# FIRE ISLAND UNION FREE SCHOOL DISTRICT
# FINANCIAL STATEMENTS
# AND SUPPLEMENTARY INFORMATION
# WITH INDEPENDENT AUDITOR'S REPORT
# FOR THE YEAR ENDED
# JUNE 30, 2024

**FIRE ISLAND UNION FREE SCHOOL DISTRICT**
TABLE OF CONTENTS


| | Page |
|---|---|
| **Independent Auditor's Report** | |
| **Required Supplementary Information** | |
| Management's Discussion and Analysis (MD&A) | 4 |
| **Financial Statements:** | |
| Statement of Net Position | 16 |
| Statement of Activities | 17 |
| Balance Sheet – Governmental Funds | 18 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 19 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 20 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 21 |
| Notes to Financial Statements | 22 |
| **Required Supplementary Information Other than MD&A:** | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund | 46 |
| Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability) | 48 |
| Schedule of District Pension Contributions | 49 |
| Schedule of Changes in the District's Total OPEB Liability and Related Ratios | 50 |
| **Other Information:** | |
| Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund | 51 |
| Schedule of Project Expenditures and Financing Resources – Capital Projects Fund | 52 |
| Schedule of Net Investment in Capital Assets | 53 |
| **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*** | |

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# 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 and each major fund of the Fire Island Union Free School District (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the District, as of June 30, 2024, 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.

***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), the schedule of District's pension contributions, and schedule of changes in District's total other post-employment benefits liability and related ratios on pages 4 through 15 and 46 through 50, 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 are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 8, 2024, 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 8, 2024

The Fire Island Union Free School District's (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, 2024 in comparison with the year ended June 30, 2023, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

## 1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, increased by $620,349 or 19.81%, to a balance of $3,751,726. This was due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting.

- The District's expenses for the year, as reflected in the district-wide financial statements, totaled $5,110,286. Of this amount, $87,950 was offset by program charges for services, and operating grants and contributions. General revenues of $5,642,685 amount to 98.47% of total revenues, and were adequate to cover the balance of program expenses.

- The District's general fund fund balance, as reflected in the fund financial statements was $5,870,162 at June 30, 2024. This balance represents a $425,990 increase (7.82%) over the prior year due to an excess of revenues over expenditures, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:

  - Restricted fund balances increased by $516,596, due to funding of reserves and interest allocated to the reserves.

  - Assigned fund balance decreased $97,179, due to a decrease in encumbrances.

  - Unassigned fund balance increased $6,573 over the prior year.

- The District's 2024 property tax levy of $5,120,531 was the same as the 2023 tax levy and was within the calculated tax cap limit increase of 3.90%.

## 2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (MD&A), the financial statements, required supplementary information, and other information. The financial statements consist of district-wide financial statements, fund 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. Fund Financial Statements

The fund 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 fund 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 fund 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; each of which is considered to be a major fund and is presented separately in the fund financial statements.

## 3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### A. Net Position

The District's total net position increased by $620,349 between fiscal year 2024 and 2023. 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:

| | 2024 | 2023 | Increase (Decrease) | Percentage Change |
|---|---|---|---|---|
| **Assets** | | | | |
| Current and Other Assets | $ 7,821,202 | $ 7,970,159 | $ (148,957) | (1.87)% |
| Capital Assets, Net | 3,903,265 | 3,534,504 | 368,761 | 10.43 % |
| Total Assets | 11,724,467 | 11,504,663 | 219,804 | 1.91 % |
| **Deferred Outflows of Resources** | 1,073,722 | 1,560,697 | (486,975) | (31.20)% |
| **Liabilities** | | | | |
| Current and Other Liabilities | 521,314 | 668,253 | (146,939) | (21.99)% |
| Long-Term Liabilities | 217,129 | 182,938 | 34,191 | 18.69 % |
| Net Pension Liabilities - Proportionate Share | 351,686 | 464,290 | (112,604) | (24.25)% |
| Total OPEB Liability | 4,886,007 | 6,561,180 | (1,675,173) | (25.53)% |
| Total Liabilities | 5,976,136 | 7,876,661 | (1,900,525) | (24.13)% |
| **Deferred Inflows of Resources** | 3,070,327 | 2,057,322 | 1,013,005 | 49.24 % |
| **Net Position** | | | | |
| Net Investment in Capital Assets | 3,903,265 | 3,510,507 | 392,758 | 11.19 % |
| Restricted | 5,942,108 | 5,888,543 | 53,565 | 0.91 % |
| Unrestricted (deficit) | (6,093,647) | (6,267,673) | 174,026 | (2.78)% |
| Total Net Position | $ 3,751,726 | $ 3,131,377 | $ 620,349 | 19.81 % |

The decrease in current and other assets is due to a decrease in cash.

The increase in capital assets is due to capital assets additions in excess of depreciation expense and loss on disposal. The accompanying Notes to Financial Statements, Note 9 "Capital Assets" provides additional information.

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

The decrease in current and other liabilities is mainly due to a drop in amounts due to other governments.

The long-term liabilities increase is mostly the result of higher compensated absences payable.

Total OPEB liability decreased based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 14 "Postemployment Healthcare Benefits," provides additional information.

Net pension liabilities – proportionate share represents the District's share of the New York State Teachers' Retirement System's (TRS) and the New York State and Local Employees' Retirement System's (ERS) collective net pension liabilities, at the measurement date of the respective year. The decrease in net pension liabilities is primarily due to the net change in the market value of both the TRS' and ERS' pension plan assets being in excess of the net change in each plan's total pension liabilities at their current year measurement dates. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State" provides additional information.

Deferred inflows of resources consists of property taxes collected pursuant to the Suffolk County Tax Act (the amount raised did not change from the prior year), and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt. The accompanying Other Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's restricted reserves, which increased over the prior year, mainly due to transfers into and interest earned on the reserves.

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, 2024 and 2023 is as follows:

| | 2024 | 2023 | Increase (Decrease) | Percentage Change |
|---|---|---|---|---|
| **Revenues** | | | | |
| Program Revenues | | | | |
| Charges for Services | $ 51,629 | $ 35,074 | $ 16,555 | 47.20 % |
| Operating Grants & Contributions | 36,321 | 22,186 | 14,135 | 63.71 % |
| General Revenues | | | | |
| Property Taxes & STAR | 5,120,823 | 5,121,211 | (388) | (0.01)% |
| State Sources | 382,853 | 393,984 | (11,131) | (2.83)% |
| Other | 139,009 | 55,152 | 83,857 | 152.05 % |
| Total Revenues | 5,730,635 | 5,627,607 | 103,028 | 1.83 % |
| **Expenses** | | | | |
| General Support | 1,699,806 | 1,696,308 | 3,498 | 0.21 % |
| Instruction | 2,531,733 | 2,851,895 | (320,162) | (11.23)% |
| Pupil Transportation | 827,188 | 869,573 | (42,385) | (4.87)% |
| Community Services | 51,559 | 43,862 | 7,697 | 17.55 % |
| Total Expenses | 5,110,286 | 5,461,638 | (351,352) | (6.43)% |
| Change in Net Position | $ 620,349 | $ 165,969 | $ 454,380 | 273.77 % |

The District's net position increased by $620,349 and $165,969 for the years ended June 30, 2024 and 2023, respectively.

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

- Other revenues increased due to the District receiving more in interest earnings than it had in the prior year, offset by decreases in miscellaneous revenue and sale of property and compensation for loss.

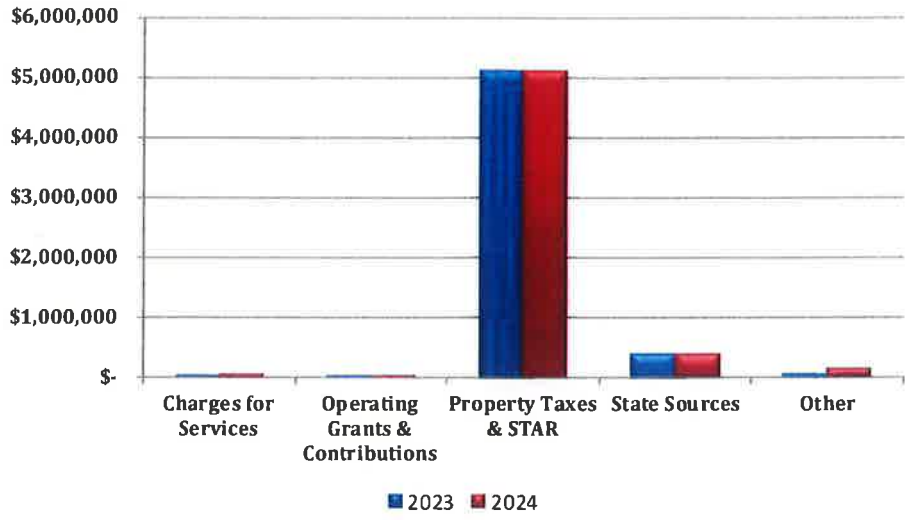
The District's expenses increased when compared to the prior year, primarily due to the following major changes:

- Instruction decreased based on a reduction in tuition paid to other districts, plus the impact of allocations of the net change in actuarially determined pension expenses for TRS, ERS, and OPEB.
- Pupil transportation decreased primarily due to a reduction in benefits and depreciation allocations, offset by increased transportation contract costs.

As indicated on the graphs that follow, property taxes and other tax items is the largest component of revenues recognized (i.e., 89.4% and 91.0% for the years 2024 and 2023, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 49.5% and 52.2% for the years 2024 and 2023, respectively).

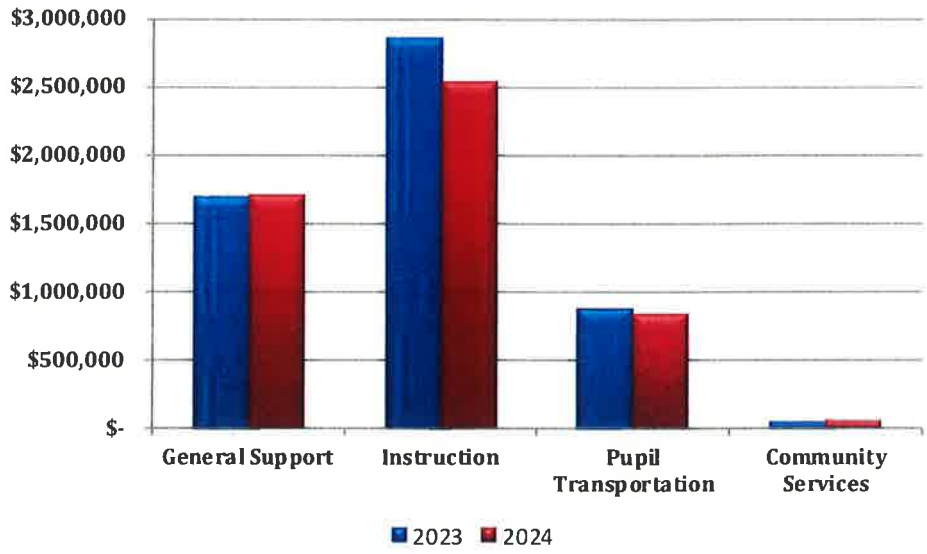
The charts demonstrate that the components of revenues are relatively consistent for both years.

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 |
|---|---|---|---|---|---|
| **2023** | 0.6% | 0.4% | 91.0% | 7.0% | 1.0% |
| **2024** | 0.9% | 0.6% | 89.4% | 6.7% | 2.4% |

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




| | General Support | Instruction | Pupil Transportation | Community Services |
|---|---|---|---|---|
| **2023** | 31.1% | 52.2% | 15.9% | 0.8% |
| **2024** | 33.3% | 49.5% | 16.2% | 1.0% |

## 4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2024, the District's governmental funds reported a combined fund balance of $6,353,982, which is a decrease of $37,041 from the prior year. This decrease is due to an excess of expenditures over revenues 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:

| | 2024 | 2023 | Increase (Decrease) | Percentage Change |
|---|---|---|---|---|
| **General Fund** | | | | |
| Restricted: | | | | |
| Workers' Compensation | $ 909,425 | $ 888,109 | $ 21,316 | 2.40 % |
| Unemployment Insurance | 51,906 | 50,689 | 1,217 | 2.40 % |
| Retirement Contribution: | | | | |
| Teachers' retirement system | 64,038 | 62,537 | 1,501 | 2.40 % |
| Employees' retirement system | 1,025,374 | 1,001,340 | 24,034 | 2.40 % |
| Employee Benefit Accrued Liability | 193,262 | 163,706 | 29,556 | 18.05 % |
| Capital | 3,081,200 | 2,645,348 | 435,852 | 16.48 % |
| Repairs | 133,083 | 129,963 | 3,120 | 2.40 % |
| Assigned: | | | | |
| Appropriated Fund Balance | 150,000 | 150,000 | - | 0.00 % |
| Unappropriated Fund Balance | 23,804 | 120,983 | (97,179) | (80.32)% |
| Unassigned: Fund balance | 238,070 | 231,497 | 6,573 | 2.84 % |
| | 5,870,162 | 5,444,172 | 425,990 | 7.82 % |
| **Capital Projects Fund** | | | | |
| Restricted: Capital | 387,863 | 860,730 | (472,867) | (54.94)% |
| **Scholarships Fund** | | | | |
| Restricted: Scholarships | 95,957 | 86,121 | 9,836 | 11.42 % |
| Total Fund Balance | $ 6,353,982 | $ 6,391,023 | $ (37,041) | (0.58)% |

### A. General Fund

The general fund – fund balance is a net increase of $425,990, compared to a net increase of $394,158 in 2023. This resulted from revenues in excess of expenditures.

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

| | 2024 | 2023 | Increase (Decrease) | Percentage Change |
|---|---|---|---|---|
| Real Property Taxes & Other Tax Items | $ 5,120,823 | $ 5,121,211 | $ (388) | (0.01)% |
| Other Local Sources | 190,638 | 90,226 | 100,412 | 111.29 % |
| State Sources | 382,853 | 393,984 | (11,131) | (2.83)% |
| | $ 5,694,314 | $ 5,605,421 | $ 88,893 | 1.59 % |

- Other local sources increased due to the District receiving more in interest earnings than it had in the prior year, offset by a decrease in miscellaneous revenue and sale of property and compensation for loss.

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

| | 2024 | 2023 | Increase (Decrease) | Percentage Change |
|---|---|---|---|---|
| General Support | $ 1,340,255 | $ 1,244,919 | $ 95,336 | 7.66 % |
| Instruction | 1,776,007 | 1,975,606 | (199,599) | (10.10)% |
| Pupil Transportation | 686,589 | 632,597 | 53,992 | 8.53 % |
| Community Services | 41,741 | 34,724 | 7,017 | 20.21 % |
| Employee Benefits | 1,423,732 | 1,323,417 | 100,315 | 7.58 % |
| | $ 5,268,324 | $ 5,211,263 | $ 57,061 | 1.09 % |

- General support increased primarily as a result of higher legal expenses, maintenance of plant contractual expenditures, and security equipment.

- Instruction decreased mainly within teaching, regular school due to a reduction in tuition paid to other districts.

- Employee benefits increased chiefly due to the growth in health insurance expenditures.

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

| | Balance @ June 30, 2023 | Use of Reserves | Interest | Funding | Balance @ June 30, 2024 |
|---|---|---|---|---|---|
| Workers' Compensation | $ 888,109 | $ | $ 21,316 | $ | $ 909,425 |
| Unemployment Insurance | 50,689 | | 1,217 | | 51,906 |
| Retirement Contribution: | | | | | |
| TRS | 62,537 | | 1,501 | | 64,038 |
| ERS | 1,001,340 | | 24,034 | | 1,025,374 |
| EBALR | 163,706 | | 3,929 | 25,627 | 193,262 |
| Capital | 2,645,348 | | 63,492 | 372,360 | 3,081,200 |
| Repairs | 129,963 | | 3,120 | | 133,083 |
| | $ 4,941,692 | $ | $ 118,609 | $ 397,987 | $ 5,458,288 |

Additional detail regarding capital reserves can be found in Note 16 "Restricted for Capital Reserve."

## B. Capital Projects Fund

The capital projects fund – fund balance net decrease is the result of expenditures related to ongoing capital improvement projects.

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

| | Balance @ June 30, 2023 | Use of Reserves | Funding | Balance @ June 30, 2024 |
|---|---|---|---|---|
| May 2014 | $ 860,730 | $ (472,867) | $ | $ 387,863 |

### C. Scholarships Fund

The scholarships fund – fund balance net increase is the result of scholarships donations exceeding scholarships awarded.

## 5. GENERAL FUND BUDGETARY HIGHLIGHTS

### A. 2023 - 2024 Budget

The District's general fund adopted budget for the year ended June 30, 2024, was $5,787,436. This amount was increased by encumbrances carried forward from the prior year in the amount of $120,983, for a total final budget of $5,908,419.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was $5,120,531 in estimated property taxes, STAR, and deferred special taxes from Suffolk County.

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

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 expenditures for the year compared to budget, follows:

| | |
|---|---|
| Opening, Unassigned Fund Balance | $ 231,497 |
| Revenues Over Budget | 56,878 |
| Expenditures and Encumbrances Under Budget | 616,291 |
| Allocation to Reserves | (516,596) |
| Appropriated to Fund the June 30, 2025 Budget | (150,000) |
| Closing, Unassigned Fund Balance | $ 238,070 |

Opening, Unassigned Fund Balance

The $231,497 shown in the table is the portion of the District's June 30, 2023 fund balance that was retained as unassigned fund balance.

Revenues Under Budget

The 2023-2024 final budget for revenues was $5,637,436. The actual revenues recognized for the year were $5,694,314. The excess of actual revenues over estimated or budgeted revenues, was $56,878, which contributes directly to the change to the unassigned portion of the general fund fund balance from June 30, 2023 to June 30, 2024. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2023-2024 final budget for expenditures was $5,908,419. Actual expenditures as of June 30, 2024, were $5,268,324 and outstanding encumbrances were $23,804. Combined, the expenditures plus encumbrances for 2023-2024 were $5,292,128, resulting in a budget variance of $616,291, which contributes directly to the change to the general fund unassigned fund balance. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. "General Fund" (summary of restricted fund balance activity) of this MD&A details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use $150,000 of the available June 30, 2024 unassigned fund balance to partially fund the 2024-2025 approved operating budget. As such, the June 30, 2024 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the unassigned fund balance at June 30, 2024 was $238,070. This amount equals 4.00% of the 2024-2025 budget and complies with the statutory limits established by §1318 of the Real Property Tax Law.

## 6. CAPITAL ASSETS AND OTHER LONG-TERM LIABILITIES

### A. Capital Assets

At June 30, 2024, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital assets additions of $614,659 in excess of depreciation expense of $245,898 for the year ended June 30, 2024. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2024 and 2023 is as follows:

| | 2024 | 2023 | Increase (Decrease) |
|---|---|---|---|
| Land | $ 91,500 | $ 91,500 | $ - |
| Construction in progress | 605,630 | 132,763 | 472,867 |
| Buildings and improvements | 2,591,114 | 2,704,543 | (113,429) |
| Site improvements | 172,495 | 193,034 | (20,539) |
| Furniture and equipment | 442,526 | 412,664 | 29,862 |
| Capital assets, net | $ 3,903,265 | $ 3,534,504 | $ 368,761 |

### 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, 2024 and 2023 is as follows:

| | 2024 | 2023 | Increase (Decrease) |
|---|---|---|---|
| Compensated absences payable | $ 193,262 | $ 152,369 | $ 40,893 |
| Workers' compensation | 23,867 | 30,569 | (6,702) |
| Total OPEB liability | 4,886,007 | 6,561,180 | (1,675,173) |
| Net pension liabilities - proportionate share | 351,686 | 464,290 | (112,604) |
| | $ 5,454,822 | $ 7,208,408 | $ (1,753,586) |

## 7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

### A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 21, 2024, for the year ending June 30, 2025, is $5,951,754. This is an increase of $164,318 of 2.84% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a $26,594 increase over the prior years estimate. The assigned, appropriated fund balance being applied to the June 30, 2025 budget remained the same as the previous year. A property tax increase of $137,724 (2.69%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations. In addition, the levy for 2024-2025 includes $630,000 as part of the Suffolk County tax act, which remained unchanged from the 2023-2024 levy.

### B. 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.

### C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2024-2025 is 4.04%. The District's 2024-2025 property tax increase of 2.69% was less than the tax cap and did not require an override vote.

## 8. CONTACTING THE DISTRICT

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

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, 2024

| | |
|---|---|
| **ASSETS** | |
| Cash | |
| Unrestricted | $ 1,498,353 |
| Restricted | 5,942,108 |
| Receivables | |
| Accounts receivable | 8,180 |
| Due from state and federal | 4,811 |
| Due from other governments | 51,844 |
| Other assets | 315,906 |
| Capital assets: | |
| Not being depreciated | 697,130 |
| Being depreciated, net of accumulated depreciation | 3,206,135 |
| Total Assets | 11,724,467 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Pensions | 1,068,248 |
| Other postemployment benefits | 5,474 |
| Total Deferred Outflows of Resources | 1,073,722 |
| **LIABILITIES** | |
| Payables | |
| Accounts payable | 86,694 |
| Accrued liabilities | 4,178 |
| Due to other governments | 213,540 |
| Due to teachers' retirement system | 172,784 |
| Due to employees' retirement system | 42,420 |
| Unearned credits - collections in advance | 1,698 |
| Long-term liabilities | |
| Due and payable within one year | |
| Total other postemployment benefits liability | 170,045 |
| Due and payable after one year | |
| Compensated absences payable | 193,262 |
| Workers' compensation liabilities | 23,867 |
| Total other postemployment benefits liability | 4,715,962 |
| Net pension liabilities - proportionate share | 351,686 |
| Total Liabilities | 5,976,136 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred special taxes, Suffolk County | 630,000 |
| Pensions | 188,997 |
| Other postemployment benefits | 2,251,330 |
| Total Deferred Inflows of Resources | 3,070,327 |
| **NET POSITION** | |
| Net investment in capital assets | 3,903,265 |
| Restricted | |
| Workers' compensation | 909,425 |
| Unemployment insurance | 51,906 |
| Retirement contribution | |
| Teachers' retirement system | 64,038 |
| Employees' retirement system | 1,025,374 |
| Employee benefit accrued liability | 193,262 |
| Capital | 3,469,063 |
| Repairs | 133,083 |
| Scholarships | 95,957 |
| | 5,942,108 |
| Unrestricted (Deficit) | (6,093,647) |
| Total Net Position | $ 3,751,726 |

See Notes to Financial Statements

**FIRE ISLAND UNION FREE SCHOOL DISTRICT**
**Statement of Activities**
For the Year Ended June 30, 2024

| | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants & Contributions | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|
| **FUNCTIONS/PROGRAMS** | | | | |
| General support | $ 1,699,806 | $ | $ | $ (1,699,806) |
| Instruction | 2,531,733 | 51,629 | 36,321 | (2,443,783) |
| Pupil transportation | 827,188 | | | (827,188) |
| Community services | 51,559 | | | (51,559) |
| Total Functions and Programs | $ 5,110,286 | $ 51,629 | $ 36,321 | (5,022,336) |
| **GENERAL REVENUES** | | | | |
| Real property taxes | | | | 4,485,631 |
| Other tax items | | | | 635,192 |
| Use of money and property | | | | 121,207 |
| Sale of property and compensation for loss | | | | 7,232 |
| Miscellaneous | | | | 10,570 |
| State sources | | | | 382,853 |
| Total General Revenues | | | | 5,642,685 |
| Change in Net Position | | | | 620,349 |
| Total Net Position - Beginning of Year | | | | 3,131,377 |
| Total Net Position - End of Year | | | | $ 3,751,726 |

**FIRE ISLAND UNION FREE SCHOOL DISTRICT**
**Balance Sheet - Governmental Funds**
June 30, 2024

| | General | Special Aid | Capital Projects | Scholarships | Total Governmental Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash | | | | | |
| Unrestricted | $ 1,498,353 | $ | $ | $ | $ 1,498,353 |
| Restricted | 5,836,233 | | 9,918 | 95,957 | 5,942,108 |
| Receivables | | | | | |
| Accounts receivable | 8,180 | | | | 8,180 |
| Due from other funds | | 1,249 | 377,945 | | 379,194 |
| Due from state and federal | 4,811 | | | | 4,811 |
| Due from other governments | 51,844 | | | | 51,844 |
| Total Assets | $ 7,399,421 | $ 1,249 | $ 387,863 | $ 95,957 | $ 7,884,490 |
| **LIABILITIES** | | | | | |
| Payables | | | | | |
| Accounts payable | $ 86,694 | $ | $ | $ | $ 86,694 |
| Accrued liabilities | 4,178 | | | | 4,178 |
| Due to other funds | 379,194 | | | | 379,194 |
| Due to other governments | 213,540 | | | | 213,540 |
| Due to teachers' retirement system | 172,784 | | | | 172,784 |
| Due to employees' retirement system | 42,420 | | | | 42,420 |
| Unearned credits - collections in advance | 449 | 1,249 | | | 1,698 |
| Total Liabilities | 899,259 | 1,249 | - | - | 900,508 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Deferred special taxes, Suffolk County | 630,000 | | | | 630,000 |
| **FUND BALANCES** | | | | | |
| Restricted: | | | | | |
| Workers' compensation | 909,425 | | | | 909,425 |
| Unemployment insurance | 51,906 | | | | 51,906 |
| Retirement contribution: | | | | | |
| Teachers' retirement system | 64,038 | | | | 64,038 |
| Employees' retirement system | 1,025,374 | | | | 1,025,374 |
| Employee benefit accrued liability | 193,262 | | | | 193,262 |
| Capital | 3,081,200 | | 387,863 | | 3,469,063 |
| Repairs | 133,083 | | | | 133,083 |
| Scholarships | | | | 95,957 | 95,957 |
| Assigned: | | | | | |
| Appropriated fund balance | 150,000 | | | | 150,000 |
| Unappropriated fund balance | 23,804 | | | | 23,804 |
| Unassigned: Fund balance | 238,070 | | | | 238,070 |
| Total Fund Balances | 5,870,162 | - | 387,863 | 95,957 | 6,353,982 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | $ 7,399,421 | $ 1,249 | $ 387,863 | $ 95,957 | $ 7,884,490 |

See Notes to Financial Statements

**FIRE ISLAND UNION FREE SCHOOL DISTRICT**
**Reconciliation of the Governmental Funds Balance Sheet**
**to the Statement of Net Position**
June 30, 2024

| | | |
|---|---|---|
| Total Governmental Fund Balances | | $ 6,353,982 |
| 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. | | 315,906 |
| 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 | $ 6,542,853 | |
| Less: Accumulated depreciation | (2,639,588) | |
| | | 3,903,265 |
| Proportionate share of long-term 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 | 1,068,248 | |
| Net pension liability - teachers' retirement system | (93,830) | |
| Net pension liability - employees' retirement system | (257,856) | |
| Deferred inflows of resources | (188,997) | |
| | | 527,565 |
| 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 | 5,474 | |
| Total other postemployment benefits liability | (4,886,007) | |
| Deferred inflows of resources | (2,251,330) | |
| | | (7,131,863) |
| 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 consist of: | | |
| Compensated absences payable | (193,262) | |
| Workers' compensation liabilities | (23,867) | |
| | | (217,129) |
| Total Net Position | | $ 3,751,726 |

**FIRE ISLAND UNION FREE SCHOOL DISTRICT**
**Statement of Revenues, Expenditures,**
**and Changes in Fund Balances - Governmental Funds**
For the Year Ended June 30, 2024

| | General | Special Aid | Capital Projects | Scholarships | Total Governmental Funds |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Real property taxes | $ 4,485,631 | $ | $ | $ | $ 4,485,631 |
| Other tax items | 635,192 | | | | 635,192 |
| Charges for services | 51,629 | | | | 51,629 |
| Use of money and property | 121,207 | | | | 121,207 |
| Sale of property and compensation for loss | 7,232 | | | | 7,232 |
| Miscellaneous | 10,570 | | | 16,806 | 27,376 |
| State sources | 382,853 | | | | 382,853 |
| Federal sources | | 19,515 | | | 19,515 |
| Total Revenues | 5,694,314 | 19,515 | - | 16,806 | 5,730,635 |
| **EXPENDITURES** | | | | | |
| General support | 1,340,255 | | | | 1,340,255 |
| Instruction | 1,776,007 | 19,515 | | 6,970 | 1,802,492 |
| Pupil transportation | 686,589 | | | | 686,589 |
| Community services | 41,741 | | | | 41,741 |
| Employee benefits | 1,423,732 | | | | 1,423,732 |
| Capital outlays | | | 472,867 | | 472,867 |
| Total Expenditures | 5,268,324 | 19,515 | 472,867 | 6,970 | 5,767,676 |
| Net Change in Fund Balances | 425,990 | - | (472,867) | 9,836 | (37,041) |
| Fund Balances - Beginning of year | 5,444,172 | - | 860,730 | 86,121 | 6,391,023 |
| Fund Balances - End of year | $ 5,870,162 | $ - | $ 387,863 | $ 95,957 | $ 6,353,982 |

**FIRE ISLAND UNION FREE SCHOOL DISTRICT**
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities**
For the Year Ended June 30, 2024

| | | |
|---|---|---|
| Net Change in Fund Balances | | $ (37,041) |
| 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. | $ 35,023 | |
| 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 compensated absences payable | (40,893) | |
| 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 workers' compensation liabilities | 6,702 | |
| | | 832 |
| 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 capital outlays and other additions exceeded depreciation expense and loss on disposal of assets in the period. | | |
| Capital outlays and other additions | 614,659 | |
| Depreciation expense | (245,898) | |
| | | 368,761 |
| 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 | (117,941) | |
| Employees' retirement system | (60,664) | |
| Other postemployment benefits | 466,402 | |
| | | 287,797 |
| Change in Net Position | | $ 620,349 |

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education (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 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 share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of 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 the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the 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 cost 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 minimize the double counting of interfund transactions. Governmental activities generally are 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 applicable.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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.

Fund Financial Statements

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

***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.

***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 governments that provide the funds or outside parties.

***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.

***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.

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 and payables activity is provided subsequently in these Notes to Financial Statements.

### H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of 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 liabilities, 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 three months or less from date of acquisition.

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

### J. Receivables

Receivable 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, 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, represents 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 OPEB expense.

**N. Collections in Advance**

Collections in advance arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when amounts are received in advance from employees for their share of health insurance premiums. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues/expenditure reductions are recognized in subsequent periods when the District has legal claim to the resources.

**O. 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.

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

In the fund financial statements, 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.

## P. 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 post-retirement 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 in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

## Q. Deferred Inflows of Resources

Deferred inflows of resources represents 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 expenses.

## R. 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, or improvements of those assets.

*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.

Fund Statements

The fund 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 fund. 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 fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term, and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. 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 fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. The reserve is accounted for in the general fund.

*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 scholarships fund.

*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. FUTURE ACCOUNTING STANDARDS

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

| **Effective for the Year Ending** | **Statement** |
|---|---|
| June 30, 2025 | GASB No. 101 – *Compensated Absences* |
| June 30, 2025 | GASB No. 102 – *Certain Risk Disclosures* |
| June 30, 2026 | GASB No. 103 – *Financial Reporting Model Improvements* |

GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending previously required disclosures.

GASB Statement No. 102 was issued to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103 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.

## 3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE DISTRICT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund 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, and 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 fund 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 fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because 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 fund 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.

## 4. 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. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP.

Budgets 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.

## 5. 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.

## 6. PARTICIPATION IN BOCES

During the year ended June 30, 2024, the District was billed $356,829 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $51,844. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

## 7. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2024, consists of:

| | |
|---|---|
| General Fund | |
| New York State - excess cost aid | $ 4,811 |

District management expects these amounts to be fully collectible.

## 8. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2024 consisted of:

| | |
|---|---|
| General Fund | |
| BOCES Aid | $ 51,844 |

District management expects these amounts to be fully collectible.

## 9. CAPITAL ASSETS

### A. Changes

Capital assets balances and activity for the year ended June 30, 2024 were as follows:

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 |
|---|---|---|---|---|
| Governmental activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 91,500 | $ | $ | $ 91,500 |
| Construction work in progress | 132,763 | 472,867 | | 605,630 |
| Total capital assets being depreciated | 224,263 | 472,867 | - | 697,130 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 3,937,899 | | | 3,937,899 |
| Site improvements | 458,688 | | | 458,688 |
| Furniture and equipment | 1,314,841 | 141,792 | (7,497) | 1,449,136 |
| Total capital assets being depreciated | 5,711,428 | 141,792 | (7,497) | 5,845,723 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 1,233,356 | 113,429 | | 1,346,785 |
| Site improvements | 265,654 | 20,539 | | 286,193 |
| Furniture and equipment | 902,177 | 111,930 | (7,497) | 1,006,610 |
| Total accumulated depreciation | 2,401,187 | 245,898 | (7,497) | 2,639,588 |
| Total capital assets being depreciated, net | 3,310,241 | (104,106) | - | 3,206,135 |
| Capital assets, net | $ 3,534,504 | $ 368,761 | $ - | $ 3,903,265 |

Depreciation expense was charged to governmental functions as follows:

| | | |
|---|---|---|
| General support | $ | 17,078 |
| Instruction | | 172,255 |
| Pupil transportation | | 56,565 |
| Total depreciation expense | $ | 245,898 |

### 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, 2024, the District has not recorded any such impairment losses.

## 10. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2024 are as follows:

| | Interfund | |
|---|---|---|
| | Receivable | Payable |
| General Fund | $ | $ 379,194 |
| Special Aid Fund | 1,249 | |
| Capital Projects Fund | 377,945 | |
| | $ 379,194 | $ 379,194 |

## 11. LONG-TERM LIABILITIES

### A. Changes

Long-term liability balances and activity, excluding pension liabilities, for the year are summarized below:

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Other Long-Term Liabilities: | | | | | |
| Compensated absences | $ 152,369 | $ 40,893 | $ | $ 193,262 | $ |
| Workers' compensation liabilities | 30,569 | | (6,702) | 23,867 | |
| Total OPEB liability | 6,561,180 | 496,878 | (2,172,051) | 4,886,007 | 170,045 |
| | $ 6,744,118 | $ 537,771 | $ (2,178,753) | $ 5,103,136 | $ 170,045 |

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, please see subsequent section titled "Postemployment Healthcare Benefits" for additional information.

## 12. 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 (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

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 10.29% of covered payroll for the TRS' fiscal year ended June 30, 2023. The District's average contribution rate was 12.92% of covered payroll for the ERS' fiscal year ended March 31, 2024.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2024 was $160,032 for TRS at the contribution rate of 9.76% and $114,444 for ERS at an average contribution rate of 13.05%.

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

At June 30, 2024, 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, 2023, for TRS and March 31, 2024 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, 2023 | March 31, 2024 |
| District's proportionate share of the net pension liability | $ (93,830) | $ (257,856) |
| District's portion of the Plan's net pension liability | 0.008205% | 0.0017513% |
| Change in proportion since the prior measurement date | (0.000281) | 0.0003455 |

For the year ended June 30, 2024, the District recognized a pension expense of $277,973 for the TRS and $175,108 for the ERS. At June 30, 2024, 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 | $ 227,512 | $ 83,055 | $ 562 | $ 7,031 |
| Changes of assumptions | 202,013 | 97,489 | 44,028 | |
| Net difference between projected and actual earnings on pension plan investments | 47,964 | | | 125,961 |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 68,575 | 139,188 | 9,921 | 1,494 |
| District contributions subsequent to the measurement date | 160,032 | 42,420 | | |
| Total | $ 706,096 | $ 362,152 | $ 54,511 | $ 134,486 |

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. 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 |
|---|---|---|
| 2025 | $ 50,326 | $ 7,877 |
| 2026 | (37,088) | 92,377 |
| 2027 | 389,177 | 98,539 |
| 2028 | 41,669 | (13,547) |
| 2029 | 31,838 | |
| Thereafter | 15,631 | |
| | $ 491,553 | $ 185,246 |

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, 2023 | March 31, 2024 |
| Actuarial valuation date | June 30, 2022 | April 1, 2023 |
| Inflation | 2.40% | 2.90% |
| Salary increases | 1.95-5.18% | 4.40% |
| Investment rate of return (net of investment expense, including inflation) | 6.95% | 5.90% |
| Cost of living adjustments | 1.30% | 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, 2023 and June 30, 2022, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021. The previous actuarial valuation as of April 1, 2020 used the same assumptions for the measurement of total pension liability.

For TRS, assumptions were computed by the TRS' Office of the Actuary and adopted by the TRS' Retirement Board in October 2021. The assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS' annual Actuarial Valuation Report. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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.

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, 2023 | | March 31, 2024 |
| Asset class | | | | |
| Domestic equity | 33.0% | 6.80% | 32.0% | 4.00% |
| International equity | 15.0% | 7.60% | 15.0% | 6.65% |
| Global equity | 4.0% | 7.20% | | |
| Real estate equity | 11.0% | 6.30% | 9.0% | 4.60% |
| Private equity | 9.0% | 10.10% | 10.0% | 7.25% |
| Alternatives investments | | | 10.0% | 5.25-5.79% |
| Domestic fixed income | 16.0% | 2.20% | | |
| Global bonds | 2.0% | 1.60% | | |
| High-yield bonds | 1.0% | 4.40% | | |
| Fixed income | | | 23.0% | 1.50% |
| Private debt | 2.0% | 6.00% | | |
| Real estate debt | 6.0% | 3.20% | | |
| Cash equivalents | 1.0% | 0.30% | | |
| Cash | | | 1.0% | 0.25% |
| | 100.0% | | 100.0% | |

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 assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon 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) | $ (1,429,075) | $ (93,830) | $ 1,029,169 |

| ERS | 1% Decrease 4.90% | Current Assumption 5.90% | 1% Increase 6.90% |
|---|---|---|---|
| District's proportionate share of the net pension asset/(liability) | $ (810,724) | $ (257,856) | $ 203,905 |

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, 2023 | March 31, 2024 |
| Employers' total pension liability | $ (138,365,122) | $ (240,696,851) |
| Plan fiduciary net position | 137,221,537 | 225,972,801 |
| Employers' net pension liability | $ (1,143,585) | $ (14,724,050) |
| Ratio of plan fiduciary net position to the employers' total pension liability | 99.17% | 93.88% |

Payables to the Pension Plan

For the TRS, employer and employee contributions for the fiscal year ended June 30, 2024, are paid to the system in September, October, and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024, represent employer and employee contributions for the fiscal year ended June 30, 2024, 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, 2024 amounted to $160,032 of employer contributions and $12,752 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, 2024, represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to $42,420 of employer contributions. Employee contributions are remitted monthly.

## 13. 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, 2024, totaled $71,389.

### 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, 2024 totaled $81,447.

## 14. 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 Empire 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 that meets the criteria in paragraph 4 of GASB Statement No. 75.

*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, 2023, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees, spouses, or beneficiaries currently receiving benefits | 17 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active employees | 23 |
| | 40 |

### B. Total OPEB Liability

The District's total OPEB liability of $4,886,007 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

*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 | 3.93% | |
| Healthcare cost trend rates | 6.50% | decreasing to an ultimate rate of 5.00% by 2027 |
| 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 June 30, 2024 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, 2023 | $ 6,561,180 |
| Changes for the year | |
| Service cost | 316,084 |
| Interest on total OPEB liability | 180,794 |
| Changes of benefit terms | |
| Differences between expected and actual experience | (1,852,851) |
| Changes in assumptions or other inputs | (191,025) |
| Benefit payments | (128,175) |
| | (1,675,173) |
| Balance at June 30, 2024 | $ 4,886,007 |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024.

*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 (2.93%) or 1 percentage point higher (4.93%) than the current discount rate:

| OPEB | 1% Decrease 2.93% | Discount Rate 3.93% | 1% Increase 4.93% |
|---|---|---|---|
| Total OPEB liability | $ (5,591,316) | $ (4,886,007) | $ (4,307,244) |

*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 (6.00% - 4.00%) or 1 percentage point higher (8.00% - 6.00%) than the current healthcare cost trend rate:

| OPEB | 1% Decrease 5.50% decreasing 4.00% | Healthcare Cost Trend Rates 6.50% decreasing 5.00% | 1% Increase 7.50% decreasing 6.00% |
|---|---|---|---|
| Total OPEB liability | $ (4,250,766) | $ (4,886,007) | $ (5,674,401) |

## D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of ($338,227). At June 30, 2024, 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 | $ | $ 1,564,254 |
| Changes of assumptions or other inputs | 5,474 | 687,076 |
| | $ 5,474 | $ 2,251,330 |

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 |
|---|---|
| 2025 | $ (939,056) |
| 2026 | (697,210) |
| 2027 | (480,354) |
| 2028 | (129,236) |
| | $ (2,245,856) |

## 15. 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, 2024, as processed by the EEWCC, is $23,867. Claims activity is summarized as follows:

| | 2023 | 2024 |
|---|---|---|
| Claims at beginning of year | $ 117,957 | $ 30,569 |
| Incurred claims and claim adjustment expenses | (60,156) | (1,127) |
| Claim payments | (27,232) | (5,575) |
| Claims at year end | $ 30,569 | $ 23,867 |

The EEWCC is holding $315,906 of cash on account for the District to satisfy these liabilities at June 30, 2024. In addition, the District has reserved $909,425 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, 2024. Copies of these statements can be obtained from the District's Business Office.

## 16. RESTRICTED FOR CAPITAL RESERVE

The following is a summary of the District's restricted capital reserve 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 | $ 1,236,783 | $ 5,236,783 |
| Interest Earnings | 72,465 | 23,105 | 20,842 | 116,412 |
| Use of Reserve | (371,995) | (1,900,000) | | (2,271,995) |
| Total General Fund | 1,700,470 | 123,105 | 1,257,625 | 3,081,200 |
| **Capital Projects Fund** | | | | |
| Funding Provided | 371,995 | 1,900,000 | | 2,271,995 |
| Use of Reserve | (371,995) | (1,512,137) | | (1,884,132) |
| Total Capital Projects Fund | - | 387,863 | - | 387,863 |
| Balance as of June 30, 2024 | $ 1,700,470 | $ 510,968 | $ 1,257,625 | $ 3,469,063 |

## 17. ASSIGNED APPROPRIATED FUND BALANCE

The amount of $150,000 has been appropriated to reduce taxes for the year ending June 30, 2025.

## 18. COMMITMENTS AND CONTINGENCIES

### A. Encumbrances

All encumbrances are classified as assigned fund balance. At June 30, 2024, the District encumbered the following amounts:

| | |
|---|---|
| Assigned: Unappropriated Fund Balance | |
| General Fund | |
| General support | $ 23,627 |
| Instruction | 40 |
| Community services | 137 |
| | $ 23,804 |

### 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.

## 19. SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date of the auditor's report, 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**
For the Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual | Final Budget Variance with Actual |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Local Sources | | | | |
| Real property taxes | $ 5,120,531 | $ 5,120,531 | $ 4,485,631 | $ (634,900) |
| Other tax items | 7,500 | 7,500 | 635,192 | 627,692 |
| Charges for services | 56,609 | 56,609 | 51,629 | (4,980) |
| Use of money and property | 4,000 | 4,000 | 121,207 | 117,207 |
| Sale of property and compensation for loss | 13,000 | 13,000 | 7,232 | (5,768) |
| Miscellaneous | 6,809 | 6,809 | 10,570 | 3,761 |
| Total Local Sources | 5,208,449 | 5,208,449 | 5,311,461 | 103,012 |
| State Sources | 428,987 | 428,987 | 382,853 | (46,134) |
| Total Revenues | 5,637,436 | 5,637,436 | 5,694,314 | $ 56,878 |
| **APPROPRIATED FUND BALANCE** | | | | |
| Prior Years' Surplus | 150,000 | 150,000 | | |
| Prior Year's Encumbrances | 120,983 | 120,983 | | |
| Total Appropriated Fund Balance | 270,983 | 270,983 | | |
| Total Revenues and Appropriated Fund Balance | $ 5,908,419 | $ 5,908,419 | | |

**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)**
For the Year Ended June 30, 2024

| | Original Budget | Final Budget | Actual | Year End Encumbrances | Final Budget Variance with Actual & Encumbrances |
|---|---|---|---|---|---|
| **EXPENDITURES** | | | | | |
| General Support | | | | | |
| Board of education | $ 108,573 | $ 108,852 | $ 104,568 | | $ 4,284 |
| Central administration | 255,180 | 255,818 | 254,949 | | 869 |
| Finance | 322,993 | 323,257 | 293,191 | 21,560 | 8,506 |
| Staff | 95,423 | 98,187 | 80,478 | | 17,709 |
| Central services | 705,004 | 607,482 | 517,444 | 2,067 | 87,971 |
| Special items | 94,852 | 94,852 | 89,625 | | 5,227 |
| Total General Support | 1,582,025 | 1,488,448 | 1,340,255 | 23,627 | 124,566 |
| Instruction | | | | | |
| Administration & improvement | 173,110 | 173,430 | 160,297 | | 13,133 |
| Teaching - regular school | 1,045,281 | 1,086,889 | 949,293 | | 137,596 |
| Programs for students with disabilities | 300,842 | 338,669 | 249,079 | | 89,590 |
| Teaching - special school | 30,000 | 30,000 | 28,697 | | 1,303 |
| Instructional media | 303,812 | 305,561 | 276,230 | 40 | 29,291 |
| Pupil services | 136,141 | 144,528 | 112,411 | | 32,117 |
| Total Instruction | 1,989,186 | 2,079,077 | 1,776,007 | 40 | 303,030 |
| Pupil Transportation | 649,645 | 692,752 | 686,589 | | 6,163 |
| Community Services | 46,898 | 46,898 | 41,741 | 137 | 5,020 |
| Employee Benefits | 1,640,665 | 1,601,244 | 1,423,732 | | 177,512 |
| Total Expenditures | $ 5,908,419 | $ 5,908,419 | 5,268,324 | $ 23,804 | $ 616,291 |
| Net Change in Fund Balances | | | 425,990 | | |
| Fund Balance - Beginning of Year | | | 5,444,172 | | |
| Fund Balance - End of Year | | | $ 5,870,162 | | |

**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 the District's Proportionate Share of the Net Pension Asset/(Liability)**
Last Ten Fiscal Years

***Teachers' Retirement System***

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| District's proportion of the net pension asset/(liability) | 0.008205% | 0.008486% | 0.009751% | 0.009530% | 0.009359% | 0.009306% | 0.009388% | 0.009322% | 0.009356% | 0.009417% |
| District's proportionate share of the net pension asset/(liability) | $ (93,830) | $ (162,828) | $ 1,689,694 | $ (263,304) | $ 243,138 | $ 168,277 | $ 71,355 | $ (99,846) | $ 971,763 | $ 1,048,940 |
| District's covered payroll | $ 1,515,370 | $ 1,503,237 | $ 1,654,997 | $ 1,687,118 | $ 1,562,110 | $ 1,566,367 | $ 1,485,302 | $ 1,534,871 | $ 1,459,839 | $ 1,431,795 |
| District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll | 6.19% | 10.83% | 102.10% | 15.61% | 15.56% | 10.74% | 4.80% | 6.51% | 66.57% | 73.26% |
| Plan fiduciary net position as a percentage of the total pension liability | 99.17% | 98.57% | 113.25% | 97.76% | 102.17% | 101.53% | 100.66% | 99.01% | 110.46% | 111.48% |
| Discount rate | 6.95% | 6.95% | 6.95% | 7.10% | 7.10% | 7.25% | 7.25% | 7.50% | 8.00% | 8.00% |

***Employees' Retirement System***

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| District's proportion of the net pension asset/(liability) | 0.0017513% | 0.0014058% | 0.0013813% | 0.0012601% | 0.0013264% | 0.0016389% | 0.0019543% | 0.0018868% | 0.0020282% | 0.0018778% |
| District's proportionate share of the net pension asset/(liability) | $ (257,856) | $ (301,462) | $ 112,914 | $ (1,255) | $ (351,236) | $ (116,121) | $ (63,075) | $ (177,285) | $ (325,530) | $ (63,437) |
| District's covered payroll | $ 825,298 | $ 793,019 | $ 853,852 | $ 861,545 | $ 810,379 | $ 783,222 | $ 814,877 | $ 875,687 | $ 785,278 | $ 800,259 |
| District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll | 31.24% | 38.01% | 13.22% | 0.15% | 43.34% | 14.83% | 7.74% | 20.25% | 41.45% | 7.93% |
| Plan fiduciary net position as a percentage of the total pension liability | 93.88% | 90.78% | 103.65% | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.68% | 97.95% |
| Discount rate | 5.90% | 5.90% | 5.90% | 5.90% | 6.80% | 7.00% | 7.00% | 7.00% | 7.00% | 7.50% |

**FIRE ISLAND UNION FREE SCHOOL DISTRICT**
**Schedule of District Pension Contributions**
Last Ten Fiscal Years

***Teachers' Retirement System***

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 160,032 | $ 155,932 | $ 147,317 | $ 157,721 | $ 143,295 | $ 165,896 | $ 148,418 | $ 174,077 | $ 190,749 | $ 248,923 |
| Contributions in relation to the contractually required contribution | 160,032 | 155,932 | 147,317 | 157,721 | 143,295 | 165,896 | 148,418 | 174,077 | 190,749 | 248,923 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 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 | $ 1,459,839 |
| Contributions as a percentage of covered payroll | 10% | 10% | 10% | 10% | 8% | 11% | 9% | 12% | 12% | 17% |

***Employees' Retirement System***

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 114,444 | $ 101,127 | $ 135,230 | $ 119,527 | $ 117,619 | $ 119,354 | $ 122,318 | $ 100,648 | $ 132,569 | $ 138,814 |
| Contributions in relation to the contractually required contribution | 114,444 | 101,127 | 135,230 | 119,527 | 117,619 | 119,354 | 122,318 | 100,648 | 132,569 | 138,814 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 876,637 | $ 855,783 | $ 729,349 | $ 837,916 | $ 830,516 | $ 798,391 | $ 791,804 | $ 844,409 | $ 854,582 | $ 824,971 |
| Contributions as a percentage of covered payroll | 13% | 12% | 19% | 14% | 14% | 15% | 15% | 12% | 16% | 17% |

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**
Last Seven Fiscal Years

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| Total OPEB liability | | | | | | | |
| Service cost | $ 316,084 | $ 270,200 | $ 364,770 | $ 386,296 | $ 281,631 | $ 275,525 | $ 288,674 |
| Interest on total OPEB liability | 180,794 | 231,463 | 166,384 | 173,193 | 216,118 | 236,515 | 216,087 |
| Changes in benefit terms | - | - | - | - | - | - | - |
| Differences between expected and actual experience | (1,852,851) | - | (448,092) | - | (1,065,740) | - | - |
| Changes of assumptions or other inputs | (191,025) | (98,642) | (1,512,753) | 61,646 | 1,650,258 | 354,415 | (262,528) |
| Benefit payments | (128,175) | (218,397) | (173,175) | (183,438) | (151,838) | (180,528) | (127,149) |
| Net change in total OPEB liability | (1,675,173) | 184,624 | (1,602,866) | 437,697 | 930,429 | 685,927 | 115,084 |
| Total OPEB liability, beginning | 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 | $ 4,886,007 | $ 6,561,180 | $ 6,376,556 | $ 7,979,422 | $ 7,541,725 | $ 6,611,296 | $ 5,925,369 |
| Covered employee payroll | $ 2,174,423 | $ 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 | 224.70% | 398.05% | 396.52% | 361.16% | 349.88% | 280.08% | 243.99% |
| Discount rate | 3.93% | 3.65% | 3.54% | 2.16% | 2.21% | 3.50% | 3.87% |
| Healthcare trend rates | 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 |

*An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.*

**Note to Required Supplementary Information**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

**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, 2024

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

| | |
|---|---|
| Adopted Budget | $ 5,787,436 |
| Additions: | |
| Prior year's encumbrances | 120,983 |
| Original Budget | 5,908,419 |
| Budget revision | - |
| Final Budget | $ 5,908,419 |

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

| | | |
|---|---|---|
| 2024-2025 voter-approved expenditure budget | | $ 5,951,754 |
| Maximum allowed (4% of 2024-2025 budget) | | $ 238,070 |
| General Fund Fund Balance Subject to § 1318 of Real Property Tax Law: | | |
| Unrestricted fund balance: | | |
| Assigned fund balance | $ 173,804 | |
| Unassigned fund balance | 238,070 | |
| | | $ 411,874 |
| Less: | | |
| Appropriated fund balance | 150,000 | |
| Encumbrances | 23,804 | |
| Total adjustments | | 173,804 |
| General Fund Fund Balance Subject to § 1318 of Real Property Tax Law: | | $ 238,070 |
| Actual Percentage | | 4.00% |

**FIRE ISLAND UNION FREE SCHOOL DISTRICT**
**Schedule of Project Expenditures and Funding Resources - Capital Projects Fund**
For the Year Ended June 30, 2024

| PROJECT TITLE | Budget June 30, 2023 | Budget June 30, 2024 | Expenditures: Prior Years | Expenditures: Current Year | Expenditures: Total | Unexpended Balance | Methods of Financing: Proceeds of Debt | Methods of Financing: State Aid | Methods of Financing: Local Sources | Methods of Financing: Total | Fund Balance June 30, 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital Reserve | | | | | | | | | | | |
| HVAC Renovations | $ 1,900,000 | $ 1,900,000 | $ 1,039,270 | $ 472,867 | $ 1,512,137 | $ 387,863 | $ - | $ - | $ 1,900,000 | $ 1,900,000 | $ 387,863 |

See Paragraph on Other Information Included in Auditor's Report

**FIRE ISLAND UNION FREE SCHOOL DISTRICT**
**Schedule of Net Investment in Capital Assets**
June 30, 2024

| | |
|---|---|
| Capital assets, net | $ 3,903,265 |
| Net investment in capital assets | $ 3,903,265 |

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

# 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 and each major fund of the Fire Island Union Free School District (the "District"), as of and for the year ended June 30, 2024, 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 8, 2024.

**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 entity'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 8, 2024