Property Tax Limit - General Fund
Year ended June 30, 2026

Change from adopted budget to final budget:		
Original budget		$ 129,344,148
Add prior year's encumbrances		288,726
Adopted budget		129,632,874
Budget revisions		1,514,045
Final budget		$ 131,146,919
Section 1318 of Real Property Tax Law Limit Calculation		
2026-2027 voter approved expenditure budget		$ 132,460,346
Maximum allowed 4% of 2026-2027 budget		$ 5,298,415
General fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Appropriated fund balance	$ 4,294,900	
Encumbrances	191,329	
Unassigned fund balance	5,298,415	
Total unrestricted fund balance		9,784,644
Less:		
Appropriated fund balance	4,294,900	
Encumbrances	191,329	
Total adjustments		4,486,229
General fund fund balance subject to Section 1318 of Real Property Tax Law		$ 5,298,415
Actual percentage		4.00%

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

EAST ISLIP UNION FREE SCHOOL DISTRICT
Other Supplementary Information
Schedule of Project Expenditures - Capital Projects Fund
Year ended June 30, 2026

Project Title	Original Appropriation	Revised Appropriation	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Operating Transfers Out	Expenditures: Total	Unexpended Balance	Methods of Financing: Proceeds of Obligations	Methods of Financing: Grant Aid	Methods of Financing: Capital Reserve	Methods of Financing: Local Sources	Methods of Financing: Total	Fund Balance June 30, 2026
Smart Schools Bond Act	$ 3,332,894	3,332,894	1,021,632	-	-	1,021,632	2,311,262	-	825,519	-	-	825,519	(196,113)
May 2018 Bond Proposition and Capital Reserve	59,996,334	59,996,334	59,040,997	704,328	-	59,745,325	251,009	49,379,277	-	2,000,000	8,617,057	59,996,334	251,009
2015-16 Capital Reserve - approved 5/17/22	5,951,633	5,951,633	5,803,503	80,436	-	5,883,939	67,694	-	-	5,951,633	41,596	5,993,229	109,290
2015-16 Capital Reserve - approved 5/16/23	2,000,000	2,000,000	1,886,869	-	-	1,886,869	113,131	-	-	2,000,000	-	2,000,000	113,131
2023-24 Capital Reserve - approved 5/20/25	3,000,000	3,000,000	9,237	110,734	-	119,971	2,880,029	-	-	3,000,000	-	3,000,000	2,880,029
2015-16 Capital Reserve- approved 5/19/26	1,400,000	1,400,000	-	-	-	-	1,400,000	-	-	1,400,000	-	1,400,000	1,400,000
2025-26 General Fund Trx Project	70,000	70,000	-	2,907	-	2,907	67,093	-	-	-	70,000	70,000	67,093
Total	$ 75,750,861	75,750,861	67,762,238	898,405	-	68,660,643	7,090,218	49,379,277	825,519	14,351,633	8,728,653	73,285,082	4,624,439

EAST ISLIP UNION FREE SCHOOL DISTRICT
Other Supplementary Information
Net Investment in Capital Assets
June 30, 2026

Capital assets, net		$ 110,642,655
Deduct:		
Bonds payable	$ 46,095,000	
Unamortized bond premium	3,656,723	
Capital projects related accounts payable	24,178	
Energy performance contract	2,075,000	
Lease liability	291,036	52,141,937
Net investment in capital assets		$ 58,500,718

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

The Board of Education
East Islip Union Free School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Islip Union Free School District (the District), as of and for the year ended June 30, 2026, and the related notes to financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 2, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 2, 2026