FIRE ISLAND UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2026

FIRE ISLAND UNION FREE SCHOOL DISTRICT
TABLE OF CONTENTS

	Page
Independent Auditor's Report	
Required Supplementary Information (Unaudited)	
Management's Discussion and Analysis (MD&A)	4
Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the District-wide Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the District-wide Statement of Activities	19
Notes to Financial Statements	20
Required Supplementary Information Other than MD&A (Unaudited):	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	46
Notes to Required Supplementary Information – Budgetary Comparison	48
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)	49
Schedule of District Pension Contributions	50
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	51
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	53
Other Information :	
Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund	54
Schedule of Project Expenditures and Financing Resources – Capital Projects Fund	55
Schedule of Net Investment in Capital Assets	56
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*	

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

Robert S. Abrams
(1926-2014)

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Fire Island 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 Fire Island Union Free School District (the "District") as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 2 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*, during the year ended June 30, 2026. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions, and schedule of changes in the District's total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 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 the District's internal control over financial reporting and compliance.

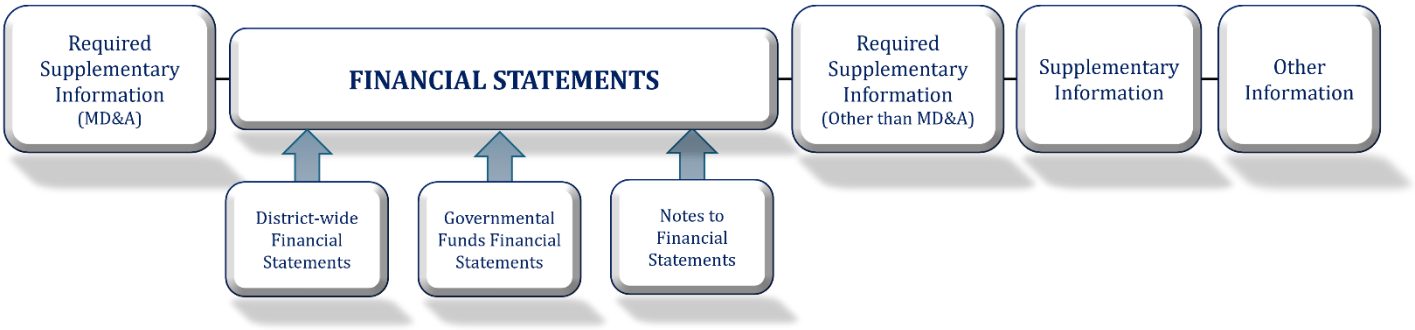
R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 13, 2026

The Fire Island Union Free School District's ("the District") discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2026 in comparison with the year ended June 30, 2025, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, required supplementary information (RSI), supplementary information, and other information, which immediately follow this section.

1. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – required supplementary information (RSI), including both management's discussion and analysis (MD&A) and other than MD&A, the financial statements, supplementary information, and other information. The financial statements consist of district-wide financial statements, governmental funds financial statements, and notes to financial statements. A graphic display of the relationship of these statements, follows:



A. District-Wide Financial Statements

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District, as a whole, in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other capital assets.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

B. Governmental Funds Financial Statements

The governmental funds financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds.

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as compensated absences, workers' compensation, pension costs, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental funds financial statements focus on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental funds statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds: general fund, special aid fund, capital projects fund, and scholarships fund. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund, since the District has elected to report them as major funds. Combining information for the nonmajor funds can be found elsewhere in this report.

The District adopts an annual budget for the general fund. A budgetary comparison statement has been provided for the general fund within the RSI to demonstrate compliance with the budget.

2. FINANCIAL SUMMARY AND DETAILED ANALYSIS

A. Net Position

The net position summary has been consolidated and reclassified from the prior year's presentation to align with the reporting format required by the implementation of GASB Statement No. 103. The District's total net position increased by $755,520 between fiscal years 2026 and 2025. The increase is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position, follows:

	2026	2025	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	$ 9,001,004	$ 8,432,333	$ 568,671	6.74 %
Capital Assets, Net	3,778,063	3,831,775	(53,712)	(1.40)%
Total Assets	12,779,067	12,264,108	514,959	4.20 %
Deferred Outflows of Resources	1,289,977	950,672	339,305	35.69 %
Liabilities				
Current and Other Liabilities	627,908	499,172	128,736	25.79 %
Long-Term Liabilities	5,405,210	4,936,583	468,627	9.49 %
Total Liabilities	6,033,118	5,435,755	597,363	10.99 %
Deferred Inflows of Resources	2,347,640	2,846,259	(498,619)	(17.52)%
Net Position				
Net Investment in Capital Assets	3,731,022	3,831,775	(100,753)	(2.63)%
Restricted	6,754,279	6,510,623	243,656	3.74 %
Unrestricted (deficit)	(4,797,015)	(5,409,632)	612,617	(11.32)%
Total Net Position	$ 5,688,286	$ 4,932,766	$ 755,520	15.32 %

The increase in current and other assets is primarily related to the District's share of the New York State Teachers' Retirement System's (TRS) net pension assets – proportionate share, at the measurement date of the respective year.

The decrease in capital assets, net is due to depreciation expense in excess of capital assets additions and the loss on disposal. The "Capital Assets" Note provides additional information.

Deferred outflows of resources represent contributions to the pension plan subsequent to the measurement date and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The increase in current and other liabilities is mostly due to an increase in accounts payable and amounts due to other governments, offset by a decrease in accrued liabilities.

The change in long-term liabilities is primarily related to the following major changes:

- Total OPEB liability of $686,085 based on the actuarial valuation of the plan.
- The District's share of $(219,582) for the New York State and Local Employees' Retirement System's (ERS) net pension liability – proportionate share at the measurement date, which is the net result of several factors, including decreases in benefits earned by active employees, cost-of-living adjustments, and a decrease in the number of retirees, resulting in smaller benefit payments.

Deferred inflows of resources represent actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The unrestricted (deficit) amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability.

B. Changes in Net Position

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements, School Tax Relief (STAR) revenue is included in the other tax items line. However, in this MD&A, they have been combined with property taxes. A summary of this statement for the years ended June 30, 2026 and 2025, is as follows:

	2026	2025	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 72,109	$ 52,459	$ 19,650	37.46 %
Operating Grants & Contributions	14,146	30,041	(15,895)	(52.91)%
General Revenues				
Property Taxes & STAR	5,326,619	5,258,892	67,727	1.29 %
State Sources	417,721	391,251	26,470	6.77 %
Other	260,265	273,977	(13,712)	(5.00)%
Total Revenues	6,090,860	6,006,620	84,240	1.40 %
Expenses				
General Support	1,579,253	1,558,557	20,696	1.33 %
Instruction	2,865,363	2,526,463	338,900	13.41 %
Pupil Transportation	846,719	722,225	124,494	17.24 %
Community Services	44,005	44,481	(476)	(1.07)%
Total Expenses	5,335,340	4,851,726	483,614	9.97 %
Change in Net Position	$ 755,520	$ 1,154,894	$ (399,374)	(34.58)%

The District's net position increased by $755,520 and $1,154,894 for the years ended June 30, 2026 and 2025, respectively.

The District did not have any significant revenue increases when compared to the prior year.

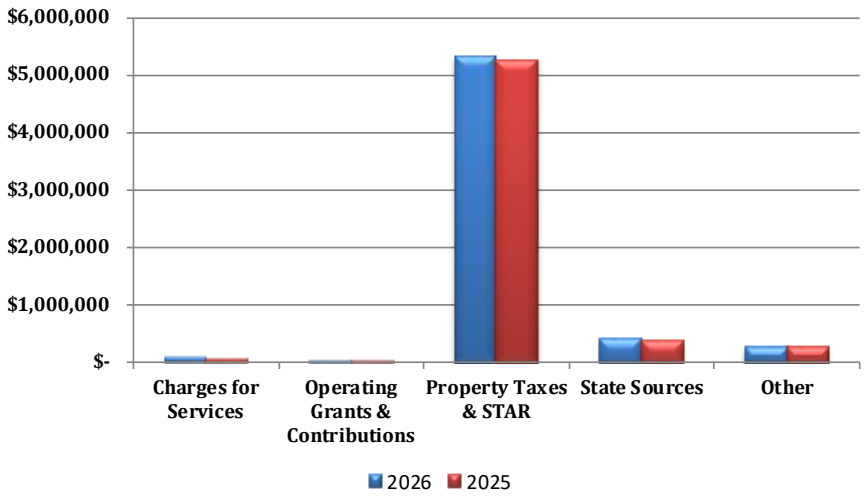
The District's expenses increased when compared to the prior year, primarily due to the following major changes:

- Instruction increased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS and ERS, and OPEB costs.

As indicated on the graphs that follow, property taxes and other tax items are the largest component of revenues recognized (i.e., 87.5% and 87.6% for the years 2026 and 2025, respectively). Instruction expenses are the largest category of expenses incurred (i.e., 53.7% and 52.1% for the years 2026 and 2025, respectively).

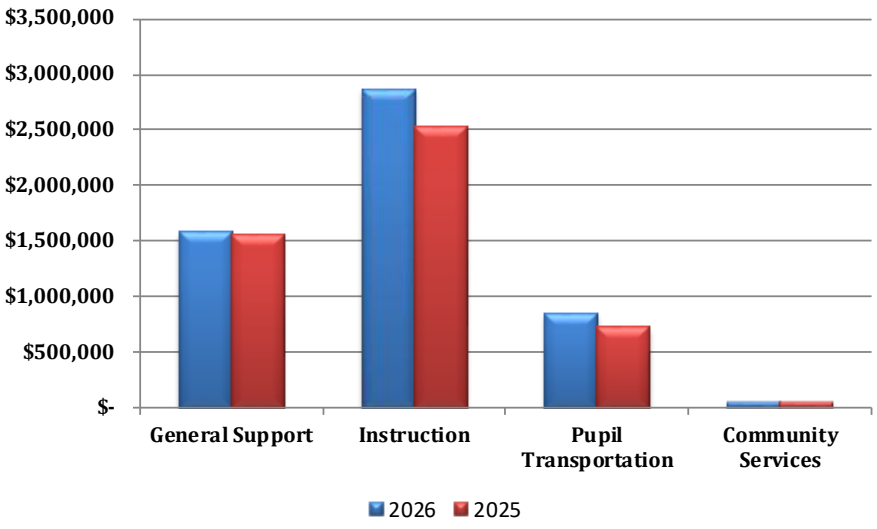
The charts demonstrate that the components of revenues are relatively consistent for both years.

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



	Charges for Services	Operating Grants & Contributions	Property Taxes & STAR	State Sources	Other
2026	1.2%	0.2%	87.5%	6.9%	4.2%
2025	0.9%	0.5%	87.6%	6.5%	4.5%

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



	General Support	Instruction	Pupil Transportation	Community Services
2026	29.6%	53.7%	15.9%	0.8%
2025	32.1%	52.1%	14.9%	0.9%

3. DETAILED ANALYSIS OF GOVERNMENTAL FUNDS

At June 30, 2026, the District's governmental funds reported a combined fund balance of $6,801,199, excluding nonmajor funds of $97,481, which is an increase of $104,189 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund, is as follows:

	2026	2025	Increase (Decrease)	Percentage Change
General Fund				
Restricted:				
Workers' Compensation	$ 965,598	$ 945,074	$ 20,524	2.17 %
Unemployment Insurance	41,409	53,941	(12,532)	(23.23)%
Retirement Contribution:				
Teachers' retirement system	69,197	66,549	2,648	3.98 %
Employees' retirement system	972,853	1,065,567	(92,714)	(8.70)%
Employee Benefit Accrued Liability	208,831	200,838	7,993	3.98 %
Capital	2,168,940	1,735,985	432,955	24.94 %
Repairs	143,803	138,299	5,504	3.98 %
Assigned:				
Appropriated Fund Balance	150,000	150,000	-	0.00 %
Unappropriated Fund Balance	18,300	50,886	(32,586)	(64.04)%
Unassigned: Fund balance	449,772	243,925	205,847	84.39 %
	5,188,703	4,651,064	537,639	11.56 %
Capital Projects Fund				
Restricted: Capital	1,515,015	1,946,066	(431,051)	(22.15)%
Total Fund Balance	$ 6,703,718	$ 6,597,130	$ 106,588	1.62 %

A. General Fund

Fund Balance

The general fund – fund balance is a net increase of $537,639 compared to a net decrease of $1,219,098 in 2025. This resulted from revenues and other financing sources in excess of expenditures.

The following is a summary of the major changes that resulted in revenues increasing over the prior year:

	2026	2025	Increase (Decrease)	Percentage Change
Real Property Taxes & Other Tax Items	$ 5,326,619	$ 5,258,892	$ 67,727	1.29 %
Other Local Sources	332,374	326,436	5,938	1.82 %
State Sources	417,721	391,251	26,470	6.77 %
Other Financing Sources	363,867	-	363,867	N/A
	$ 6,440,581	$ 5,976,579	$ 464,002	7.76 %

- Other financing sources increased due to the District transferring in unused funds from completed capital reserve projects.

The following is a summary of the major changes that resulted in expenditures decreasing from the prior year:

	2026	2025	Increase (Decrease)	Percentage Change
General Support	$ 1,370,512	$ 1,348,839	$ 21,673	1.61 %
Instruction	2,305,871	1,968,444	337,427	17.14 %
Pupil Transportation	808,204	692,885	115,319	16.64 %
Community Services	39,294	39,899	(605)	(1.52)%
Employee Benefits	1,379,061	1,545,610	(166,549)	(10.78)%
Other Financing Uses	-	1,600,000	(1,600,000)	(100.00)%
	$ 5,902,942	$ 7,195,677	$ (1,292,735)	(17.97)%

- Instruction increased mainly within programs for students with disabilities due to an increase in tuition paid to other districts, as well as increased BOCES services for students.

- Other financing uses decreased due to the voter-approved transfer from the capital reserve to the capital projects fund for district-wide capital improvements made in prior year. No such transfer was made in the current year.

Restricted Fund Balance

The following is a summary of the District's general fund restricted fund balance activity:

	Balance June 30, 2025	Use of Reserves	Interest	Funding	Balance June 30, 2026
Workers' Compensation	$ 945,074	$ (17,088)	$ 37,612	$	$ 965,598
Unemployment Insurance	53,941	(14,679)	2,147		41,409
Retirement Contribution:					
TRS	66,549		2,648		69,197
ERS	1,065,567	(135,122)	42,408		972,853
EBALR	200,838		7,993		208,831
Capital	1,735,985		69,088	363,867	2,168,940
Repairs	138,299		5,504		143,803
	$ 4,206,253	$ (166,889)	$ 167,400	$ 363,867	$ 4,570,631

Additional detail regarding capital reserves can be found in the "Fund Balance – Governmental Funds" Note.

Change in Unassigned Fund Balance

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues and other financing sources over expenditures and other financing uses, net of transfers to reserves, appropriations to fund the subsequent year's budget, and encumbrances. The change in this balance, demonstrated through a comparison of the actual revenues and other financing sources, and expenditures for the year compared to budget, follows:

Opening, Unassigned Fund Balance	$ 243,925
Revenues and Other Financing Sources Over Budget	492,456
Expenditures and Encumbrances Under Budget	394,658
Allocation to Reserves	(531,267)
Appropriated to Fund the June 30, 2027 Budget	(150,000)
Closing, Unassigned Fund Balance	$ 449,772

B. Capital Projects Fund

The capital projects fund – fund balance net decrease is the result of capital expenditures.

The following is a summary of the District's capital projects fund restricted fund balance activity:

	Balance June 30, 2025	Use of Reserves	Funding	Balance June 30, 2026
May 2014	$ 387,863	$ (363,867)	$	$ 23,996
May 2021	1,558,203	(67,184)	-	1,491,019
	$ 1,946,066	$ (431,051)	$	$ 1,515,015

4. SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

A. Capital Assets

At June 30, 2026, the District had invested in a broad range of capital assets, as indicated in the table below. The net decrease in capital assets is due to depreciation expense of $239,111 in excess of capital outlays and other additions of $215,038 for the year ended June 30, 2026. In addition, there was a loss on disposal of $29,639. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2026 and 2025, is as follows:

	2026	2025	Increase (Decrease)
Land	$ 91,500	$ 91,500	$ -
Construction in progress	714,612	647,428	67,184
Buildings and improvements	2,364,590	2,477,685	(113,095)
Site improvements	131,417	151,956	(20,539)
Furniture and equipment	475,944	463,206	12,738
Capital assets, net	$ 3,778,063	$ 3,831,775	$ (53,712)

B. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and workers' compensation, total OPEB liability and net pension liabilities-proportionate share, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2026 and 2025, is as follows:

	2026	2025	Increase (Decrease)
Compensated absences payable	$ 150,688	$ 151,776	$ (1,088)
Workers' compensation	31,001	27,789	3,212
Total OPEB liability	5,145,962	4,459,877	686,085
Net pension liabilities - proportionate share	77,559	297,141	(219,582)
	$ 5,405,210	$ 4,936,583	$ 468,627

5. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, was approved by the voters on May 19, 2026.

The District increased budgeted revenues other than property taxes and STAR over the prior year's estimate, which is principally due to an estimated increase in state aid. A property tax increase was needed to meet the funding shortfall and cover the increase in appropriations. The following is a summary of these changes:

	2026	2027	Change
Property Taxes & STAR	$ 5,317,335	$ 5,390,287	$ 72,952
Suffolk County Tax Act	630,000	630,000	-
Appropriated Fund Balance	-		-
Appropriated Reserves	-		-
Other Revenues	780,790	819,842	39,052
Adopted Budget	**$ 6,728,125**	**$ 6,840,129**	**$ 112,004**
Change in Budget	*2.22%*	*1.66%*	
Change in Tax Levy	**1.12%**	**1.37%**	
Tax Levy Limit	$ 5,460,049	$ 5,547,156	
Over/(Under) limit	(142,714)	(156,869)	
Property Tax Cap	**3.84%**	**4.32%**	

B. Tax Cap

New York State law limits the annual increase in the property tax levy of school districts to the lesser of 2% plus additional statutory adjustments to the tax levy limit, or the rate of inflation plus additional statutory adjustments to the tax levy limit. School districts may override the tax levy limit (tax cap) by presenting a budget to the voters, which requires a tax levy that exceeds the statutory limit; however, that budget must be approved by at least 60% of the votes cast. Based on the law, the District's 2026-2027 property tax increase was less than the tax cap and did not require an override vote.

C. Future Budgets

Factors to consider that could influence future budgets:

- Uncertainty with state aid complicates long-range planning.
- Rise in employee cost centers of employee salaries and health benefits, as well as contributions to pension programs.
- Changing circumstances of unforeseen events and risks including natural disasters and global pandemics.
- Impact of external factors such as market trends, economic conditions, and regulatory changes.
- The combination of high inflation and high-interest rates can impact all lines of the budget.
- Social and demographic changes with population, age distribution, and personal income can have significant and lasting effects.
- Legal and intergovernmental factors constraining tax increases, forbidding particular revenue sources, and mandating some services.

D. State Budget Enacted

- Tier VI Reform: Effective October 1, 2026, NYSLRS Tier VI members making over $45,000 will see a reduction in retirement contribution rates. Additionally, the overtime ceiling used in calculating final average salary will increase to $30,000 starting January 1, 2027. The reform package excludes overtime from contribution rates calculations through March 31, 2028.

- Education Aid: Total increases include a guaranteed 2% in Foundation Aid to every district. Also, the mandate to purchase electric buses was pushed back from 2027 to 2032.

CONTACTING THE DISTRICT

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

Mr. Travis Davey
Superintendent
Fire Island Union Free School District
P.O. Box 428
Ocean Beach, New York 11770-0428

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2026

ASSETS	
Cash	
Unrestricted	$ 1,789,086
Restricted	6,183,127
Receivables	
Accounts receivable	5,552
Due from state and federal	8,084
Due from other governments	73,258
Other assets	370,745
Capital assets:	
Not being depreciated	806,112
Being depreciated, net of accumulated depreciation	2,971,951
Net pension assets - proportionate share	571,152
Total Assets	12,779,067
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	942,450
Other postemployment benefits	347,527
Total Deferred Outflows of Resources	1,289,977
LIABILITIES	
Payables	
Accounts payable	143,199
Accrued liabilities	4,763
Due to other governments	250,632
Due to teachers' retirement system	180,527
Due to employees' retirement system	48,787
Long-term liabilities	
Due and payable within one year	
Compensated absences payable	7,534
Total other postemployment benefits liability	159,526
Due and payable after one year	
Compensated absences payable	143,154
Workers' compensation liabilities	31,001
Total other postemployment benefits liability	4,986,436
Net pension liabilities - proportionate share	77,559
Total Liabilities	6,033,118
DEFERRED INFLOWS OF RESOURCES	
Deferred special taxes, Suffolk County	630,000
Pensions	677,292
Other postemployment benefits	1,040,348
Total Deferred Inflows of Resources	2,347,640
NET POSITION (DEFICIT)	
Net investment in capital assets	3,731,022
Restricted	
Governmental	6,183,127
Pension	571,152
	6,754,279
Unrestricted (Deficit)	(4,797,015)
Total Net Position	$ 5,688,286

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 1,579,253	$ -	$	$ (1,579,253)
Instruction	2,865,363	72,109	14,146	(2,779,108)
Pupil transportation	846,719	-		(846,719)
Community services	44,005			(44,005)
Total Functions and Programs	$ 5,335,340	$ 72,109	$ 14,146	(5,249,085)
GENERAL REVENUES				
Real property taxes				4,690,781
Other tax items				635,838
Use of money and property				233,619
Miscellaneous				26,646
State sources				417,721
Total General Revenues				6,004,605
Change in Net Position				755,520
Total Net Position - Beginning of Year				4,932,766
Total Net Position - End of Year				$ 5,688,286

See Notes to Financial Statements

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2026

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash				
Unrestricted	$ 1,789,086	$	$	$ 1,789,086
Restricted	6,085,168	478	97,481	6,183,127
Receivables				
Accounts receivable	5,552			5,552
Due from other funds		1,561,578		1,561,578
Due from state and federal	8,084			8,084
Due from other governments	73,258			73,258
Total Assets	$ 7,961,148	$ 1,562,056	$ 97,481	$ 9,620,685
LIABILITIES				
Payables				
Accounts payable	$ 96,158	$ 47,041	$	$ 143,199
Accrued liabilities	4,763			4,763
Due to other funds	1,561,578			1,561,578
Due to other governments	250,632			250,632
Due to teachers' retirement system	180,527			180,527
Due to employees' retirement system	48,787			48,787
Total Liabilities	2,142,445	47,041	-	2,189,486
DEFERRED INFLOWS OF RESOURCES				
Deferred special taxes, Suffolk County	630,000			630,000
FUND BALANCES				
Restricted	4,570,631	1,515,015	97,481	6,183,127
Assigned	168,300	-	-	168,300
Unassigned	449,772			449,772
Total Fund Balances	5,188,703	1,515,015	97,481	6,801,199
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 7,961,148	$ 1,562,056	$ 97,481	$ 9,620,685

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the District-wide Statement of Net Position
June 30, 2026

Total Governmental Fund Balances		$ 6,801,199
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Cash held by third-party administrator is treated as a long-term asset and included in net position.		370,745
The costs of building and acquiring capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.		
Original cost or present value of capital assets	$ 6,596,553	
Less: Accumulated depreciation	(2,818,490)	
		3,778,063
Proportionate share of long-term assets and liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	942,450	
Net pension asset - teachers' retirement system	571,152	
Net pension liability - employees' retirement system	(77,559)	
Deferred inflows of resources	(677,292)	
		758,751
Total other postemployment benefits liability, as well as deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	347,527	
Total other postemployment benefits liability	(5,145,962)	
Deferred inflows of resources	(1,040,348)	
		(5,838,783)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consisted of:		
Compensated absences payable	(150,688)	
Workers' compensation liabilities	(31,001)	
		(181,689)
Total Net Position		$ 5,688,286

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2026

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes	$ 4,690,781	$	$	$ 4,690,781
Other tax items	635,838			635,838
Charges for services	72,109			72,109
Use of money and property	233,619			233,619
Sale of property and compensation for loss				-
Miscellaneous	26,646		3,749	30,395
State sources	417,721			417,721
Federal sources			10,397	10,397
Total Revenues	6,076,714	-	14,146	6,090,860
EXPENDITURES				
General support	1,370,512			1,370,512
Instruction	2,305,871		16,545	2,322,416
Pupil transportation	808,204			808,204
Community services	39,294			39,294
Employee benefits	1,379,061			1,379,061
Capital outlays		67,184		67,184
Total Expenditures	5,902,942	67,184	16,545	5,986,671
Excess (Deficiency) of Revenues Over Expenditures	173,772	(67,184)	(2,399)	104,189
OTHER FINANCING SOURCES (USES)				
Operating transfers in	363,867			363,867
Operating transfers (out)		(363,867)		(363,867)
Total Other Financing Sources (Uses)	363,867	(363,867)		-
Net Change in Fund Balances	537,639	(431,051)	(2,399)	104,189
Fund Balances - Beginning of Year	4,651,064	1,946,066	99,880	6,697,010
Fund Balances - End of Year	$ 5,188,703	$ 1,515,015	$ 97,481	$ 6,801,199

See Notes to Financial Statements

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the District-wide Statement of Activities
For the Year Ended June 30, 2026

Net Change in Fund Balances		$ 104,189
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) are being held by a third-party administrator. This is the amount by which other assets - cash held by third-party administrator increased in the period.	$ 23,018	
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.		
Decrease in compensated absences payable	1,088	
Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.		
Increase in workers' compensation liabilities	(3,212)	
		20,894
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which depreciation expense exceeded capital outlays and other additions in the period.		
Capital outlays and other additions	215,038	
Loss on disposal of assets	(29,639)	
Depreciation expense	(239,111)	
		(53,712)
Pension and Other Postemployment Benefits Differences		
The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.		
Teachers' retirement system	191,174	
Employees' retirement system	(3,196)	
Other postemployment benefits	496,171	
		684,149
Change in Net Position		$ 755,520

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fire Island Union Free School District ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. 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 District is an independent entity governed by an elected Board of Education ("the Board") consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have the 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. Based on the application of these criteria, there are no other entities that would be included in the District's reporting entity.

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Eastern Suffolk (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the New York State Education Law ("the 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 §1950 of Education Law. All BOCES property is held by the BOCES board as a corporation under §1950(6). In addition, BOCES boards are also considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law (GML). A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital costs is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

C. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District. Eliminations have been made to eliminate the double counting of interfund transactions. Governmental activities are generally financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, if any.

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

Governmental Funds Financial Statements

The governmental funds financial statements provide information about the District's funds. The District's financial statements present the following fund type:

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 funds 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:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Capital Projects Fund – is used to account for the financial resources used for the acquisition, construction, renovation, or major repair of capital facilities and other capital assets.

The following are the District's nonmajor governmental funds:

Special Aid Fund - is used to account for the proceeds of specific revenue sources such as federal and state grants that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either government that provides the funds, or outside parties.

Scholarships Fund – is used to account for funds collected that benefit annual third-party awards and scholarships for students.

D. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for workers' compensation, compensated absences, pension costs, and OPEB, which are recognized as expenditures to the extent they have matured. Capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

E. Real Property Taxes and Other Tax Items

Calendar

Real property taxes are levied annually by the towns of Islip and Brookhaven no later than November 1st and become a lien on December 1st. Taxes were collected by the towns of Islip and Brookhaven and remitted to the District from December to June.

Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County in June.

School Tax Relief (STAR) Aid

New York State implemented the STAR program with the enactment of Chapter 389 of the Laws of 1997 to reduce the school property tax burden on residential homeowners. A school district's annual property tax levy as adopted is reduced by the total amount of the STAR exemptions granted to homeowners. School districts are reimbursed for this loss in property tax revenues by the state with STAR aid, which is reported as other tax items revenue.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources 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 to Financial Statements.

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 transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the district-wide statements, eliminations have been made for all interfund receivables and payables among the funds.

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

A detailed disclosure by individual fund for interfund receivables, payables, transfers in, and transfers out activity is provided subsequently in these Notes to Financial Statements.

H. Use of Estimates

The preparation of financial statements in conformity with U.S. 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 contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, compensated absences, pension costs, OPEB, workers' compensation, potential contingent liabilities, and useful lives of capital assets.

I. Cash

Cash consists of cash on hand, bank deposits, and investments with an original maturity date of 90 days or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves.

J. Receivables

Receivables are recorded when the transaction takes place, and the respective revenues are recognized as earned in the district-wide financial statements, and when available in the governmental funds financial statements. Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

K. Capital Assets

The district-wide financial statements report capital assets. Capital assets are reported at actual cost, when the information is available, or at estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	$ 250	50 years
Site improvements	250	20 years
Furniture and equipment	250	5-10 years

L. Other Assets

Other assets represent amounts on deposit that are being held by a third-party administrator for workers' compensation claims.

M. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represent a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has two items that qualify for reporting in this category. First is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The second item is related to OPEB and represents the change in the total OPEB liability not included in the OPEB expense.

N. Employee Benefits – Compensated Absences

Compensated absences consist of unpaid accumulated sick leave and vacation leave.

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

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination, or death.

Certain collectively bargained agreements require these payments to be paid in the form of non-elective contributions into the employee's §403(b) plan.

In the district-wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick leave, when employees have earned the right to the leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability is measured at the employee's pay rate at the reporting date, including salary-related payments, such as social security and Medicare taxes.

In the governmental funds financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

O. Other Benefits

Eligible District employees participate in the TRS or the ERS.

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

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

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting as set forth by GASB.

P. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is deferred special taxes, Suffolk County, which permits the District to collect monies in the current year to reduce taxes in the next year. The deferred amount is reported as revenue in that subsequent year. The second item is related to pensions reported in the Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in the collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total OPEB liability not included in OPEB expense.

Q. Equity Classifications

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 acquisition, construction, and improvements of those assets as well as capital related accounts payable.

Restricted – Reports net position when constraints placed on the assets or deferred outflows of resources 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.

Governmental Funds Statements

The governmental funds statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Workers' Compensation Reserve

Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits 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 next succeeding fiscal year's budget. The reserve is accounted for in the general fund.

Unemployment Insurance Reserve

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. The reserve is accounted for in the general fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the ERS and TRS. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. Contributions to the TRS sub-fund are limited to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The TRS sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r. These reserves are accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefits primarily based on unused and unpaid sick leave, personal leave, holiday leave, or vacation leave due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Capital Reserve

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve 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. These reserves are accounted for in the general fund and capital projects fund.

Repairs Reserve

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

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, including earnings and net of awards. These restricted funds are accounted for in the nonmajor funds (scholarships).

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

Unassigned – Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from the overspending of available resources. NYS Real Property Tax Law §1318, restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year's budget.

Fund Balance Classification

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

The Board shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

2. ADOPTION OF GASB STATEMENTS

For the year ended June 30, 2026, the District adopted the following GASB Statements, which had no impact on the financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements,* was issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

GASB Statement No. 104, *Disclosure of Certain Capital Assets,* requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale.

3. FUTURE ACCOUNTING STANDARDS

The GASB Statements are issued to set U.S. GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but the Statement that the District feels may have a future impact on these financial statements. The District will evaluate the impact of this pronouncement and implement it, as applicable, if material.

Effective for the Year Ending	**Statement**
June 30, 2027	GASB No. 105 – *Subsequent Events*

GASB Statement No. 105 was issued to improve financial reporting related to subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events, and by specifying the information items that are required to be disclosed about subsequent events.

4. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE DISTRICT-WIDE STATEMENTS AND THE GOVERNMENTAL FUNDS STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental funds statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, long-term assets and liabilities, and deferred inflows of resources.

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

Differences between the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities may fall into any of four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on the governmental funds statements and the gain or loss on the sale or disposition of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the acquisition of capital items in the governmental funds 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 the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the governmental funds statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

5. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

The District's administration prepares a proposed budget for approval by the Board for the general fund, the only fund with a legally adopted budget.

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. 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 can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. 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. The following supplemental appropriations occurred during the year:

Appropriation of unemployment reserve to fund expenditures	$ 14,679
Appropriations of workers' compensation reserve to fund expenditures	17,088
Appropriations for retirement contribution- ERS reserve to fund expenditures	135,122
	$ 166,889

Budgets are adopted annually on a basis consistent with U.S. GAAP, and are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

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 part of assigned fund balance, unless classified as restricted 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.

C. Unassigned Fund Balance

The District's general fund unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District is in the process of formulating a plan to reduce the unassigned fund balance to be within the permissible limit. This plan will address funding its reserves to a fiscally prudent level and the capital needs of the District.

D. Unrestricted Net Position Deficit

As of June 30, 2026, the governmental activities reported an unrestricted net position deficit of $4,797,015. This deficit is primarily the result of unfunded liabilities such as the District recognizing its proportionate share of the net pension liabilities and total OPEB liabilities on the statement of net position. The accumulated effect of these required recognitions, coupled with the limitations from the state on funding the OPEB liabilities on a "pay as you go" basis, has resulted in a negative unrestricted net position. The District remains committed to its employees and retirees by continuing to make all required contributions to the pension plans and including these amounts in its annual budget to cover its share of the costs of postemployment health insurance coverage.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The District's investment policies are governed by state statutes and District policy. 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 U.S. Treasury and U.S. 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 New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. 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 by securities held by the pledging financial institution, or
C. Collateralized by 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.

The District did not have any investments at year end or during the year. Consequently, the District was not exposed to any material interest rate risk or foreign currency risk.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2026, the District was billed $649,969 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $73,258. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

8. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2026, consisted of:

General Fund	
New York State - general aid	$ 2,930
New York State - excess cost aid	5,154
	$ 8,084

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2026, consisted of:

General Fund	
BOCES Aid	$ 73,258

District management expects these amounts to be fully collectible.

10. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2026, were as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	$	$ 1,561,578	$ 363,867	$
Capital Projects Fund	1,561,578			363,867
	$ 1,561,578	$ 1,561,578	$ 363,867	$ 363,867

The transfer to the general fund from the capital projects fund was for residual equity for a completed capital reserve project. This amount was returned to the general fund capital reserve as of June 30, 2026.

11. CAPITAL ASSETS

A. Changes

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

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026
Governmental activities				
Capital assets not being depreciated:				
Land	$ 91,500	$	$	$ 91,500
Construction work in progress	647,428	67,184		714,612
Total capital assets not being depreciated	738,928	67,184	-	806,112
Capital assets being depreciated:				
Buildings and improvements	3,937,899			3,937,899
Site improvements	458,688			458,688
Furniture and equipment	1,338,820	147,854	(92,820)	1,393,854
Total capital assets being depreciated	5,735,407	147,854	(92,820)	5,790,441
Less accumulated depreciation for:				
Buildings and improvements	1,460,214	113,095		1,573,309
Site improvements	306,732	20,539		327,271
Furniture and equipment	875,614	105,477	(63,181)	917,910
Total accumulated depreciation	2,642,560	239,111	(63,181)	2,818,490
Total capital assets being depreciated, net	3,092,847	(91,257)	(29,639)	2,971,951
Capital assets, net	$ 3,831,775	$ (24,073)	$ (29,639)	$ 3,778,063

Depreciation expense was charged to governmental functions, as follows:

General support	$ 13,148
Instruction	174,316
Pupil transportation	51,647
Total depreciation expense	$ 239,111

During the year ended June 30, 2026, the District disposed of some equipment that was not fully depreciated, and therefore recognized a loss on disposal of $29,639. This loss was charged to instructional expenditures.

B. Impairment Losses

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.

12. LONG-TERM LIABILITIES

A. Changes

Long-term liabilities balances and activities for the year are summarized below:

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026	Amounts Due Within One Year
Other Long-Term Liabilities:					
Compensated absences	$ 151,776	$	$ (1,088)	$ 150,688	$ 7,534
Workers' compensation liabilities	27,789	9,915	(6,703)	31,001	
Total OPEB liability	4,459,877	941,502	(255,417)	5,145,962	159,526
Net pension liability - proportionate share	297,141		(219,582)	77,559	
	$ 4,936,583	$ 951,417	$ (482,790)	$ 5,405,210	$ 167,060

The general fund has typically been used to liquidate long-term liabilities.

Additions and reductions to compensated absences are shown net since it is impractical to separately determine these amounts. The maturity of compensated absences is not determinable.

For total OPEB liability, see "Postemployment Healthcare Benefits" Note for additional information. For net pension liability – proportionate share, see "Pension Plans – New York State" Note for additional information.

13. PENSION PLANS - NEW YORK STATE

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, defined benefit, public employee retirement systems. The systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). 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 the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at

www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund ("the Fund"), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York ("the Comptroller") serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the 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. The 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.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Chapter 58 of the Laws of 2026 amended the New York State Tier 6 benefits structures by lowering employee contribution rates effective October 1, 2026, increasing pensionable overtime caps effective January 1, 2027, for ERS, and reducing the unreduced retirement age from 63 to 58 for TRS members with 30 years of service effective April 1, 2026.

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.11% of covered payroll for the TRS' fiscal year ended June 30, 2025. The District's average contribution rate was 16.37% of covered payroll for the ERS' fiscal year ended March 31, 2026.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2026 was $160,863 for TRS at the contribution rate of 9.59% and $135,122 for ERS at an average contribution rate of 16.07%.

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

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

	TRS	ERS
Measurement date	June 30, 2025	March 31, 2026
District's proportionate share of the net pension asset/(liability)	$ 571,152	$ (77,559)
District's portion of the Plan's net pension liability	0.009646%	0.0013747%
Change in proportion since the prior measurement date	0.000985	(0.0003583)

For the year ended June 30, 2026, the District recognized a pension expense (credit) of $(30,311) for the TRS and $138,318 for the ERS. At June 30, 2026, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	$ 299,411	$ 44,384	$	$
Changes of assumptions	226,101	13,313	6,158	
Net difference between projected and actual earnings on pension plan investments			446,068	139,068
Changes in proportion and differences between the District's contributions and proportionate share of contributions	39,304	110,287	53,079	32,919
District contributions subsequent to the measurement date	160,863	48,787		
Total	$ 725,679	$ 216,771	$ 505,305	$ 171,987

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

Year Ending June 30,	TRS	ERS
2027	$ 290,926	$ 65,688
2028	(117,893)	(24,451)
2029	(128,806)	(16,871)
2030	(34,433)	(28,369)
2031	41,128	
Thereafter	8,589	
	$ 59,511	$ (4,003)

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2025	March 31, 2026
Actuarial valuation date	June 30, 2024	April 1, 2025
Inflation	2.50%	2.90%
Salary increases	2.04 - 5.80%	5.20%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost of living adjustments	1.40%	1.50%

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 for June 30, 2025, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2020 – March 31, 2025 system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For TRS, 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. For full details, please refer to the Recommended Actuarial Assumptions 2025 Report, which can be found on the TRS' website located at www.nystrs.org.

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

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

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2025		March 31, 2026
Asset class				
Domestic equity	33.0%	6.70%	25.0%	3.29%
International equity	15.0%	7.40%	14.0%	5.85%
Global equity	4.0%	7.00%		
Real estate equity	11.0%	6.50%	12.0%	5.20%
Private equity	9.0%	9.80%	15.0%	7.00%
Alternatives investments			11.0%	5.10-5.54%
Domestic fixed income	16.0%	2.60%		
High-yield bonds	1.0%	4.70%		
Global bonds	2.0%	2.40%		
Fixed income			22.0%	1.75%
Private debt	2.0%	6.10%		
Real estate debt	6.0%	3.80%		
Cash equivalents	1.0%	0.60%		
Cash			1.0%	0.25%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.5% for TRS and 2.5% for ERS.

Discount Rate

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

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, 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 (5.95% for TRS and 4.90% for ERS) or 1 percentage point higher (7.95% for TRS and 6.90% for ERS) than the current rate:

TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
District's proportionate share of the net pension asset/(liability)	$ (1,097,475)	$ 571,152	$ 1,975,214

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset/(liability)	$ (529,707)	$ (77,559)	$ 300,457

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	(Dollars in Thousands)	
Measurement date	June 30, 2025	March 31, 2026
Employers' total pension liability	$ (148,272,069)	$ (253,773,040)
Plan fiduciary net position	154,193,125	248,131,290
Employers' net pension liability	$ 5,921,056	$ (5,641,750)
Ratio of plan fiduciary net position to the employers' total pension liability	103.99%	97.78%

Payables to the Pension Plan

For the TRS, employer and employee contributions for the fiscal year ended June 30, 2026, are paid to the system in September, October, and November 2026 through a state aid intercept. Accrued retirement contributions as of June 30, 2026, represent employer and employee contributions for the fiscal year ended June 30, 2026, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2026 amounted to $160,863 of employer contributions and $19,664 of employee contributions.

For the 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 covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to $48,787 of employer contributions. Employee contributions are remitted monthly.

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 did not make non-elective contributions to the plan. Contributions made by the employees for the year ended June 30, 2026, totaled $86,756.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2026 totaled $93,610.

15. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust.

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

Employees Covered by Benefit Terms – At July 1, 2025, the following employees were covered by the benefit terms:

Inactive employees, spouses, or beneficiaries currently receiving benefits	18
Active employees	25
	43

B. Total OPEB Liability

The District's total OPEB liability of $5,145,962 was measured as of June 30, 2026, and was determined by an actuarial valuation as of July 1, 2025.

Actuarial Assumptions and Other Inputs – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%	
Salary increases	3.50%	average, including inflation
Discount rate	4.63%	
Healthcare cost trend rates	7.50%	decreasing to an ultimate rate of 4.50% by 2032
Retirees' share of benefit-related costs	15.00%	of projected health insurance premiums for retirees

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

Mortality rates were based on the RPH-2014 Total Dataset Mortality table with Mortality improvements projected by scale MP-2021 on a generational basis.

The actuarial assumptions used in the July 1, 2025 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

Balance at June 30, 2025	$ 4,459,877
Changes for the year	
Service cost	236,023
Interest on total OPEB liability	243,257
Changes of benefit terms	
Differences between expected and actual experience	(75,058)
Changes in assumptions or other inputs	462,222
Benefit payments	(180,359)
	686,085
Balance at June 30, 2026	$ 5,145,962

Changes of assumptions and other inputs reflect a change in the discount rate from 5.20% in 2025 to 4.63% in 2026.

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 (3.63%) or 1 percentage point higher (5.63%) than the current discount rate:

OPEB	1% Decrease 3.63%	Discount Rate 4.63%	1% Increase 5.63%
Total OPEB liability	$ (5,784,544)	$ (5,145,962)	$ (4,611,429)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.50% - 3.50%) or 1 percentage point higher (8.50% - 5.50%) than the current healthcare cost trend rate:

OPEB	1% Decrease 6.50% decreasing 3.50%	Healthcare Cost Trend Rates 7.50% decreasing 4.50%	1% Increase 8.50% decreasing 5.50%
Total OPEB liability	$ (4,578,290)	$ (5,145,962)	$ (5,829,626)

D. 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 $(315,812). At June 30, 2026, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$ 607,515
Changes of assumptions or other inputs	347,527	432,833
	$ 347,527	$ 1,040,348

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expenses, as follows:

Year Ending June 30,	Amount
2027	$ (578,236)
2028	(213,539)
2029	96,070
2030	2,884
	$ (692,821)

16. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

B. Public Entity Risk Pool

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

The District participates in a risk pool, the East End Workers' Compensation Consortium (EEWCC), to insure workers' compensation claims. This public entity risk pool was created under Article 5 of Workers' Compensation Law, to evaluate, process, administer, and pay workers' compensation claims. The District retains the risk of loss.

The District pays an annual assessment to the pool for its workers' compensation claims coverage and related expenses. The EEWCC has obtained an excess compensation insurance policy to buffer the effect that a single large claim may have on the District's loss experience. The EEWCC established a non-discounted liability for both reported and unreported insured events, which includes estimates of both future payments or losses and related claim adjustment expenses. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported.

The District's liability for incurred but unpaid claims and incurred but not reported claims at June 30, 2026, as processed by the EEWCC, is $31,001. Claims activity is summarized, as follows:

	2025	2026
Claims at beginning of year	$ 23,867	$ 27,789
Incurred claims and claim adjustment expenses	8,810	9,915
Claim payments	(4,888)	(6,703)
Claims at year end	$ 27,789	$ 31,001

The EEWCC is holding $370,745 of cash on account for the District to satisfy these liabilities at June 30, 2026. In addition, the District has reserved $965,598 in the general fund for potential supplemental assessments due to catastrophic losses and future claims.

The EEWCC has issued financial statements for the year ended June 30, 2026. Copies of these statements can be obtained from the District's Business Office.

17. FUND BALANCE – GOVERNMENTAL FUNDS

A. Fund Balance

The following is a summary of fund balance classifications by fund:

	General	Capital Projects	Nonmajor	Total
Restricted:				
Workers' Compensation	$ 965,598	$	$	$ 965,598
Unemployment Insurance	41,409			41,409
Retirement Contribution:				
TRS	69,197			69,197
ERS	972,853			972,853
EBALR	208,831			208,831
Capital	2,168,940	1,515,015		3,683,955
Repairs	143,803			143,803
Scholarships			97,481	97,481
	4,570,631	1,515,015	97,481	6,183,127
Assigned:				
Appropriated Fund Balance	150,000			150,000
Unappropriated Fund Balance	18,300			18,300
	168,300	-	-	168,300
Unassigned: Fund balance	449,772			449,772
	$ 5,188,703	$ 1,515,015	$ 97,481	$ 6,801,199

B. Restricted for Capital Reserve

The following is a summary of the District's restricted capital reserves activity:

Date Created	May 2009	May 2014	May 2021	
Number of Years to Fund	10	10	10	
Maximum Funding	$ 2,000,000	$ 2,000,000	$ 2,000,000	
				Total
General Fund				
Funding Provided	$ 2,000,000	$ 2,000,000	$ 1,370,838	$ 5,370,838
Interest Earnings	72,465	129,239	104,526	306,230
Use of Reserve	(371,995)	(1,536,133)	(1,600,000)	(3,508,128)
Total General Fund	1,700,470	593,106	(124,636)	2,168,940
Capital Projects Fund				
Funding Provided	371,995	1,536,133	1,600,000	3,508,128
Use of Reserve	(371,995)	(1,512,137)	(108,981)	(1,993,113)
Total Capital Projects Fund	-	23,996	1,491,019	1,515,015
Balance as of June 30, 2026	$ 1,700,470	$ 617,102	$ 1,366,383	$ 3,683,955

18. FUND BALANCE APPROPRIATED FOR THE 2026-2027 BUDGET

Assigned – Appropriated Fund Balance

The amount of $150,000 has been appropriated to reduce taxes for the year ending June 30, 2027.

19. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as restricted or assigned fund balance. At June 30, 2026, the District encumbered the following amounts:

Restricted: Fund Balance	
Capital Projects Fund	
Capital projects	$ 1,491,018
Assigned: Unappropriated Fund Balance	
General Fund	
General support	18,300
	$ 1,509,318

B. Grants

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

C. Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. The District believes that the outcome of any matters will not have a material effect on these financial statements.

20. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 13, 2026, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Final Budget Variance with Actual
REVENUES					
Local Sources					
Real property taxes	$ 5,317,335	$ 4,690,781	$ (626,554)	$ 4,690,781	$ -
Other tax items	5,300	631,854	626,554	635,838	3,984
Charges for services	74,620	74,620		72,109	(2,511)
Use of money and property	125,830	125,830		233,619	107,789
Sale of property and compensation for loss	6,000	6,000			(6,000)
Miscellaneous				26,646	26,646
Total Local Sources	5,529,085	5,529,085	-	5,658,993	129,908
State Sources	419,040	419,040		417,721	(1,319)
Total Revenues	5,948,125	5,948,125	-	6,076,714	128,589
OTHER FINANCING SOURCES					
Operating transfers in				363,867	363,867
Total Revenues and Other Financing Sources	5,948,125	5,948,125		6,440,581	$ 492,456
APPROPRIATED FUND BALANCE					
Prior Years' Surplus	150,000	150,000	-		
Prior Year's Encumbrances	50,886	50,886	-		
Appropriated Reserves	-	166,889	166,889		
Total Appropriated Fund Balance	200,886	367,775	166,889		
Total Revenues, Other Financing Sources, and Appropriated Fund Balance	$ 6,149,011	$ 6,315,900	$ 166,889		

Note to Required Supplementary Information

Budget Basis of Accounting

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

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (Continued) (Unaudited)
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES						
General Support						
Board of education	$ 124,533	$ 115,679	$ (8,854)	$ 111,428	$	$ 4,251
Central administration	270,111	186,841	(83,270)	150,986		35,855
Finance	382,288	376,762	(5,526)	355,349	18,300	3,113
Staff	90,529	143,738	53,209	143,488		250
Central services	530,756	539,374	8,618	515,912		23,462
Special items	100,322	100,323	1	93,349		6,974
Total General Support	1,498,539	1,462,717	(35,822)	1,370,512	18,300	73,905
Instruction						
Administration & improvement	200,566	160,259	(40,307)	149,862		10,397
Teaching - regular school	1,167,013	1,190,228	23,215	1,137,189		53,039
Programs for students with disabilities	424,564	568,341	143,777	564,887		3,454
Teaching - special school	28,138	30,273	2,135	30,273		-
Instructional media	286,033	290,714	4,681	289,000		1,714
Pupil services	159,175	159,629	454	134,660		24,969
Total Instruction	2,265,489	2,399,444	133,955	2,305,871		93,573
Pupil Transportation	786,288	810,628	24,340	808,204		2,424
Community Services	45,500	45,423	(77)	39,294		6,129
Employee Benefits	1,553,195	1,597,688	44,493	1,379,061		218,627
Total Expenditures	$ 6,149,011	$ 6,315,900	$ 166,889	5,902,942	$ 18,300	$ 394,658
Net Change in Fund Balances				537,639		
Fund Balance - Beginning of Year				4,651,064		
Fund Balance - End of Year				$ 5,188,703		

Note to Required Supplementary Information

Budget Basis of Accounting

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

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparisons (Unaudited)
For the Year Ended June 30, 2026

Budgetary Basis of Accounting

The District's administration prepares a proposed budget for approval by the Board for the general fund, the only fund with a legally adopted budget.

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. 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 can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. 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.

Excess of Expenditures Over Appropriations

There were no overspent appropriation categories of the general fund budget for the year ended June 30, 2026.

General Fund Original Budget to Final Budget Highlights

Fund Balance

The following significant, additional fund balance amounts were appropriated during the year:

Restricted for unemployment	14,679
Restricted for workers' compensation	17,088
Restricted for retirement contribution - ERS	135,122

Revenues

The District did not have any budget to budget revenues changes.

Expenditures

The following is a brief summary of significant budget to budget expenditure changes:

Instruction - programs for students with disabilities: tuition and BOCES services were more than anticipated	143,777

General Fund Budget to Actual Highlights

Final Budget Compared to Actual Revenues

The following is a brief summary of actual revenue amounts that were greater than anticipated:

Use of money and property was more than anticipated due to higher interest earnings than anticipated.	107,789
Operating transfers in received a one-time transfer of unspent funds from the capital projects fund.	363,867

Final Budget Compared to Actual Expenditures

The following is a brief summary of actual expenditure amounts that were less than budgeted, excluding subsequent year encumbrances:

Employee benefits: workers compensation, unemployment and retirement contributions - ERS were less than budgeted due to the appropriation of reserve funds in the current year	218,627

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability) (Unaudited)
Last Ten Fiscal Years

Teachers' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Net pension asset/(liability)										
District's proportion	0.009646%	0.008661%	0.008205%	0.008486%	0.009751%	0.009530%	0.009359%	0.009306%	0.009388%	0.009322%
District's proportionate share	$ 571,152	$ 258,424	$ (93,830)	$ (162,828)	$ 1,689,694	$ (263,304)	$ 243,138	$ 168,277	$ 71,355	$ (99,846)
District's covered payroll	$ 1,894,013	$ 1,639,672	$ 1,515,370	$ 1,503,237	$ 1,654,997	$ 1,687,118	$ 1,562,110	$ 1,566,367	$ 1,485,302	$ 1,534,871
District's proportionate share as a percentage of its covered payroll	30.16%	15.76%	6.19%	10.83%	102.10%	15.61%	15.56%	10.74%	4.80%	6.51%
Plan fiduciary net position as a percentage of the total pension liability	103.99%	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%
Discount Rate	6.95%	6.95%	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%

Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Net pension asset/(liability)										
District's proportion	0.0013747%	0.0017330%	0.0017513%	0.0014058%	0.0013813%	0.0012601%	0.0013264%	0.0016389%	0.0019543%	0.0018868%
District's proportionate share	$ (77,559)	$ (297,141)	$ (257,856)	$ (301,462)	$ 112,914	$ (1,255)	$ (351,236)	$ (116,121)	$ (63,075)	$ (177,285)
District's covered payroll	$ 825,249	$ 861,276	$ 825,298	$ 793,019	$ 853,852	$ 861,545	$ 810,379	$ 783,222	$ 814,877	$ 875,687
District's proportionate share as a percentage of its covered payroll	9.40%	34.50%	31.24%	38.01%	13.22%	0.15%	43.34%	14.83%	7.74%	20.25%
Plan fiduciary net position as a percentage of the total pension liability	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%
Discount Rate	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Schedule of District Pension Contributions (Unaudited)
Last Ten Fiscal Years

Teachers' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 160,863	$ 191,485	$ 160,032	$ 155,932	$ 147,317	$ 157,721	$ 143,295	$ 165,896	$ 148,418	$ 174,077
Contributions in relation to the contractually required contribution	160,863	191,485	160,032	155,932	147,317	157,721	143,295	165,896	148,418	174,077
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,843,398	$ 1,894,013	$ 1,639,672	$ 1,515,370	$ 1,503,237	$ 1,654,997	$ 1,687,118	$ 1,562,110	$ 1,566,367	$ 1,485,302
Contributions as a percentage of covered payroll	9%	10%	10%	10%	10%	10%	8%	11%	9%	12%

Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 135,122	$ 126,459	$ 114,444	$ 101,127	$ 135,230	$ 119,527	$ 117,619	$ 119,354	$ 122,318	$ 100,648
Contributions in relation to the contractually required contribution	135,122	126,459	114,444	101,127	135,230	119,527	117,619	119,354	122,318	100,648
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 840,511	$ 795,411	$ 876,637	$ 855,783	$ 729,349	$ 837,916	$ 830,516	$ 798,391	$ 791,804	$ 844,409
Contributions as a percentage of covered payroll	16%	16%	13%	12%	19%	14%	14%	15%	15%	12%

See Paragraph on Required Supplementary Information Included in Auditor's Report

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios (Unaudited)
Last Nine Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability									
Service cost	$ 236,023	$ 305,430	$ 316,084	$ 270,200	$ 364,770	$ 386,296	$ 281,631	$ 275,525	$ 288,674
Interest on total OPEB liability	243,257	200,714	180,794	231,463	166,384	173,193	216,118	236,515	216,087
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(75,058)	-	(1,852,851)	-	(448,092)	-	(1,065,740)	-	-
Changes of assumptions or other inputs	462,222	(762,229)	(191,025)	(98,642)	(1,512,753)	61,646	1,650,258	354,415	(262,528)
Benefit payments	(180,359)	(170,045)	(128,175)	(218,397)	(173,175)	(183,438)	(151,838)	(180,528)	(127,149)
Net change in total OPEB liability	686,085	(426,130)	(1,675,173)	184,624	(1,602,866)	437,697	930,429	685,927	115,084
Total OPEB liability, beginning	4,459,877	4,886,007	6,561,180	6,376,556	7,979,422	7,541,725	6,611,296	5,925,369	5,810,285
Total OPEB liability, ending	$ 5,145,962	$ 4,459,877	$ 4,886,007	$ 6,561,180	$ 6,376,556	$ 7,979,422	$ 7,541,725	$ 6,611,296	$ 5,925,369
Covered employee payroll	$ 2,342,010	$ 2,228,783	$ 2,174,423	$ 1,648,317	$ 1,608,114	$ 2,209,397	$ 2,155,509	$ 2,360,501	$ 2,428,515
Total OPEB liability as a percentage of covered employee payroll	219.72%	200.10%	224.70%	398.05%	396.52%	361.16%	349.88%	280.08%	243.99%
Discount rate	4.63%	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%
Healthcare trend rates	7.50% to 4.50% by 2032	7.00% to 5.00% by 2027	7.00% to 5.00% by 2027	6.00% to 5.00% by 2025	6.50% to 5.00% by 2025	7.50% to 5.00% by 2025	7.50% to 5.00% by 2025	7.00% to 5.00% by 2021	7.00% to 5.00% by 2021

Note to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria as set forth by GASB to pay related benefits.

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2026

	Special Aid	Scholarships	Nonmajor Governmental Funds
ASSETS			
Cash			
Unrestricted	$	$	$ -
Restricted		97,481	97,481
Total Assets	$ -	$ 97,481	$ 97,481
LIABILITIES			
Payables	$	$	$ -
FUND BALANCES			
Restricted: Scholarships		97,481	97,481
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ -	$ 97,481	$ 97,481

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2026

	Special Aid	Scholarships	Nonmajor Governmental Funds
REVENUES			
Miscellaneous	$	$ 3,749	$ 3,749
State sources			-
Federal sources	10,397		10,397
Total Revenues	10,397	3,749	14,146
EXPENDITURES			
Instruction	10,397	6,148	16,545
Net Change in Fund Balances	-	(2,399)	(2,399)
Fund Balances - Beginning of Year	-	99,880	99,880
Fund Balances - End of Year	$ -	$ 97,481	$ 97,481

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2026

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		$ 6,098,125
Additions:		
Prior year's encumbrances		50,886
Original Budget		6,149,011
Budget revision		166,889
Final Budget		$ 6,315,900

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2026-2027 voter-approved expenditure budget		$ 6,210,129
Maximum allowed (4% of 2026-2027 budget)		$ 248,405
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 168,300	
Unassigned fund balance	449,772	
		$ 618,072
Less:		
Appropriated fund balance	150,000	
Encumbrances	18,300	
Total adjustments		168,300
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		$ 449,772
Actual Percentage		7.24%

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For the Year Ended June 30, 2026

			Expenditures				Methods of Financing				Fund
	Budget	Budget	Prior	Current		Unexpended	Proceeds of				Balance
	June 30, 2025	June 30, 2026	Years	Year	Total	Balance	Debt	State Aid	Local Sources	Total	June 30, 2026
PROJECT TITLE											
Capital Reserve											
HVAC Renovations	$ 1,900,000	$ 1,900,000	$ 1,512,137	$	$ 1,512,137	$ 387,863	$	$	$ 1,900,000	$ 1,900,000	$ 387,863
Construction Upgrades	1,600,000	1,600,000	41,797	67,184	108,981	1,491,019			1,600,000	1,600,000	1,491,019
	$ 3,500,000	$ 3,500,000	$ 1,553,934	$ 67,184	$ 1,621,118	$ 1,878,882	$ -	$ -	$ 3,500,000	$ 3,500,000	1,878,882
										Transfer out to General Fund	(363,867)
											$ 1,515,015

FIRE ISLAND UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2026

Capital assets, net	$ 3,778,063
Deduct:	
Capital related accounts payable	(47,041)
Net investment in capital assets	$ 3,731,022

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

Robert S. Abrams
(1926-2014)

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

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

To the Board of Education
Fire Island 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 the Fire Island Union Free School District (the "District"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 13, 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.

R.S. Abrams & Co., LLP
Islandia, New York
October 13, 2026