

**PRELIMINARY OFFICIAL STATEMENT**

**NEW ISSUE**

**BOND ANTICIPATION NOTES**

*In the opinion of Harris Beach PLLC, Bond Counsel to the District, under existing statutes, regulations, administrative rulings, and court decisions, and assuming continuing compliance by the School District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), and the accuracy of certain representations made by the School District, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes and is not an "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals. However, interest on the Notes held by certain corporations that are subject to the Federal corporate alternative minimum tax is included in the computation of "adjusted financial statement income" for purposes of the Federal alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that under existing statutes interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). No opinion is expressed regarding other Federal or State tax consequences arising with respect to the Notes. See "TAX MATTERS" herein.*

*The Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.*

**\$7,000,000**

**FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
SUFFOLK COUNTY, NEW YORK**

**GENERAL OBLIGATIONS**

**\$7,000,000 Bond Anticipation Notes, 2024**

**(the "Notes")**

**Dated: August 22, 2024**

**Due: August 22, 2025**

The Notes are general obligations of the Fishers Island Union Free School District, Suffolk County, New York (the "District" or "School District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "TAX LEVY LIMITATION LAW", herein.

The Notes are not subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued as registered book-entry form notes or in registered certificated form, registered in the name of the purchaser. If such Notes are issued as registered in certificated form, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser with a single note certificate being issued for those Notes bearing interest at the same rate in the aggregate principal amount awarded to such purchaser at such interest rate.

Alternatively, if the Notes are issued in registered book-entry form, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased. Individual purchases will be issued in book-entry-only form, in denominations of \$5,000 or integral multiples thereof as may be determined by such successful bidder(s). Payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Harris Beach PLLC, New York, New York, Bond Counsel to the School District. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon on or about August 22, 2024.

**ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com) on August 6, 2024 by no later than 11:00 A.M., Eastern Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.**

July 29, 2024

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN EVENTS IN ACCORDANCE WITH THE RULE. SEE "APPENDIX-C, UNDERTAKING TO PROVIDE NOTICES OF CERTAIN EVENTS" HEREIN.

# FISHERS ISLAND UNION FREE SCHOOL DISTRICT SUFFOLK COUNTY, NEW YORK

## DISTRICT OFFICIALS

### 2024-2025 BOARD OF EDUCATION

WILLIAM BLOETHE

President



CATHERINE EDWARDS

Vice President

BETH CASHEL  
MATT EDWARDS  
AMY HARRIS

\* \* \* \* \*

### ADMINISTRATION

CHRISTIAN ARSENAULT

Superintendent of Schools

JIM EAGAN

School Business Manager

DANIELLE ETES

Office Assistant

HONEYWELL LAW FIRM PLLC

General Counsel



HARRIS BEACH PLLC

Bond Counsel



FISCAL ADVISORS & MARKETING, INC.

School District Municipal Advisor

No person has been authorized by the Fishers Island Union Free School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Fishers Island Union Free School District.

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
<b>NATURE OF OBLIGATION .....</b>	<b>1</b>	<b>STATUS OF INDEBTEDNESS (cont.) .....</b>	<b>22</b>
<b>THE NOTES .....</b>	<b>2</b>	Capital Project Plans .....	22
Description of the Notes .....	2	Cash Flow Borrowings .....	22
No Optional Redemption .....	3	Estimated Overlapping Indebtedness .....	22
Purposes of Issue .....	3	Debt Ratios .....	22
<b>BOOK-ENTRY-ONLY SYSTEM .....</b>	<b>3</b>	<b>SPECIAL PROVISIONS AFFECTING</b>	
Certificated Notes .....	4	<b>REMEDIES UPON DEFAULT .....</b>	<b>23</b>
<b>THE SCHOOL DISTRICT .....</b>	<b>5</b>	<b>MARKET AND RISK FACTORS .....</b>	<b>24</b>
General Information .....	5	<b>TAX MATTERS .....</b>	<b>25</b>
Population .....	5	<b>LEGAL MATTERS .....</b>	<b>25</b>
Five Largest Employers .....	5	<b>LITIGATION .....</b>	<b>26</b>
Selected Wealth and Income Indicators .....	5	<b>CONTINUING DISCLOSURE .....</b>	<b>26</b>
Unemployment Rate Statistics .....	6	Historical Compliance .....	26
Form of School Government .....	6	<b>MUNICIPAL ADVISOR .....</b>	<b>27</b>
Budgetary Procedures and Recent Budget Votes .....	6	<b>CUSIP IDENTIFICATION NUMBERS .....</b>	<b>27</b>
Investment Policy .....	7	<b>RATING .....</b>	<b>27</b>
State Aid .....	7	<b>MISCELLANEOUS .....</b>	<b>27</b>
State Aid Revenues .....	11	<b>APPENDIX - A</b>	
School Facilities .....	11	<b>GENERAL FUND - Balance Sheets</b>	
Enrollment Trends .....	11	<b>APPENDIX - A1</b>	
Employees .....	11	<b>GENERAL FUND – Revenues, Expenditures and</b>	
Status and Financing of Employee Pension Benefits .....	12	<b>Changes in Fund Balance</b>	
Other Post-Employment Benefits .....	13	<b>APPENDIX - A2</b>	
Other Information .....	14	<b>GENERAL FUND – Revenues, Expenditures and</b>	
Financial Statements .....	15	<b>Changes in Fund Balance - Budget and Actual</b>	
New York State Comptroller Report of Examination .....	15	<b>APPENDIX - B</b>	
The State Comptroller's Fiscal Stress Monitoring System .....	16	<b>UNDERTAKING TO PROVIDE NOTICE OF CERTAIN</b>	
<b>TAX INFORMATION .....</b>	<b>16</b>	<b>EVENTS</b>	
Taxable Assessed Valuations .....	16	<b>APPENDIX - C</b>	
Tax Rate Per \$1,000 (Assessed) .....	16	<b>AUDITED FINANCIAL STATEMENTS AND</b>	
Tax Collection Procedure .....	16	<b>SUPPLEMENTARY INFORMATION- JUNE 30, 2023</b>	
Tax Collection Record .....	17		
Real Property Tax Revenues .....	17		
Larger Taxpayers 2023 Assessment Roll for 2023-2024			
Tax Roll .....	17		
STAR - School Tax Exemption .....	18		
Additional Tax Information .....	18		
<b>TAX LEVY LIMITATION LAW .....</b>	<b>18</b>		
<b>STATUS OF INDEBTEDNESS .....</b>	<b>19</b>		
Constitutional Requirements .....	19		
Statutory Procedure .....	20		
Debt Outstanding End of Fiscal Year .....	21		
Details of Outstanding Indebtedness .....	21		
Debt Statement Summary .....	21		
Bonded Debt Service .....	21		

PREPARED WITH THE ASSISTANCE OF



Fiscal Advisors & Marketing, Inc.  
250 South Clinton Street, Suite 502  
Syracuse, New York 13202  
(315) 752-0051  
<http://www.fiscaladvisors.com>

**OFFICIAL STATEMENT**  
**of the**  
**FISHERS ISLAND UNION FREE SCHOOL DISTRICT**  
**SUFFOLK COUNTY, NEW YORK**  
**Relating To**  
**\$7,000,000 Bond Anticipation Notes, 2024**

This Official Statement, which includes the cover page and appendices, has been prepared by the Fishers Island Union Free School District, Suffolk County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$7,000,000 principal amount of Bond Anticipation Notes, 2024 (the "Notes").

The factors affecting the District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

**NATURE OF OBLIGATION**

Each of the Notes when duly issued and paid for will constitute a contract between the School District and the holder thereof.

Holders of any series of notes or bonds of the School District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Notes will be general obligations of the School District and will contain a pledge of the faith and credit of the School District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the School District has power and statutory authorization to levy ad valorem taxes on all real property within the School District subject to such taxation by the School District, without limitation as to rate or amount.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the School District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the School District's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "TAX LEVY LIMITATION LAW" herein.

**THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK**

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

"A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

## THE NOTES

### Description of the Notes

The Notes are general obligations of the District and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "TAX LEVY LIMITATION LAW" herein.

The Notes are dated August 22, 2024 and mature, without option of prior redemption, on August 22, 2025. The Notes will be issued in either (i) registered certificated form registered in the name of the purchaser, with a single note certificate being issued for those Notes bearing interest at the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate, or (ii) at the option of the purchaser(s), as registered book-entry form, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

If the Notes are registered in the name of the purchaser, principal and interest on the Notes shall be payable at the office of the School District Clerk, Fishers Island, New York, who will act as Paying Agent for the Notes.

## No Optional Redemption

The Notes are not subject to redemption prior to maturity.

## Purpose of Issue

On December 1, 2020, the qualified voters of the District approved a proposition authorizing a capital improvement project consisting of the construction of alterations, renovations and improvements to the District's existing buildings and facilities (the "Capital Project") at a maximum estimated cost of \$8,000,000, including the expenditure of \$1,000,000 from the District's Capital Reserve Fund. The Notes are being issued pursuant to a bond resolution duly adopted by the Board of Education on December 16, 2020 authorizing the issuance of \$7,000,000 serial bonds and bond anticipation notes to finance the Capital Project.

The proceeds of the Notes will provide new money for the aforementioned purpose.

## BOOK-ENTRY-ONLY SYSTEM

If the Notes are issued in registered book-entry form, the Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Note. In such case, the Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

### **Certificated Notes**

If Notes are issued in registered book-entry form, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder(s). Principal of and interest on the Notes will be payable at the office of the School District Clerk, Fishers Island, New York, or at the election of the District, at the principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

## THE SCHOOL DISTRICT

### General Information

The District is located on Fishers Island, located at the northeastern tip of Long Island, about 2 miles south of the southeastern coast of Connecticut, and about 2 miles from the southwestern tip of Rhode Island. Fishers Island has a total area of 4.2 square miles and has an estimated population of 424 (2020 U.S. Census Bureau estimate).

District enrollment is approximately 56 students with approximately 60% of enrollment comprised of island residents while the remaining being Connecticut residents who travel by Fishers Island Ferry each day. Its small class sizes and welcoming atmosphere provide unique academic and extracurricular opportunities for students. The District has committed to establishing accreditation through the New England Association of Schools and Colleges (NEASC) and is in the final stages of that process.

Source: District officials.

### Population

The estimated population of the District is 424. (Source: 2020 U.S. Census Bureau estimate)

### Five Largest Employers

The following are the larger employers within and in close proximity to the District.

<u>Name</u>	<u>Type</u>	<u>Estimated Number of Employees</u>
Fishers Island Ferry District	Ferry Service	30
Fishers Island Union Free School District	Public Education	25

Source: District officials.

### Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the Town and County listed below. The figures set below with respect to the Town and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Town or County are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>
Town of:						
Southold	\$ 41,284	\$ 56,282	\$ 69,912	\$ 90,009	\$ 100,639	\$130,167
County of:						
Suffolk	35,755	46,466	54,127	96,220	123,117	141,671
State of:						
New York	30,948	40,898	47,173	67,405	87,270	100,846

Note: 2019-2023 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2018-2022 American Community Survey data.

**THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK**



## Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the County of Suffolk. The information set forth below with respect to the County is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County is necessarily representative of the District, or vice versa.

	<u>Annual Average</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Suffolk County	4.4%	3.8%	3.5%	8.1%	4.6%	3.2%	3.4%
New York State	4.7%	4.1%	3.9%	9.8%	7.1%	4.3%	4.2%

	<u>2024 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>
Suffolk County	4.0%	4.1%	3.8%	3.3%	3.5%	3.4%	N/A
New York State	4.3%	4.5%	4.2%	3.9%	4.2%	4.3%	N/A

Note: Unemployment rates for July 2024 are unavailable at the time of this Official Statement

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

## Form of School Government

The District is an independent entity governed by an elected Board of Education, the policy-making body of the School District, which consists of 5 members with overlapping three-year terms so that as nearly as possible, an equal number are elected to the Board each year. Each Board member must be a qualified voter of the School District and no Board member may hold certain other School District offices or positions while serving on the Board of Education. During the annual reorganization meeting, which is held in July of each year, the President and the Vice President are selected by election amongst the Board members. The Board also appoints a District Clerk and District Treasurer during this meeting.

The Board of Education appoints the Superintendent of Schools and the School Business Manager who serve at the pleasure of the Board. The Superintendent is the Chief Executive Offices of the District and the education system. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board of Education. Certain financial functions of the District are also the responsibility of the Superintendent of Schools and the School Business Manager.

The Board of Education is vested with various powers and duties as set forth in the Education Law, including the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other duties reasonably required to fulfill the responsibilities provided by the law.

## Budgetary Procedures and Recent Budget Votes

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven days and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budget amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

Pursuant to Chapter 97 of the Laws of 2011, beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the “School District Tax Cap”), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the School District Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the District to exceed the School District Tax Cap must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, see “TAX LEVY LIMITATION LAW” herein.

#### *Recent Budget Vote Results*

The budget for the 2023-2024 fiscal year was adopted by qualified voters on May 16, 2023 by a vote of 73 to 13. The District’s adopted budget for the 2023-2024 fiscal year remained within the School District Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy of 2.92%, which was less than the District tax levy limit of 3.24%.

The budget for the 2024-2025 fiscal year was adopted by qualified voters on May 21, 2024 by a vote of 58 to 9. The District’s adopted budget for the 2024-2025 fiscal year remained within the School District Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy of 2.60%, which was equal to the District tax levy limit of 2.60%.

#### **Investment Policy**

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments by the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) obligations of the State of New York; (2) obligations of the United States Government, or any obligations for which principal and interest are fully guaranteed by the United States Government; (3) time deposit accounts placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law; (4) transaction accounts (demand deposits) both interest bearing and non-interest bearing that do not require notice of withdrawal placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law; (5) certificates of deposit placed in a commercial bank authorized to do business in the State of New York providing the Certificates are collateralized as required by law; and (6) securities purchased pursuant to a repurchase agreement whereby one party purchases securities from a second party and the second party agrees to repurchase those same securities on a specific future date at an agreed rate of return.

The District Treasurer and/or School Business Manager, as designated by the School District, is authorized to contract for the purchase of investments directly, including through a repurchase agreement, from an authorized trading partner.

The District is not authorized to invest in reverse repurchase agreements or similar derivative-type investments.

#### **State Aid**

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2024-2025 fiscal year, approximately 7.55% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

In addition to the amount of State aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (See also “MARKET AND RISK FACTORS”).

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

There can be no assurance that the State’s financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 and 2021 to 2023 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State’s fiscal year of April 1. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017 and the State’s 2023-24 Budget which was not adopted until May 3, 2023. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

### *Building Aid*

A portion of the District’s State aid consists of building aid which is related to outstanding indebtedness for capital project purposes (“Building Aid”). In order to receive Building Aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary building aid forms are filed with the State in a timely manner. The Building Aid received is equal to the assumed debt service for that project, which factors in the bond percent, times the building aid ratio that is assigned to the District, and amortized over the predefined timeframe. The Building Aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2024-2025 preliminary building aid ratios, the District expects to receive State Building Aid of approximately 10.0% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State Building Aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State Building Aid is further dependent upon the continued apportionment of funds by the State Legislature.

*School district fiscal year (2020-2021):* Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately \$27.9 billion, an annual increase of approximately \$100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State aid, in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

*School district fiscal year (2021-2022):* The State's 2021-22 Enacted Budget included \$29.5 billion in State aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

*School district fiscal year (2022-2023):* The State's 2022-23 Enacted Budget included \$31.5 billion in State funding to school districts for the 2022-23 school year. This represented an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and included a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also included \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocated \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increased federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

*School district fiscal year (2023-2024):* The State's 2023-24 Enacted Budget included \$34.5 billion for school aid, an increase of \$3.1 billion or 10%, which is the highest level of State aid to date. The State's 2023-24 Budget also provided a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provided \$134 million to increase access to free school meals. An additional \$20 million in grant funding established new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges was made to promote job readiness. An additional \$150 million was used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

*School district fiscal year (2024-2025):* The State's 2024-25 Enacted Budget provides \$35.9 billion in State funding to school districts for the 2024-25 school year, the highest level of State aid ever. This represents an increase of \$1.3 billion compared to the 2023-24 school year and includes a \$934 million or 3.89 percent Foundation Aid increase. The State's 2024-25 Enacted Budget maintains the "save harmless" provision, which currently ensures a school district receives at least the same amount of Foundation Aid as it received in the prior year. The State's 2024-25 Enacted Budget also authorizes a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity v. New York* (“CFE”) mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of the *CFE* decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as Foundation Aid. The stated purpose of Foundation Aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in Foundation Aid over a four fiscal year phase-in covering 2007 to 2011.

A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in *New Yorkers for Students’ Educational Rights v. State of New York* (“NYSER”) and a consolidated case on the right to a sound basic education. The *NYSER* lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the *CFE* case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs’ causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a “sound basic education” as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the *CFE* case that absent “gross education inadequacies”, claims regarding state funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Hochul announced that New York State reached an agreement to settle and discontinue the *NYSER* case, following through on the State’s commitment to fully fund the current Foundation Aid formula to New York’s school districts over three years and ending the State’s prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the *CFE* cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enacted this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall.
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall.
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts.

The foundation aid formula is being reviewed for potential revisions. Any revisions to the formula could result in less State aid to the District.

**THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK**

## State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years.

<u>Fiscal Year</u>	<u>Total State Aid</u>	<u>Total Revenues</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2018-2019	\$ 286,379	\$ 3,677,279	7.79%
2019-2020	289,441	3,609,059	8.02
2020-2021	294,144	3,655,877	8.05
2021-2022	292,600	3,739,863	7.82
2022-2023	296,809	3,829,749	7.75
2023-2024 (Budgeted)	303,735	3,940,884	7.71
2024-2025 (Budgeted)	304,413	4,033,364	7.55

Source: Audited financial statements for the 2018-2019 fiscal year through and including the 2022-2023 fiscal year and the budgets of the District for the 2023-2024 and 2024-2025 fiscal years. This table is not audited.

## School Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
District Building	PreK-12	58	1972

Source: District officials.

## Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2019-20	59	2024-25	58
2020-21	57	2025-26	58
2021-22	58	2026-27	58
2022-23	57	2027-28	58
2023-24	56	2028-29	58

Source: District officials.

## Employees

The School District employs approximately 25 full and approximately 5 part-time employees. The number of employees represented by unions, the names of the collective bargaining agents and the contract expiration date are as follows:

<u>Number</u>	<u>Union</u>	<u>Contract Expiration Date</u>
17	Teachers' Association	June 30, 2028

Source: District officials.

**THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK**

## Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and the budgeted figures for the 2023-2024 and 2024-2025 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2018-2019	\$ 10,698	\$ 47,426
2019-2020	11,689	47,660
2020-2021	13,240	58,780
2021-2022	12,210	71,119
2022-2023	10,408	70,015
2023-2024 (Budgeted)	10,309	81,806
2024-2025 (Budgeted)	10,500	82,500

Source: District officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District currently does not have early retirement incentive programs for its employees.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2020-2021 to 2024-2025) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	14.6%	9.53%
2021-2022	16.2	9.80
2022-2023	11.6	10.29
2023-2024	13.1	9.76
2024-2025	15.2	10.02 <sup>(1)</sup>

<sup>(1)</sup> Estimated rate. The estimated employer contribution rate is expected to be adopted by the Retirement Board at its July 31, 2024 meeting.

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provided local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years. The District is not participating in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that allows school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts are permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a TRS reserve fund in June 2019 and began funding the reserve.

## **Other Post-Employment Benefits**

Healthcare Benefits. It should be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits.



School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

**OPEB.** OPEB refers to "other post-employment benefits," meaning other than pension benefits, and, consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

**GASB 75.** In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The District implemented GASB 75. The implementation of this statement requires District's to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

**Summary of Changes from the Last Valuation.** The following outlines the changes to the Total OPEB Liability during the fiscal years ending June 30, 2022 and June 30, 2023, by source.

	Balance beginning at:	July 1, 2021	July 1, 2022
		\$ 3,950,980	\$ 2,977,270
<b><u>Changes for the year:</u></b>			
Service cost		49,677	49,677
Interest on total OPEB liability		84,321	100,575
Changes in Benefit Terms		-	-
Differences between expected and actual experience		(242,162)	473,116
Changes in Assumptions or other inputs		(743,950)	(554,800)
Benefit payments		(121,596)	(85,763)
Net Changes		\$ (973,710)	\$ (17,195)
	Balance ending at:	June 30, 2022	June 30, 2023
		<u>\$ 2,977,270</u>	<u>\$ 2,960,075</u>

Note: The above table is not audited. For additional information see "APPENDIX – C" attached hereto.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved \$0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

Under GASB 75, an actuarial valuation is required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

## Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Education Law and the Local Finance Law.

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the District is past due.

The fiscal year of the District is July 1 to June 30.

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

## Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2023 and is attached hereto as “APPENDIX – C”. Certain financial information of the District can be found attached as Appendices to this Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the District issues its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

### *Unaudited Results for Fiscal Year Ending June 30, 2024:*

The District expects to conclude the fiscal year ending June 30, 2024 with an operating surplus of approximately \$40,000. This projection is based upon certain current assumptions and estimates and the audited results may vary therefrom.

Source: District officials.

## New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released an audit report of the District on June 9, 2023. The purpose of the audit was to determine whether the District website provided the public with transparent and comprehensive financial information for the period July 1, 2021 through November 16, 2022.

### Key Findings:

District officials did not ensure the District's website provided the public with transparent and comprehensive financial information. As a result, the community and other interested parties could not readily access and review information that could be used to make informed decisions.

Officials did not post the following information they were required to include on the District's website:

- External audit reports and corrective action plans (CAPs),
- Proposed and final annual budgets,
- Schedule of reserve funds,
- School District and property tax report cards,
- Board minutes, and
- Freedom of Information Law (FOIL) online submission request for records.

### Key Recommendations:

- Post all required and recommended information on the District's website in a transparent and comprehensive manner.

A copy of the complete report can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are no other State Comptroller audits of the District currently in progress or pending release at this time.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

## The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The classification of the District for the three most recent available fiscal years are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	No Designation	21.7
2022	Susceptible Fiscal Stress	38.3
2021	No Designation	20.0

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

## TAX INFORMATION

### Taxable Assessed Valuation

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Town of:					
Southold	\$ 8,615,812	\$ 8,590,109	\$ 8,431,079	\$ 8,472,314	\$ 8,493,972
Total Assessed Values	<u>\$ 8,615,812</u>	<u>\$ 8,590,109</u>	<u>\$ 8,431,079</u>	<u>\$ 8,472,314</u>	<u>\$ 8,493,972</u>
State Equalization Rates					
Town of:					
Southold	0.93%	0.88%	0.88%	0.70%	0.57%
Total Taxable Full Valuation	<u>\$ 926,431,398</u>	<u>\$ 976,148,750</u>	<u>\$ 958,077,159</u>	<u>\$ 1,210,330,571</u>	<u>\$ 1,490,170,526</u>

### Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Town of:					
Southold	\$ 372.21	\$ 379.92	\$ 395.54	\$ 405.03	\$ 415.71

### Tax Collection Procedure

Taxes are payable to the School District Tax Collector during the month of September without penalty. On November 15th, all unpaid taxes are turned over to the County Treasurer's Office for relevy on County/Town tax rolls.

The County reimburses the School District for all unpaid taxes in April of the year following the year of levy, and the School District is thus assured of 100% collection of its annual levy.

## Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Tax Levy	\$ 3,208,014	\$ 3,263,513	\$ 3,334,828	\$ 3,431,538	\$ 3,531,583
Amount Uncollected <sup>(1)</sup>	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

<sup>(1)</sup> The District receives 100% of its tax levy each year. See “Tax Collection Procedure” herein.

## Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years, and adopted budgeted figures for the 2023-2024 and 2024-2025 fiscal years comprised of Real Property Taxes and Tax Items.

<u>Fiscal Year</u>	<u>Total Real Property Taxes and Tax Items</u>	<u>Total Revenues</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2018-2019	\$ 3,208,054	\$ 3,677,279	87.24%
2019-2020	3,213,564	3,609,059	89.04
2020-2021	3,263,513	3,655,877	89.27
2021-2022	3,334,997	3,739,863	89.17
2022-2023	3,431,539	3,829,749	89.60
2023-2024 (Budgeted)	3,531,583	3,940,884	89.61
2024-2025 (Budgeted)	3,623,258	4,033,364	89.83

Source: Audited financial statements for the 2018-2019 fiscal year through and including the 2022-2023 fiscal year and the adopted budgets of the District for the 2023-2024 and 2024-2025 fiscal years. This table is not audited.

## Larger Taxpayers 2023 Assessment Roll for 2023-2024 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
Fishers Island Dev Corp	Development Corp.	\$ 272,300
Fishers Island Electric	Utility	109,882
Willem Kooyker	Residential	79,700
Hay Harbor Club	Golf Club	75,200
Eliz Buckner & Leonard Orr	Residential	72,200
Alice Henley Trust	Residential	71,700
George DeMenil	Residential	63,000
Sandsong LLC	Residential	60,500
Mark Franklin	Residential	60,300
Ralph Carbone Jr	Residential	57,700

The larger taxpayers listed above have a total assessed valuation of \$922,482 that represents 10.86% of the tax base of the School District.

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certioraris that are known to have a material impact on the District.

Source: District Tax Rolls.

**THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK**

## STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$93,200 or less in 2023-2024 and \$98,700 or less in 2024-2025, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$81,400 of the full value of a home for the 2023-2024 school year and the first \$84,000 of the full value of a home for the 2024-2025 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

The 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes were intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of \$250,000 or less have the option to select the credit or the exemption.

The 2020-21 Enacted State Budget further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemptions and credits are not impacted by this program; they may continue to receive STAR benefits even if their property taxes are delinquent. While former Governor Cuomo had issued various Executive Orders in response to the COVID-19 pandemic that temporarily precluded the State Tax Department from disallowing STAR exemptions or credits, the most recent of such Executive Orders expired on July 5, 2021.

The 2022-23 Enacted State Budget provided \$2.2 billion in State funding for a new one-year property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below \$250,000 and Enhanced STAR recipients are eligible for the property tax rebate where the benefit is a percentage of the homeowners’ existing STAR benefit.

The below table lists the most current basic and enhanced exemption amounts for the municipalities applicable to the District:

<u><b>Town of:</b></u>	<u><b>Enhanced Exemption</b></u>	<u><b>Basic Exemption</b></u>	<u><b>Date Certified</b></u>
Southold	\$ 930	\$ 370	4/9/2024

\$5,500 of the District’s \$3,531,583 school tax levy for 2023-2024 was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2024.

Approximately \$5,500 of the District’s \$3,623,258 school tax levy for 2024-25 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2025.

## Additional Tax Information

Real property located in the School District is assessed by the Town of Southold.

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the School District is approximately: residential-70%, agricultural-6%, commercial-5%, vacant-11% and other-8%.

The estimated total annual property tax bill of a \$500,000 market value residential property located in the School District is approximately \$22,700 including County, Town, School District and Fire District Taxes.

## TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor. The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are indirectly affected by applicability to their respective City.)

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

Chapter 97 requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and is an exclusion from the tax levy limitation, applicable to the Notes.

See "State Aid" for a discussion of the *New Yorkers for Students' Educational Rights v. State of New York* case which includes a challenge to the supermajority requirements regarding school district property tax increases.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015. The program began in 2016 and was fully phased in in 2019 and includes continued tax cap compliance.

See "THE SCHOOL DISTRICT – Budgetary Procedures and Recent Budget Votes" herein for additional information regarding the District's Tax Levy.

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

## **STATUS OF INDEBTEDNESS**

### **Constitutional Requirements**

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations in summary form, and as generally applicable to the District and the Notes, include the following:

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of the principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit. The District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State; provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

### **Statutory Procedure**

In general, the State Legislature has authorized the power and procedure for the District to borrow and incur indebtedness, by the enactment of the Local Finance Law, subject to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of bonds.

Each bond resolution usually authorizes the construction, reconstruction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for an object or purpose for which the District is not authorized to expend money, or
  - (2) There has not been substantial compliance with the provisions of law, which should have been complied with in the authorization of such obligations,
- and an action contesting such validity is commenced within twenty days after the date of such publication, or
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

The estoppel procedure is recommended by Bond Counsel and has been undertaken by District. The School District has complied with such procedure with respect to the indebtedness to be evidenced by the Notes.

The Board of Education, as the finance board of the District, has the power to adopt bond resolutions as well as authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell such obligations to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Statutory law in the State also permits the District to issue bond anticipation notes to be issued in anticipation of the issuance of serial bonds, which may be renewed each year provided annual principal installments are made in the reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first issuance date of such notes and provided that such renewals do not exceed five years beyond the original date of the issuance of such notes. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the District with the power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

## Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

## Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of July 29, 2024.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	-	\$ 0
Bond Anticipation Notes	-	<u>0</u>
Total Indebtedness		<u>\$ 0</u>

## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of July 29, 2024:

Full Valuation of Taxable Real Property .....	\$ 1,490,170,526
Debt Limit 10% thereof .....	149,017,052

### Inclusions:

Bonds .....	\$ -
Bond Anticipation Notes (BANs): .....	-
Total Inclusions prior to issuance of the Notes .....	-
Less: BANs being redeemed from appropriations .....	-
Add: New money proceeds of the Notes .....	<u>7,000,000</u>
Total Net Inclusions after issuance of the Notes .....	<u>\$ 7,000,000</u>

### Exclusions:

State Building Aid <sup>(1)</sup> .....	<u>\$ 0</u>
Total Exclusions .....	<u>\$ 0</u>

Total Net Indebtedness <u>after issuance of the Notes</u> .....	<u>\$ 7,000,000</u>
Net Debt-Contracting Margin .....	<u>\$ 142,017,052</u>
The percent of debt contracting power exhausted is .....	4.70%

<sup>(1)</sup> Based on 2024-25 preliminary building aid estimates, the District anticipates State Building aid of 10.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

## Bonded Debt Service

The District currently does not have any bonds outstanding.



## Capital Project Plans

On December 1, 2020, the qualified voters of the District approved a proposition authorizing a capital improvement project consisting of the construction of alterations, renovations and improvements to the District's existing buildings and facilities at a maximum estimated cost of \$8,000,000, including the expenditure of \$1,000,000 from the District's Capital Reserve Fund. The Notes are being issued to provide new money as the first borrowing for the Capital Project.

There are presently no other capital projects authorized and unissued by the District.

## Cash Flow Borrowings

The following is a history of the School District's cash flow borrowings.

<u>Fiscal Year</u>	<u>Amount</u>	<u>Issue Type</u>	<u>Issue Date</u>	<u>Due Date</u>
2021-2022	\$ 1,500,000	TAN	12/20/2021	2/25/2022
2021-2022	1,500,000	TAN	4/14/2022	6/15/2022
2022-2023	1,500,000	TAN	10/5/2022	6/14/2023

The District does not anticipate issuing Tax and/or Revenue Anticipation Notes in the foreseeable future.

## Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed of the respective municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Exclusions</u> <sup>(2)</sup>	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Suffolk	6/27/2024	\$ 1,231,330,731 <sup>(3)</sup>	\$ 192,389,062	\$ 1,038,941,669	0.32%	\$ 3,290,832
Town of:						
Southold	6/17/2024	30,105,000 <sup>(3)</sup>	870,000	29,235,000	7.56%	2,210,166
					Total:	<u>\$ 5,500,998</u>

<sup>(1)</sup> Outstanding bonds and bond anticipation notes of the respective municipality. Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.

<sup>(2)</sup> Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

<sup>(3)</sup> Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.

## Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of July 29, 2024:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 7,000,000	\$ 16,509.43	0.47%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	12,500,998	29,483.49	0.84

<sup>(a)</sup> The estimated population of the District is 424. (See "THE SCHOOL DISTRICT – District Population" herein.)

<sup>(b)</sup> The District's full value of taxable real estate for 2024 is \$1,490,170,526. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

<sup>(c)</sup> See "Debt Statement Summary" for calculation of Net Indebtedness herein.

<sup>(d)</sup> Estimated net overlapping indebtedness is \$5,500,998. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

**State Aid Intercept For School Districts.** In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond issued by a school district for school purposes shall file with the State Comptroller a verified statement describing such bond and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond. Such investigation by the State Comptroller shall cover the current status with respect to the payment of principal of and interest on all outstanding bonds of such school district issued for school purposes and the statement prepared and filed by the State Comptroller shall set forth a description of all such bonds of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or agents for the bonds in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

**General Municipal Law Contract Creditors' Provision.** Each note when duly issued and paid for will constitute a contract between the District and the holder thereof. Under current law, provision is made for contract creditors of the District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

**Execution/Attachment of Municipal Property.** As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

**Authority to File For Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as the Counties, Cities, Towns and Villages, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

**Constitutional Non-Appropriation Provision.** There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive

constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

**Default Litigation.** In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

**No Past Due Debt.** No principal of or interest on District indebtedness is past due. The District has never defaulted in the payment of the principal of and interest on any indebtedness.

## **MARKET AND RISK FACTORS**

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. (See also "THE SCHOOL DISTRICT – State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, could have an impact upon the market price of the Notes. See “TAX LEVY LIMITATION LAW ” herein.

Current and future legislative proposals, if enacted into law, or clarification of the Internal Revenue Code of 1986, as amended (the “Code”) or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Notes, or the tax status of interest on the Notes. See “TAX MATTERS” herein.

**Cybersecurity.** The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

## TAX MATTERS

In the opinion of Harris Beach PLLC, Bond Counsel to the District, based on existing statutes, regulations, administrative rulings and court decisions and assuming compliance by the District with certain covenants and the accuracy of certain representations, interest on the Notes is excluded from gross income for Federal income tax purposes. Bond counsel is of the further opinion that interest on the Notes is not an “item of tax preference” for purposes of the Federal alternative minimum tax on individuals. However, the Internal Revenue Code of 1986, as amended (the “Code”), imposes a federal corporate alternative minimum tax equal to 15 percent of the “adjusted financial statement income” of corporations (other than S corporations, regulated investment companies and real estate investment trusts) having an average annual “adjusted financial statement income” for the 3-taxable-year period ending with the tax year that exceeds \$1,000,000,000. Interest on tax-exempt obligations such as the Notes is included in the computation of a corporation’s “adjusted financial statement income”.

The Code also imposes various limitations, conditions and other requirements which must be met at and subsequent to the date of issue of the Notes in order that interest on the Notes will be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Notes and in certain circumstances, payment of amounts in respect of such proceeds to the Federal government. Failure to comply with the requirement of the Code may cause interest on the Notes to be includable in gross income for purposes of federal income tax, possibly from the date of issuance of the Notes. In the Arbitrage and Use of Proceeds Certificate of the District to be executed in connection with the issuance of the Notes, the District will covenant to comply with certain procedures and it will make certain representations and certifications, designed to assure satisfaction of the requirements of the Code in respect to the Notes. The opinion of Bond Counsel assumes compliance with such covenants and the accuracy, in all material respects, of such representations and certificates.

Prospective purchasers of the Notes should be aware that ownership of the Notes, and the accrual or receipt of interest thereon, may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences of their ownership of the Notes and their accrual or receipt of interest thereon. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

The District will designate the Notes as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

In the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance and delivery of the Notes may affect the tax status of interest on the Notes.

No assurance can be given that any future legislation or governmental actions, including amendments to the Code or State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Notes to be subject to federal, State or local income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decision or action of the Internal Revenue Service or any State taxing authority, including, but not limited to, the promulgation of a regulation or ruling, or the selection of the Notes for audit examination or the course or result of an audit examination of the Notes or of obligations which present similar tax issues, will not affect the market price, value or marketability of the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

All summaries and explanations of provisions of law do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

*ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.*

## LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the approving legal opinion of Harris Beach PLLC, New York, New York, Bond Counsel to the District. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount (see “TAX LEVY LIMITATION LAW” herein);

provided, that the enforceability (but not the validity) of the Notes may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights; (ii) under existing statutes, regulations, administrative rulings and court decisions, interest on the Notes is excluded from the gross income of the owners thereof for Federal income tax purposes, is not an "item of tax preference" for purposes of the Federal alternative minimum taxes imposed on individuals, however, interest on the Notes held by certain corporations that are subject to the Federal corporate alternative minimum tax is included in the computation of "adjusted financial statement income" for purposes of the Federal alternative minimum tax imposed on such corporations; (iii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York); and (iv) based upon Bond Counsel's examination of law and review of the arbitrage and use of proceeds certificate executed by the President of the Board of Education of the District pursuant to Section 148 of the Code and the regulations thereunder, the facts, estimates and circumstances as set forth in said arbitrage certificate are sufficient to satisfy the criteria which are necessary under Section 148 of the Code to support the conclusion that the Notes will not be "arbitrage bonds" within the meaning of said section, and no matters have come to Bond Counsel's attention which makes unreasonable or incorrect the representations made in said arbitrage certificate. Bond Counsel expresses no opinion regarding Federal or State income tax consequences arising with respect to the Notes.

Such legal opinions will also state that in the opinion of Bond Counsel (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and such certifications thereof; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the District together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Notes as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the District, would materially affect the ability of the District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the District, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

## **LITIGATION**

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the School District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the District.

## **CONTINUING DISCLOSURE**

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the District will enter into an Undertaking to Provide Notice of Certain Events, a description of which is attached hereto as "APPENDIX – B."

## **Historical Compliance**

The District has not entered into any prior undertakings pursuant to the Rule 15c2-12.

**THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK**

## **MUNICIPAL ADVISOR**

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Notes.

## **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District provided, however; the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## **RATING**

The Notes are not rated. The purchaser(s) of the Notes may choose to request that a rating be assigned after the sale at the expense of the purchaser(s) pending the approval of the District and applicable rating agency, including any fees to be incurred by the District, as such rating action may result in a material event notification to be posted to EMMA and/or the provision of a Supplement to the final Official Statement. (See "APPENDIX – B" herein).

The District does not currently have an underlying rating from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") nor Moody's Investor Services.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds.

## **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

Harris Beach PLLC, New York, New York, Bond Counsel to the District, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

The Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at [www.fiscaladvisors.com](http://www.fiscaladvisors.com). Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The District's contact information is as follows: Mr. Jim Eagan, School Business Manager, Fishers Island Union Free School District, 78 Greenwood Rd, Fishers Island, New York 06390, Phone (631) 788-7444 x 14, Email: [j.eagan@fischool.com](mailto:j.eagan@fischool.com).

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at [www.fiscaladvisors.com](http://www.fiscaladvisors.com) and [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com)

#### **FISHERS ISLAND UNION FREE SCHOOL DISTRICT**

**Dated: July 29, 2024**

**WILLIAM BLOETHE  
PRESIDENT OF THE BOARD OF EDUCATION AND  
CHIEF FISCAL OFFICER**

**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending June 30:	<u><b>2019</b></u>	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>
<u><b>ASSETS</b></u>					
Unrestricted Cash	\$ 43,033	\$ -	\$ 216,538	\$ 203,925	\$ 298,908
Restricted Cash	1,251,980	1,050,964	1,125,964	900,548	1,076,845
Taxes Receivables	178,057	571,775	182,151	225,892	160,319
Accounts Receivables	32,588	18,584	8,580	-	54,373
Due from Other Funds	63,947	95,272	301,155	71,454	85,713
State and Federal Aid	43,640	9,479	9,530	5,864	4,273
Due from Other Governments	69,301	17,762	7,983	8,086	9,055
Prepaid Items	-	-	-	-	1,498
<b>TOTAL ASSETS</b>	<u><u>\$ 1,682,546</u></u>	<u><u>\$ 1,763,836</u></u>	<u><u>\$ 1,851,901</u></u>	<u><u>\$ 1,415,769</u></u>	<u><u>\$ 1,690,984</u></u>
<u><b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b></u>					
Accounts Payable	\$ 23,717	\$ 20,351	\$ 7,648	\$ 27,297	\$ 11,411
Accrued Liabilities	26,000	26,500	34,725	30,439	246,785
Due to Other Governments	6,538	5,683	5,683	5,683	5,814
Due to Other Funds	24,152	24,763	48,154	55,691	-
Due to Teachers' Retirement System	234,074	198,380	241,130	266,178	234,198
Due to Employees' Retirement System	8,723	10,610	8,041	5,395	3,177
Unearned Revenue	7,500	9,510	10,500	12,350	4,500
<b>TOTAL LIABILITIES</b>	<u><u>330,704</u></u>	<u><u>295,797</u></u>	<u><u>355,881</u></u>	<u><u>403,033</u></u>	<u><u>505,885</u></u>
<u><b>DEFERRED INFLOWS</b></u>					
Deferred inflows of resources	<u><u>\$ -</u></u>	<u><u>\$ 4,344</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u><b>FUND BALANCES</b></u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 1,498
Restricted	1,251,980	1,277,553	1,327,553	900,548	1,076,845
Assigned	-	-	10,732	4,461	5,423
Unassigned	99,862	186,142	157,735	107,727	101,333
<b>TOTAL FUND BALANCE</b>	<u><u>1,351,842</u></u>	<u><u>1,463,695</u></u>	<u><u>1,496,020</u></u>	<u><u>1,012,736</u></u>	<u><u>1,185,099</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u><u>\$ 1,682,546</u></u>	<u><u>\$ 1,763,836</u></u>	<u><u>\$ 1,851,901</u></u>	<u><u>\$ 1,415,769</u></u>	<u><u>\$ 1,690,984</u></u>

Source: Audited financial reports of the School District. This Appendix is not itself audited.



**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance**

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b><u>REVENUES</u></b>					
Real Property Taxes & Tax Items	\$ 3,208,054	\$ 3,213,564	\$ 3,263,513	\$ 3,334,997	\$ 3,431,539
Charges for Services	114,543	93,355	89,947	91,937	80,305
Use of Money & Property	8,034	8,771	8,034	8,034	17,972
Sale of Property and					
Compensation for Loss	56,356	-	-	-	-
Miscellaneous	3,913	3,928	239	12,295	3,124
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	286,379	289,441	294,144	292,600	296,809
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	<u>\$ 3,677,279</u>	<u>\$ 3,609,059</u>	<u>\$ 3,655,877</u>	<u>\$ 3,739,863</u>	<u>\$ 3,829,749</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>3,677,279</u>	<u>3,609,059</u>	<u>3,655,877</u>	<u>3,739,863</u>	<u>3,829,749</u>
<b><u>EXPENDITURES</u></b>					
General Support	\$ 817,490	\$ 758,076	\$ 882,638	\$ 967,097	\$ 797,151
Instruction	1,914,486	1,815,187	1,798,112	1,948,473	1,816,060
Pupil Transportation	7,095	9,165	16,798	6,606	7,582
Community Services	-	-	-	-	-
Employee Benefits	944,090	865,351	926,004	962,939	914,293
Debt Service	-	-	-	8,730	47,300
Total Expenditures	<u>\$ 3,683,161</u>	<u>\$ 3,447,779</u>	<u>\$ 3,623,552</u>	<u>\$ 3,893,845</u>	<u>\$ 3,582,386</u>
Other Uses:					
Interfund Transfers	<u>-</u>	<u>49,427</u>	<u>-</u>	<u>329,302</u>	<u>75,000</u>
Total Expenditures and Other Uses	<u>3,683,161</u>	<u>3,497,206</u>	<u>3,623,552</u>	<u>4,223,147</u>	<u>3,657,386</u>
Excess (Deficit) Revenues Over					
Expenditures	<u>(5,882)</u>	<u>111,853</u>	<u>32,325</u>	<u>(483,284)</u>	<u>172,363</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	1,455,342	1,351,842	1,463,695	1,496,020	1,012,736
Prior Period Adjustments (net)	<u>(97,618)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,351,842</u>	<u>\$ 1,463,695</u>	<u>\$ 1,496,020</u>	<u>\$ 1,012,736</u>	<u>\$ 1,185,099</u>

Source: Audited financial reports of the School District. This Appendix is not itself audited.

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Fiscal Years Ending June 30:	<b>2023</b>			<b>2024</b>	<b>2025</b>
	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>
<b><u>REVENUES</u></b>					
Real Property Taxes & Tax Items	\$ 3,431,538	\$ 3,431,538	\$ 3,431,539	\$ 3,531,583	\$ 3,623,258
Charges for Services	99,637	99,637	80,305	95,865	95,992
Use of Money & Property	8,034	8,034	17,972	9,701	9,701
Sale of Property and Compensation for Loss	-	-	-	-	-
Miscellaneous	-	-	3,124	-	-
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	295,521	295,521	296,809	303,735	304,413
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	<u>\$ 3,834,730</u>	<u>\$ 3,834,730</u>	<u>\$ 3,829,749</u>	<u>\$ 3,940,884</u>	<u>\$ 4,033,364</u>
Other Sources:					
Appropriated Fund Balance	\$ 4,461	\$ 4,461	\$ -	\$ -	\$ -
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	<u>3,839,191</u>	<u>3,839,191</u>	<u>3,829,749</u>	<u>3,940,884</u>	<u>4,033,364</u>
<b><u>EXPENDITURES</u></b>					
General Support	\$ 823,479	\$ 823,479	\$ 797,151	\$ 869,617	\$ 912,237
Instruction	1,903,175	1,903,175	1,816,060	1,978,187	1,959,074
Pupil Transportation	8,500	8,500	7,582	8,500	8,500
Community Services	-	-	-	-	-
Employee Benefits	1,005,037	1,005,037	914,293	1,065,579	1,134,551
Debt Service	12,000	12,000	47,300	7,000	7,000
Total Expenditures	<u>\$ 3,752,191</u>	<u>\$ 3,752,191</u>	<u>\$ 3,582,386</u>	<u>\$ 3,928,884</u>	<u>\$ 4,021,364</u>
Other Uses:					
Interfund Transfers	87,000	87,000	75,000	12,000	12,000
Total Expenditures and Other Uses	<u>3,839,191</u>	<u>3,839,191</u>	<u>3,657,386</u>	<u>3,940,884</u>	<u>4,033,364</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>172,363</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year			1,012,736		
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,185,099</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Audited financial reports and budgets of the School District. This Appendix is not itself audited.

## UNDERTAKING TO PROVIDE NOTICES OF CERTAIN EVENTS

At the time of delivery of the Notes, the District will deliver to the purchasers an executed Undertaking to Provide Notices of Certain Events, which will provide as follows:

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Commission pursuant to the Securities Exchange Act of 1934, the District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the EMMA system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Note
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect noteholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (d) the District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

For the purposes of the event identified in paragraph (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

For the purpose of events (o) and (p) identified above, "financial obligation" means. a (I) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or source of pay for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii), but shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the District determines that any such other event is material with respect to the Notes; but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The District reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the District no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the District's obligations under its material event notices undertaking and any failure by the District to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

The District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the District; provided that the District agrees that any such modification will be done in a manner consistent with the Rule.

An "Undertaking to Provide Notice of Certain Events" to this effect shall be provided to the purchaser(s) at closing.

The District may amend the Undertaking to Provide Notice of Certain Events upon a change in circumstances provided that (a) the Undertaking to Provide Notice of Certain Events, as amended, would have complied with the requirements of the Rule at the time of this offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) in the opinion of nationally recognized bond counsel selected by the Issuer, the amendment does not materially impair the interests of the beneficial owners of the Notes.

**FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
SUFFOLK COUNTY, NEW YORK**

**FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**JUNE 30, 2023**

Such Audited Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT

Basic Financial Statements,  
Supplementary Information and  
Independent Auditors' Report

June 30, 2023

# FISHERS ISLAND UNION FREE SCHOOL DISTRICT

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 15
Basic Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	19
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	21
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	22
Notes to Financial Statements	23 - 47
Required Supplementary Information:	
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	48 - 49
Schedule of District's Proportionate Share of the Net Pension Asset/Liability	50
Schedule of District's Pension Contributions	51
Schedule of Changes in District's Total OPEB Liability and Related Ratios	52

# FISHERS ISLAND UNION FREE SCHOOL DISTRICT

## Table of Contents, Continued

	<u>Page</u>
Other Supplementary Information:	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit Calculation	53
Schedule of Project Expenditures and Financing Sources - Capital Projects Fund	54
Net Investment in Capital Assets	55
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	56 - 57

\* \* \* \* \*



## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Fishers Island Union Free School District  
Fishers Island, New York:

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fishers Island Union Free School District (the District), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the District, as of June 30, 2023, 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 (GAAP).

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

#### Required Supplementary Information

GAAP requires that the management's discussion and analysis and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of

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

#### Supplementary Information

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

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 18, 2023

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis  
June 30, 2023

The Fishers Island Union Free School District's (the District) discussion and analysis of the financial performance provides an overall review of the District's financial activities for the year ended June 30, 2023 in comparison with the year ended June 30, 2022, with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

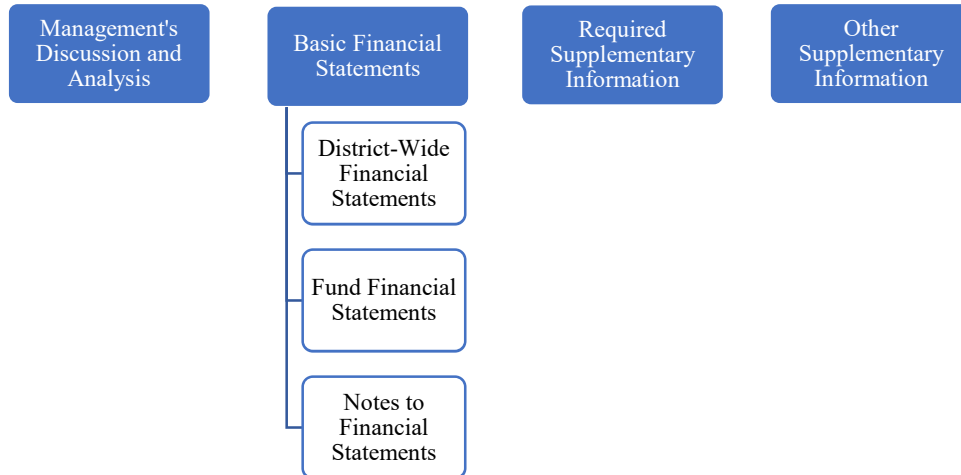
Key financial highlights for the year ended June 30, 2023 are as follows:

- The District's total net position, as reflected in the District-Wide financial statements, increased by \$297,990. This was primarily due to revenue exceeding expenses.
- The District's expenses for the year, as reflected in the District-Wide financial statements, totaled \$3,712,170. Of this amount, \$80,305 was offset by program charges for services, \$64,509 was offset by operating grants and the remaining \$3,567,356 was offset by general revenue.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$172,363 to \$1,185,099 as total expenditures and other uses were less than total revenue.
- The District's 2023 property tax levy of \$3,431,538 was an increase of \$96,710, or 2.9% over the 2022 tax levy.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts - management's discussion and analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of District-Wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued



**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 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.

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 flow in future fiscal periods.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**B. Funds 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 and the fiduciary fund.

Governmental Funds

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period in which the District incurs the liability, except for certain expenditures such as compensated absences, pension costs and other postemployment benefits, 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, you may better understand the long-term impact of the District's near-term financing decisions. Both the Balance Sheet - Governmental Funds and the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds 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 miscellaneous fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Fund

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee and utilize the accrual basis of accounting. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. Fiduciary activities have been excluded from the District's District-Wide financial statements because the District cannot use these assets to finance its operations.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

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

**A. Net Position**

A summary of the District's Statements of Net Position as of June 30 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Current and other assets	\$ 1,944,832	1,575,864	368,968	23.4%
Net pension assets	-	1,994,701	(1,994,701)	100.0%
Capital assets, net	<u>2,840,226</u>	<u>2,915,855</u>	<u>(75,629)</u>	-2.6%
Total assets	<u>4,785,058</u>	<u>6,486,420</u>	<u>(1,701,362)</u>	-26.2%
Deferred outflows of resources	<u>1,225,709</u>	<u>1,129,497</u>	<u>96,212</u>	8.5%
Current liabilities	534,020	410,669	123,351	30.0%
Long-term liabilities	<u>3,476,394</u>	<u>3,178,245</u>	<u>298,149</u>	9.4%
Total liabilities	<u>4,010,414</u>	<u>3,588,914</u>	<u>421,500</u>	11.7%
Deferred inflows of resources	<u>158,805</u>	<u>2,483,445</u>	<u>(2,324,640)</u>	-93.6%
Net position:				
Net investment in capital assets	2,840,226	2,915,855	(75,629)	-2.6%
Restricted	1,131,992	950,092	181,900	19.1%
Unrestricted (deficit)	<u>(2,130,670)</u>	<u>(2,322,389)</u>	<u>191,719</u>	8.3%
Total net position	<u>\$ 1,841,548</u>	<u>1,543,558</u>	<u>297,990</u>	19.3%

Current and other assets increased by \$368,968 to \$1,944,832. The increase was mainly an increase in cash as revenue exceeded expenses.

Capital assets, net decreased by \$75,629, compared to the prior year. This decrease is due to depreciation exceeding assets. The accompanying Notes to Financial Statements, Note 8 "Capital Assets" provides additional information.

Net pension assets - proportionate share decreased by \$1,994,701, compared to the prior year. This represents the District's proportionate shares of the New York State and Local Employees' Retirement System (ERS) and New York State Teachers' Retirement System's (TRS) collective net pension assets. At June 30, 2023, ERS and TRS reported collective net pension liabilities. This information is provided to the District by ERS and TRS.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

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

Current liabilities increased by \$123,351, as compared to the prior year. This increase is mainly attributable to an increase in accrued liabilities of \$216,346 for deferred teacher salaries paid during the summer which was offset by decreases in amounts due to TRS and the fiduciary fund.

Long-term liabilities increased by \$298,149 from the previous year. This increase is primarily attributable to the ERS and TRS pension liabilities which were assets in the prior year.

Deferred inflows of resources represents actuarial adjustments at the pension plan level that will be amortized in future years.

The net investment in capital assets relates to the investment in capital assets at cost such as land, buildings and improvements, and furniture and equipment, net of depreciation and related debt. This number decreased from the prior year as follows:

	Increase (decrease)
Capital asset additions	\$ 80,977
Depreciation expense	<u>(156,606)</u>
	\$ <u>(75,629)</u>

The restricted net position of \$1,131,992 relates to the District's reserves for unemployment insurance, retirement contributions, employee benefit accrued liability, capital, repairs and extraclassroom activities. This is a net increase of \$181,900 from the prior year.

The unrestricted deficit amount of \$(2,130,670) is the District's net position which is not invested in capital assets and has not been restricted, and is considered "available for spending."

Overall, the District's total net position increased by \$297,990 or 19.3% from 2022 to 2023.



FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**B. Changes in Net Position**

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format. A summary of this statement for the years ended June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 80,305	91,937	(11,632)	-12.7%
Operating grants	64,509	26,083	38,426	147.3%
General revenue:				
Real property taxes and STAR	3,431,539	3,334,997	96,542	2.9%
State sources	296,809	292,600	4,209	1.4%
Other sources	<u>136,998</u>	<u>292,139</u>	<u>(155,141)</u>	-53.1%
Total revenue	<u>4,010,160</u>	<u>4,037,756</u>	<u>(27,596)</u>	-0.7%
Expenses:				
General support	1,093,113	1,071,451	21,662	2.0%
Instruction	2,564,175	2,035,705	528,470	26.0%
Pupil transportation	7,582	6,606	976	14.8%
Interest	<u>47,300</u>	<u>8,730</u>	<u>38,570</u>	100.0%
Total expenses	<u>3,712,170</u>	<u>3,122,492</u>	<u>589,678</u>	18.9%
Change in net position	<u>\$ 297,990</u>	<u>915,264</u>	<u>(617,274)</u>	179.8%

The District's net position increased by \$297,990 for the year ended June 30, 2023, due to an excess of revenue over expenses based on the accrual basis of accounting.

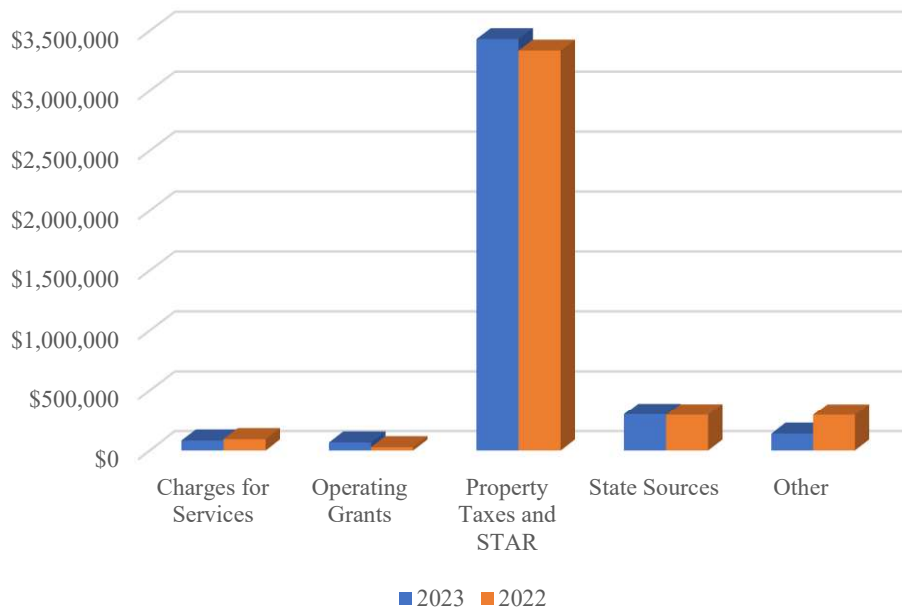
The District's revenue decreased by \$27,596 or 0.7%. The major factors that contributed to the decrease were increased real property taxes and STAR which was offset by a decrease in insurance recoveries.

The District's expenses for the year increased by \$589,678 or 18.9%. The major contributing factor to this increase was a decrease in costs for OPEB in the prior year which decreased prior year employee benefit costs.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenue recognized (i.e., 85.6% and 82.7% of the total for the years 2023 and 2022, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 69.1% and 65.2% of the total for the years 2023 and 2022, respectively).

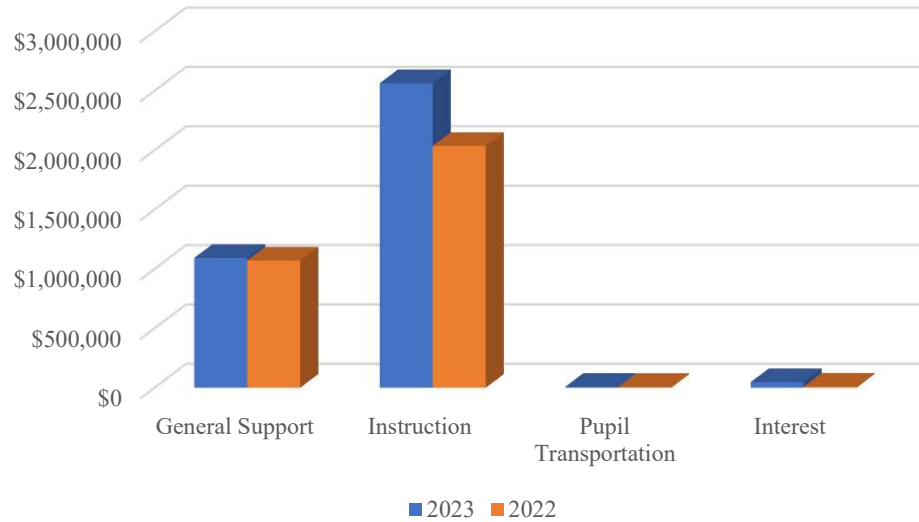
A graphic display of the distribution of revenue for the two years follows:



	Charges for Services	Operating Grants	Property Taxes and STAR	State Sources	Other
2023	2.0%	1.6%	85.6%	7.4%	3.4%
2022	2.3%	0.6%	82.7%	7.2%	7.2%

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

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



	General Support	Instruction	Pupil Transportation	Interest
2023	29.4%	69.1%	0.2%	1.3%
2022	34.3%	65.2%	0.2%	0.3%

#### **4. Financial Analysis of the District's Funds**

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$1,410,812, which is an increase of \$245,617 from the prior year. A summary of the change in general fund - fund balance is as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase (decrease)</u>
General Fund:			
Nonspendable	\$ 1,498	-	1,498
Restricted:			
Unemployment insurance	695	694	1
Retirement contribution	125,180	125,000	180
Employee benefit accrued liability	239,520	239,176	344
Capital	686,450	535,678	150,772
Repairs	25,000	-	25,000
Assigned	5,423	4,461	962
Unassigned	<u>101,333</u>	<u>107,727</u>	<u>(6,394)</u>
	<u>\$ 1,185,099</u>	<u>1,012,736</u>	<u>172,363</u>

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**A. General Fund**

The net change in the general fund - fund balance is an increase of \$172,363 (compared to a decrease of \$483,284 in 2022). General fund expenditures and other uses of \$3,657,386 was less than revenue of \$3,829,749.

Expenditures and transfers out decreased by \$565,761 (13.4%) from 2022 totals, primarily from prior year renovations to faculty housing and transfers out for capital projects.

Revenue increased \$89,886 (2.4%) from 2022 totals, primarily from an increase in real property taxes and Star.

In May 2006, the voters of the District authorized the creation of a capital reserve (capital reserve #1) for \$1,000,000 to be funded for a period of ten years. In May 2010, the voters of the District authorized funding the reserve for up to another \$1,000,000, totaling \$2,000,000. Through June 30, 2023, the reserve had been funded in the amount of \$1,270,000 and had earned \$14,478 in interest. To date, voters have approved that \$1,305,000 be withdrawn and expended on District capital improvement projects. The balance in this reserve at June 30, 2023 is \$49,478.

On June 30, 2016, the voters approved the creation of a capital reserve fund (capital reserve #2) for the purpose of financing alterations, renovations and/or reconstruction or other improvements to the District's school building, including, without limitation, restoration to the main school building masonry, renovations to the bathrooms and other site improvements connected to such buildings and facilities. Such capital reserve fund would be for a probable term of ten years in an amount not to exceed \$1,000,000, plus any accrued earnings on amounts deposited in such reserve fund. This reserve has been funded through June 30, 2023 in the amount of \$1,015,000 and has earned \$701 in interest. To date voters have approved \$1,000,000 to be withdrawn and expended on capital projects for the District. The balance in this reserve at June 30, 2023 is \$636,972.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2022-23 Budget**

The District's general fund original budget for the year ended June 30, 2023 was \$3,839,191. There were no budget revisions resulting in a final budget of \$3,839,191.

The budget was funded through a combination of revenue, the majority of which was \$3,431,538 in estimated real property taxes and STAR.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**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 prior years' excess revenue over expenditures, net of transfers to reserves and assignments, such as appropriations to fund the subsequent year's budget, encumbrances and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenue and expenditures for the year compared to budget is as follows:

Opening, unassigned fund balance	\$ 107,727
Revenues under budget	(4,981)
Expenditures, other uses and encumbrances under budget	176,382
Change in nonspendable	(176,297)
Funding of reserves	<u>(1,498)</u>
Closing, unassigned fund balance	\$ <u>101,333</u>

Opening, Unassigned Fund Balance

The \$107,727 shown in the table is the portion of the District's June 30, 2022 fund balance that was retained as unassigned.

Revenues Under Budget

The 2022-2023 final budget for revenue was \$3,834,730. The actual revenue received for the year was \$3,829,749. The deficit of actual revenue as compared to the estimated or budgeted revenue was \$4,981.

Expenditures, Other Uses and Encumbrances Under Budget

The 2022-2023 final budget for expenditures and other uses was \$3,839,191. The actual expenditures and other uses as of June 30, 2023 were \$3,657,386 and \$5,423 of encumbrances were outstanding. Therefore, the final budget was under expended by \$176,382.

Change in Nonspendable

Nonspendable fund balance represents amounts that are not available in the current period because of their form or because they must remain intact. Changes in nonspendable have a direct effect on unassigned fund balance.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

Funding of 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.

Transfers were made to the capital reserve of \$150,000 and repair reserve of \$25,000. Additionally, interest of \$1,297 was allocated to the reserves.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2023 was \$101,333. This amount equals 2.57% of the 2023-24 budget and is under the 4% statutory limit.

**6. CAPITAL ASSETS AND DEBT ADMINISTRATION**

**A. Capital Assets**

At June 30, 2023, the District had invested in a broad range of capital assets, as indicated in the table below. The net decrease in capital assets is due to depreciation of \$156,606 in excess of capital additions of \$80,977 recorded for the year ended June 30, 2023. A summary of the District's capital assets, net of depreciation at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>	Increase <u>(decrease)</u>
Land	\$ 109,500	109,500	-
Construction in progress	405,343	375,780	29,563
Buildings and improvements	2,221,536	2,315,621	(94,085)
Furniture and equipment	<u>103,847</u>	<u>114,954</u>	<u>(11,107)</u>
Capital assets, net	<u>\$ 2,840,226</u>	<u>2,915,855</u>	<u>(75,629)</u>

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**B. Debt Administration**

The District had no outstanding bond indebtedness as of June 30, 2023.

**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, was approved by the voters on May 16, 2023, for the year ending June 30, 2024, is \$3,940,884.

The District's budgeted revenue for the year ending June 30, 2024, is \$3,940,884, an increase of \$106,154 or 2.8% over the June 30, 2023, adopted budget of \$3,834,730. Property tax revenue increased to \$3,531,583 from \$3,431,538 or 2.9%. State aid increased (2.8%) and tuition decreased by (3.8%) due to projected decrease of tuition students.

**B. 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 to June 15, 2023. 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 2023-24 is 2.9%. The District had an increase in the 2023-24 levy of 2.9% and is therefore compliant with the tax cap.

**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. Christian Arsenault, Superintendent  
Fishers Island Union Free School District  
78 Greenwood Road, #600  
Fishers Island, NY 06390-0600

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Statement of Net Position  
Governmental Activities  
June 30, 2023

Assets:

Cash:

Unrestricted	\$ 500,009
Restricted	1,137,052

Receivables:

Taxes receivable	160,319
Accounts receivable	54,753
State and federal aid	30,027
Due from other governments	61,174
Prepaid	1,498

Capital assets, net	<u>2,840,226</u>
---------------------	------------------

Total assets	<u>4,785,058</u>
--------------	------------------

Deferred outflows of resources - pensions	<u>1,225,709</u>
---	------------------

Liabilities:

Payables:

Accounts payable	16,201
Accrued liabilities	246,785
Security deposits	5,060
Due to other governments	5,814
Due to teachers' retirement system	234,198
Due to employees' retirement system	3,177

Unearned credits - collections in advance	22,785
---	--------

Long-term liabilities:

Compensated absences payable	129,274
Net pension liabilities, proportionate shares	387,045
Total OPEB liability	<u>2,960,075</u>

Total liabilities	<u>4,010,414</u>
-------------------	------------------

Deferred inflows of resources - pensions	<u>158,805</u>
--	----------------

Net position:

Net investment in capital assets	2,840,226
----------------------------------	-----------

Restricted:

Unemployment insurance	695
Retirement contribution	125,180
Employee benefit accrued liability	239,520
Capital	686,450
Repair	25,000
Extraclassroom activities	55,147

Unrestricted (deficit)	<u>(2,130,670)</u>
------------------------	--------------------

Total net position	<u><u>\$ 1,841,548</u></u>
--------------------	----------------------------

See accompanying notes to financial statements.



FISHERS ISLAND UNION FREE SCHOOL DISTRICT

Statement of Activities

Governmental Activities

Year ended June 30, 2023

		<u>Program Revenue</u>		Net (Expense)
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Change in</u>
				<u>Net Position</u>
Functions and programs:				
General support	\$ 1,093,113	-	-	(1,093,113)
Instruction	2,564,175	80,305	64,509	(2,419,361)
Pupil transportation	7,582	-	-	(7,582)
Interest	47,300	-	-	(47,300)
Total functions and programs	<u>\$ 3,712,170</u>	<u>80,305</u>	<u>64,509</u>	<u>(3,567,356)</u>
General revenue:				
Real property taxes and tax items				3,431,539
Use of money and property				94,679
State sources				296,809
Miscellaneous				<u>42,319</u>
Total general revenue				<u>3,865,346</u>
Change in net position				297,990
Net position at beginning of year				<u>1,543,558</u>
Net position at end of year				<u>\$ 1,841,548</u>

See accompanying notes to financial statements.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Balance Sheet - Governmental Funds  
June 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Miscellaneous</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash:					
Unrestricted	\$ 298,908	3,491	-	197,610	500,009
Restricted	1,076,845	-	-	60,207	1,137,052
Receivables:					
Taxes receivable	160,319	-	-	-	160,319
Accounts receivable	54,373	-	-	380	54,753
Due from other funds	85,713	-	-	8,144	93,857
State and federal aid	4,273	25,754	-	-	30,027
Due from other governments	9,055	52,119	-	-	61,174
Prepaid	1,498	-	-	-	1,498
Total assets	<u>\$ 1,690,984</u>	<u>81,364</u>	<u>-</u>	<u>266,341</u>	<u>2,038,689</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts payable	11,411	-	555	4,235	16,201
Accrued liabilities	246,785	-	-	-	246,785
Security deposits	-	-	-	5,060	5,060
Due to other governments	5,814	-	-	-	5,814
Due to other funds	-	63,079	30,778	-	93,857
Due to teachers' retirement system	234,198	-	-	-	234,198
Due to employees' retirement system	3,177	-	-	-	3,177
Unearned credits - collections in advance	4,500	18,285	-	-	22,785
Total liabilities	<u>505,885</u>	<u>81,364</u>	<u>31,333</u>	<u>9,295</u>	<u>627,877</u>
Fund balance:					
Nonspendable	1,498	-	-	-	1,498
Restricted:					
Unemployment insurance	695	-	-	-	695
Retirement contribution	125,180	-	-	-	125,180
Employee benefit accrued liability	239,520	-	-	-	239,520
Capital	686,450	-	-	-	686,450
Repair	25,000	-	-	-	25,000
Extraclassroom activities	-	-	-	55,147	55,147
Assigned:	5,423	-	-	201,899	207,322
Unassigned (deficit)	101,333	-	(31,333)	-	70,000
Total fund balance (deficit)	<u>1,185,099</u>	<u>-</u>	<u>(31,333)</u>	<u>257,046</u>	<u>1,410,812</u>
Total liabilities and fund balance	<u>\$ 1,690,984</u>	<u>81,364</u>	<u>-</u>	<u>266,341</u>	<u>2,038,689</u>

See accompanying notes to financial statements.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2023

Total governmental fund balance	\$ 1,410,812
---------------------------------	--------------

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

The cost of building and acquiring capital assets (land, buildings, equipment) 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.

Capital assets	\$ 7,946,483	
Accumulated depreciation	<u>(5,106,257)</u>	
Total capital assets		2,840,226

Proportionate shares of long-term liabilities and deferred outflows and inflows of resources associated with participation in the state retirement systems are not current financial resources or obligations and are not reported in the funds.

Net pension liability - TRS	(211,204)	
Net pension liability - ERS	(175,841)	
Deferred outflows of resources - pensions	1,225,709	
Deferred inflows of resources - pensions	<u>(158,805)</u>	679,859

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

Compensated absences	(129,274)	
Total OPEB liability	<u>(2,960,075)</u>	<u>(3,089,349)</u>

Total net position	<u>\$ 1,841,548</u>
--------------------	---------------------

See accompanying notes to financial statements.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds  
Year ended June 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Miscellaneous</u>	<u>Total Governmental Funds</u>
Revenue:					
Real property taxes and STAR	\$ 3,431,539	-	-	-	3,431,539
Charges for services	80,305	-	-	-	80,305
Use of money and property	17,972	-	-	76,707	94,679
Miscellaneous	3,124	-	-	39,195	42,319
State sources	296,809	6,541	-	-	303,350
Federal sources	-	57,968	-	-	57,968
Total revenue	<u>3,829,749</u>	<u>64,509</u>	<u>-</u>	<u>115,902</u>	<u>4,010,160</u>
Expenditures:					
General support	797,151	-	-	54,251	851,402
Instruction	1,816,060	64,509	-	33,834	1,914,403
Pupil transportation	7,582	-	-	-	7,582
Employee benefits	914,293	-	-	-	914,293
Interest	47,300	-	-	-	47,300
Capital outlay	-	-	29,563	-	29,563
Total expenditures	<u>3,582,386</u>	<u>64,509</u>	<u>29,563</u>	<u>88,085</u>	<u>3,764,543</u>
Deficiency of revenue over expenditures	<u>247,363</u>	<u>-</u>	<u>(29,563)</u>	<u>27,817</u>	<u>245,617</u>
Other financing sources (uses):					
Transfers in	-	-	-	75,000	75,000
Transfers out	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>
	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>
Net change in fund balances	172,363	-	(29,563)	102,817	245,617
Fund balance (deficit) at beginning of year	<u>1,012,736</u>	<u>-</u>	<u>(1,770)</u>	<u>154,229</u>	<u>1,165,195</u>
Fund balance (deficit) at end of year	<u>\$ 1,185,099</u>	<u>-</u>	<u>(31,333)</u>	<u>257,046</u>	<u>1,410,812</u>

See accompanying notes to financial statements.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Reconciliation of the Statement of Revenue, Expenditures and  
Changes in Fund Balance - Governmental Funds to the Statement of Activities  
Year ended June 30, 2023

Net change in fund balances \$ 245,617

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

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 depreciated over their useful lives.

Capital outlay, net	\$ 80,977	
Depreciation expense	<u>(156,606)</u>	(75,629)

Long-Term Expense Differences

Changes in certain items in the Statement of Net Position do not provide or require the use of current resources and are not recorded as revenue or expenditures in the governmental funds.

Change in compensated absences payable	71,701	
Net change in total OPEB liability	<u>17,195</u>	88,896

Pension Differences

Changes in the proportionate share of the collective pension expense of the state retirement plans reported in the Statement of Activities did not affect current financial resources, and therefore, is not reported in the governmental funds.

Net change in pension - TRS	89,754	
Net change in pension - ERS	<u>(50,648)</u>	<u>39,106</u>

Change in net position of governmental activities		<u><u>\$ 297,990</u></u>
---	--	--------------------------

See accompanying notes to financial statements.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
Year ended June 30, 2023

	Custodial <u>Fund</u>
Additions - taxes collected for library	\$ 48,617
Deductions - taxes paid to library	<u>48,617</u>
Change in net position	-
Fiduciary net position at beginning of year	<u>-</u>
Fiduciary net position at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

# FISHERS ISLAND UNION FREE SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies

The financial statements of Fishers Island Union Free School District (the 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 (the Board) consisting of five members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following entity is included in the District's financial statements:

#### Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held by it as agent for the extraclassroom organizations in the Balance Sheet - Governmental Funds. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

## FISHERS ISLAND UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (b) Joint Venture

The District is a component school 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 Section §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 Section §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under Section §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section §119-n(a) of the General Municipal Law. 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, Section §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 Statements

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

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

###### Fund Financial Statements

The fund financial statements provide information about the District's funds, including the fiduciary fund. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:



FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

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 financial resources used for acquisition, construction, renovation, or major repair of capital facilities and other capital assets, such as equipment.

Miscellaneous Fund - is used to account for assets held by the District for various student groups or the extraclassroom activity funds with which the District has administrative involvement.

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

Custodial Fund - this fund is used to account for monies and other resources held by the District in a trustee or agent capacity pending payment to the applicable agencies.

(d) Measurement Focus and Basis of Accounting

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

## FISHERS ISLAND UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (d) Measurement Focus and Basis of Accounting, Continued

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within 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 compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

##### (e) Real Property Taxes

###### Calendar

Real property taxes are levied annually by the Board no later than November 1<sup>st</sup> and become a lien on December 1<sup>st</sup>. Taxes are collected by the Town of Southold and remitted to the District from December to June.

###### Enforcement

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

##### (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.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Interfund Transactions, Continued

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

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 is provided subsequently in these Notes to Financial Statements.

(h) Use of Estimates

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

(i) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and investments with a 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

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

(k) Capital Assets

Capital assets are reflected in the District-Wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at estimated fair market value at the date of donation.

All capital assets, except land and construction in progress, are depreciated on a straight line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the District-Wide statements are as follows:

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Capital Assets, Continued

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 1,000	50 years
Furniture and equipment	1,000	5-20 years

(l) Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category.

The first item is related to pensions and represents the effect of net changes in the District's proportionate share of the collective net pension asset or liability not included in pension expense. The second are the District's contributions to the pension systems subsequent to the measurement date.

(m) Unearned Credits - Collections in Advance

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grants monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

(n) Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category which represents the effect of net changes in the District's proportionate share of the collective net pension asset or liability not included in pension expense.

(o) Compensated Absences

Compensated absences consist of unpaid accumulated sick 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.

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.

## FISHERS ISLAND UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (o) Compensated Absences, Continued

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 New York State Teachers' Retirement System (TRS) or the New York State and Local Employees' Retirement System (ERS).

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

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

In addition to providing these benefits, the District provides postemployment health insurance coverage and survivor benefits for most retired employees and their survivors. 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. Health care 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 calculated using the alternative measurement method in accordance with GASB methodology.

##### (q) Short-Term Debt

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

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

##### (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 acquisitions, construction and improvements of those assets.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

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:

Nonspendable - Consists of amounts that are not available in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of prepaids.

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:

Unemployment Insurance

Unemployment Insurance Reserve (GML §6-r) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants. The reserve may be established by board action and funded by budgetary appropriations or other funds as may be legally appropriated. 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. 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, revenue that is not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The Board may also adopt a resolution establishing a sub-fund for contributions to the TRS. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

Fund Statements, Continued

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time 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. The reserve is accounted for in the general 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.

Extraclassroom Activities Reserve

Extraclassroom Activities Reserve is used to restrict amounts held by the District on behalf of student organizations over which the District exercises general oversight.

Assigned - Consists of amounts that are subject to a purpose constraint that represents an intended use established by the 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 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.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

Fund Statements, Continued

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 overspending for specific purposes for which amounts had been restricted or assigned. 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 expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or Board approved budget revision and then from the assigned fund balance to the extent that there is an assignment and then from the unassigned fund balance.

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

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



FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

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

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

Total fund balance 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 Balance Sheet - Governmental Funds.

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

Differences between the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds and the Statement of Activities fall into one of three broad categories.

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Pension Differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

(3) Stewardship, Compliance and Accountability

(a) Budgets

The District 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.

## FISHERS ISLAND UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (3) Stewardship, Compliance and Accountability, Continued

##### (a) Budgets, Continued

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that maybe incurred. Appropriations authorized for the year are 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.

##### (c) Overexpenditure of Certain Appropriations

Certain general fund appropriations were overexpended as the District did not record year end budget amendments.

#### (4) 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.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(4) Deposits With Financial Institutions and Investments, Continued

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.

(5) Participation in BOCES

During the year ended June 30, 2023 the District was billed \$76,680 for administrative and program costs. The District's share of BOCES aid amounted to \$22,484. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

(6) Due From State and Federal

Due from state and federal at June 30, 2023 consisted of:

General Fund - New York State - Excess cost aid	\$ 4,273
Special Aid Fund - Federal and state grants	<u>25,754</u>
Total governmental funds	\$ <u>30,027</u>

(7) Due From Other Governments

Due from other governments at June 30, 2023 consisted of:

General Fund - BOCES	\$ 9,055
Special Aid Fund - Local grants	<u>52,119</u>
Total governmental funds	\$ <u>61,174</u>

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(8) Capital Assets

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2023</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 109,500	-	-	109,500
Construction in progress	<u>375,781</u>	<u>29,563</u>	<u>-</u>	<u>405,344</u>
Total capital assets not being depreciated	<u>485,281</u>	<u>29,563</u>	<u>-</u>	<u>514,844</u>
Capital assets being depreciated:				
Buildings and improvements	6,935,178	41,115	-	6,976,293
Furniture and equipment	<u>445,047</u>	<u>10,299</u>	<u>-</u>	<u>455,346</u>
Total capital assets being depreciated	<u>7,380,225</u>	<u>51,414</u>	<u>-</u>	<u>7,431,639</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,619,558)	(135,200)	-	(4,754,758)
Furniture and equipment	<u>(330,093)</u>	<u>(21,406)</u>	<u>-</u>	<u>(351,499)</u>
Total accumulated depreciation	<u>(4,949,651)</u>	<u>(156,606)</u>	<u>-</u>	<u>(5,106,257)</u>
Total capital assets being depreciated, net	<u>2,430,574</u>	<u>(105,192)</u>	<u>-</u>	<u>2,325,382</u>
Capital assets, net	<u>\$ 2,915,855</u>	<u>(75,629)</u>	<u>-</u>	<u>2,840,226</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 47,496
Instruction	<u>109,110</u>
Total depreciation expense	\$ <u>156,606</u>

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Interfund Transactions

Interfund balances at June 30, 2023 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 85,713	-
Special Aid Fund	-	63,079
Capital Projects Fund	-	30,778
Miscellaneous Fund	<u>8,144</u>	<u>-</u>
Total	\$ <u>93,857</u>	<u>93,857</u>

(10) Short-Term Debt

Short-term debt activity for the year is summarized below:

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Balance June 30, 2022</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2023</u>
TAN	6/14/2023	4.75%	\$ <u>-</u>	<u>1,500,000</u>	<u>(1,500,000)</u>	<u>-</u>

The TANs were issued to provide cash flow for the District until the District received real property taxes from the Town.

Interest on short-term debt for the year was \$47,300, net of \$2,255 of premiums received.

(11) Long-Term Liabilities

Changes

Long-term liability balances and activity, excluding pensions and other postemployment benefits obligations, for the year are summarized below:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>
Other long-term liabilities - compensated absences	\$ <u>200,975</u>	<u>-</u>	<u>71,701</u>	<u>129,274</u>

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

## FISHERS ISLAND UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (12) Pension Plans - New York State

##### (a) General Information

The District participates in the TRS and the ERS. These are cost-sharing multiple employer, 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

TRS is administered by the New York State Teachers' Retirement Board. 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 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 TRS may be found on the TRS website at [www.nystrs.org](http://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 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 ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of ERS and for the custody and control of its funds. Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. 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/retirement/publications/](http://www.osc.state.ny.us/retirement/publications/) or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12244.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(12) Pension Plans - New York State, Continued

(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 salaries paid. For TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the fiscal year ended June 30. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during ERS' fiscal year ended March 31.

(d) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported the following liabilities for its proportionate shares of the net pension liability of each System. The net pension liability for each System was measured as of June 30, 2022, for TRS and March 31, 2023 for ERS. The total pension liabilities used to calculate each net pension liability were determined by an actuarial valuation. The District's proportion of each net pension 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 ERS Systems in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2022	March 31, 2022
District's proportionate share of the net pension liability	\$ 211,204	175,841
District's portion of the Plan's total net pension liability	0.0110070%	0.0008200%
Change in proportion since the prior measurement date	0.00001900	(0.0002886)

For the year ended June 30, 2023, the District recognized pension expense of \$71,690 for ERS and \$265,783 for TRS in the Statement of Activities. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(12) Pension Plans - New York State, Continued

(d) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 221,315	18,728	4,232	4,938
Changes of assumptions	409,700	85,400	85,079	944
Net difference between projected and actual earnings on pension plan investments	272,896	-	-	1,033
Changes in proportion and differences between the District's contributions and proportionate share of contributions	24,309	25,776	37,115	25,464
District's contributions subsequent to the measurement date	<u>164,408</u>	<u>3,177</u>	<u>-</u>	<u>-</u>
Total	\$ <u>1,092,628</u>	<u>133,081</u>	<u>126,426</u>	<u>32,379</u>

District contributions subsequent to the measurement date will be recognized as reductions to the net pension liabilities in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>TRS</u>	<u>ERS</u>
2024	\$ 154,598	30,260
2025	78,489	(5,636)
2026	(35,466)	28,949
2027	535,988	43,952
2028	65,072	-
Thereafter	<u>3,113</u>	<u>-</u>
	\$ <u>801,794</u>	<u>97,525</u>

(e) Actuarial Assumptions

The total pension liabilities as of the measurement date were determined by using an actuarial valuation as noted in the table on the next page, with update procedures used to roll forward the total pension liabilities to the measurement date.



FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(12) Pension Plans - New York State, Continued

(e) Actuarial Assumptions, Continued

Significant actuarial assumptions used in the valuations were as follows:

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2022	March 31, 2023
Actuarial valuation date	June 30, 2021	April 1, 2022
Investment rate of return (net of investment expense including inflation)	6.95%	5.90%
Salary scale	1.95% - 5.18%	4.40%
Inflation rate	2.40%	2.90%
Cost of living adjustments	1.30%	1.50%

For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis. The previous actuarial valuation as of June 30, 2020 used the Society of Actuaries' Scale MP-2020. 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-2020. The previous valuation as of April 1, 2021 used the same assumptions to measure the total pension liability.

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

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

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(12) Pension Plans - New York State, Continued

(e) Actuarial Assumptions, Continued

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are included in the target asset allocation summarized in the following table.

Measurement date	TRS		ERS	
	June 30, 2022		March 31, 2023	
	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of of return*	Target allocation
Asset class:				
Domestic equity	6.50%	33%	4.30%	32%
International equity	7.20%	16%	6.85%	15%
Real estate equity	6.20%	11%	4.60%	9%
Global equity	6.90%	4%	-	-
Domestic fixed income	1.10%	16%	-	-
Global bonds	0.60%	2%	-	-
High-yield bonds	3.30%	1%	-	-
Real estate debt	2.40%	6%	-	-
Private equity	9.90%	8%	10.00%	10%
Private debt	5.30%	2%	-	-
Real assets	-	-	5.84%	3%
Fixed income	-	-	1.50%	23%
Opportunistic/ARS portfolio	-	-	5.38%	3%
Credit	-	-	5.43%	4%
Cash	(0.30%)	1%	0.00%	1%
		<u>100%</u>		<u>100%</u>

\* Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(12) Pension Plans - New York State, Continued

(f) Discount Rate

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

(g) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

The following presents the District's proportionate shares of the net pension liabilities calculated using the discount rate of 6.95% for TRS and 5.9% for ERS, as well as what the District's proportionate shares of the net pension assets (liabilities) would be if it were calculated using a discount rate that is 1% lower (5.95% for TRS and 4.90% for ERS) or 1% higher (7.95% for TRS and 6.90% for ERS) than the current discount rate:

TRS	1% Decrease ( <u>5.95%</u> )	Current Assumption ( <u>6.95%</u> )	1% Increase ( <u>7.95%</u> )
Employer's proportionate share of the net pension asset (liability)	\$ ( <u>1,947,400</u> )	( <u>211,204</u> )	<u>1,248,926</u>
ERS	1% Decrease ( <u>4.90%</u> )	Current Assumption ( <u>5.90%</u> )	1% Increase ( <u>6.90%</u> )
Employer's proportionate share of the net pension asset (liability)	\$ ( <u>424,932</u> )	( <u>175,841</u> )	<u>32,304</u>

(h) Pension Plan Fiduciary Net Position

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

	(Dollars in Millions)	
	<u>TRS</u>	<u>ERS</u>
Measurement date	6/30/22	3/31/23
Employers' total pension liability	\$ (133,883)	(232,627)
Plan fiduciary net position	<u>131,964</u>	<u>211,183</u>
Employers' net pension liability	\$ <u>(1,919)</u>	<u>(21,444)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	98.60%	90.78%

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(12) Pension Plans - New York State, Continued

(i) Payables to the Pension Plan

TRS employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employer retirement contributions and employee retirement contributions as of June 30, 2023 amounted to \$169,406 and \$64,792, respectively. The amounts recorded as accrued employer retirement contributions have been recorded as an expenditure in the governmental fund statements and a deferred outflow of resources in the statement of net position.

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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$3,177. This amount has been recorded as an expenditure in the governmental fund statements and a deferred outflow of resources in the statement of net position.

(13) Pension Plans - Other

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. Contributions made by the employees for the year ended June 30, 2023, totaled \$84,358.

(14) Postemployment Benefits

(a) Plan Description and Benefits

The District provides medical, Medicare part B reimbursement, and dental coverage (the healthcare plan) to retired employees in accordance with employment contracts. The plan is a single-employer defined benefit healthcare plan primarily administered through the New York State Health Insurance Program - Empire Plan. The plan does not issue a stand-alone financial report.

(b) Employees covered by benefit terms

At June 30, 2023, the following employees were covered by the benefit terms:

Current retirees and beneficiaries	13
Active employees	<u>23</u>
	<u>36</u>

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(14) Postemployment Benefits, Continued

(c) Total OPEB Liability

The District's total OPEB liability of \$2,960,075 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	1.25%
Discount rate	4.85%
Healthcare cost trend rates (average)	3.2% for 2023, increasing to 3.6% for 2026, then decreasing to an ultimate rate of 3.2% for 2030 and later years

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, which mortality improvement projected for 10 years.

The previous actuarial valuation as of June 30, 2022 used a discount rate of 3.37%.

(e) Changes in the Total OPEB Liability

Total OPEB liability as of July 1, 2022	\$ 2,977,270
Changes for the year:	
Service cost	49,677
Interest on total OPEB liability	100,575
Differences between actual and expected experience	473,116
Changes in assumptions or inputs	(554,800)
Benefit payments	<u>(85,763)</u>
Total changes	<u>(17,195)</u>
Total OPEB liability as of June 30, 2023	\$ <u>2,960,075</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.85%) or 1-percentage point higher (5.85%) than the current discount rate:

	1% Decrease (3.85%)	Discount Rate (4.85%)	1% Increase (5.85%)
Total OPEB liability	\$ <u>3,315,036</u>	<u>2,960,075</u>	<u>2,671,082</u>

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(14) Postemployment Benefits, Continued

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

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

	1% <u>Decrease</u>	Trend <u>Rate</u>	1% <u>Increase</u>
Total OPEB liability	\$ <u>2,617,921</u>	<u>2,960,075</u>	<u>3,385,812</u>

(h) OPEB Expense

The cost of the premiums is shared between the District and the employee. The District recognizes the cost of its share of the healthcare plan annually as expenditures in the general fund of the fund financial statements as the liabilities for premiums mature (come due for payment). For the year ended June 30, 2023, the District recognized a general fund expenditure of \$94,307 for insurance premiums for currently enrolled retirees. Currently, there is no provision in the law to permit the District to fund other postemployment benefits by any means other than the "pay as you go" method.

For the year ended June 30, 2023, the District recognized OPEB expense of \$68,569 in the Statement of Activities.

(15) Risk Management

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 commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

(16) Reserve for Capital

On May 16, 2006, the voters approved the creation of a capital reserve fund for the purpose of future renovations and/or reconstruction of existing school buildings. Such capital reserve fund would be for a probable term of ten years in an amount not to exceed \$1,000,000. The capital reserve was to be funded with such funds to be obtained from end of year budget surplus funds and tax levy. On May 18, 2010, the voters approved to increase the fund to an amount not to exceed \$2,000,000. Through June 30, 2023, the reserve has been funded in the amount of \$1,305,000 and has earned \$14,478 in interest. To date, voters have approved that \$1,270,000 be withdrawn and expended on capital projects for the District. The balance in this reserve is \$49,478.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(16) Reserve for Capital, Continued

On June 30, 2016, the voters approved the creation of a capital reserve fund for the purpose of financing alterations, renovations and/or reconstruction or other improvements to the District's school building, including, without limitation, restoration to the main school building masonry, renovations to the bathrooms and other site improvements connected to such buildings and facilities. Such capital reserve fund would be for a probable term of ten years in an amount not to exceed \$1,000,000, plus any accrued earnings on amounts deposited in such reserve fund. Through June 30, 2023, the reserve has been funded in the amount of \$1,015,000 and has earned \$701 in interest. To date the voters have approved \$1,000,000 to be withdrawn and expended on capital projects for the District. The balance in this reserve at June 30, 2023 is \$363,792.

(17) Commitments and Contingencies

(a) Grants

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

(b) Litigation

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

(c) Operating Lease

The District leases various equipment under non-cancelable operating leases. Rental expense for the fiscal year ended June 30, 2023 was \$7,695. The minimum remaining operating lease payments is \$958 during 2024.

(18) Subsequent Events

Management has evaluated events through the date of the report, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of Revenue, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund  
Year ended June 30, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary Basis)	Final Budget Variance with Budgetary <u>Actual</u>
Revenue:				
Local sources:				
Real property taxes and STAR	\$ 3,431,538	3,431,538	3,431,539	1
Charges for services	99,637	99,637	80,305	(19,332)
Use of money and property	8,034	8,034	17,972	9,938
Miscellaneous	-	-	3,124	3,124
State sources	<u>295,521</u>	<u>295,521</u>	<u>296,809</u>	<u>1,288</u>
Total revenue	3,834,730	3,834,730	<u>3,829,749</u>	<u>(4,981)</u>
Appropriated fund balance - encumbrances	<u>4,461</u>	<u>4,461</u>		
Total revenue and appropriated fund balance	<u>\$ 3,839,191</u>	<u>3,839,191</u>		

(Continued)



FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of Revenue, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund, Continued

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary <u>Basis</u> )	Year-End <u>Encumbrances</u>	Final Budget Variance with Budgetary <u>Actual</u>
Expenditures:					
General support:					
Board of education	\$ 10,213	10,213	9,511	-	702
Central administration	285,241	285,241	268,914	-	16,327
Finance	205,376	205,376	187,076	-	18,300
Staff	27,576	27,576	16,108	-	11,468
Central services	200,078	200,078	221,743	1,981	(23,646)
Special items	94,995	94,995	93,799	-	1,196
Instruction:					
Administration and improvement	24,835	24,835	9,854	85	14,896
Teaching - regular school Programs for children with disabilities	1,415,218	1,415,218	1,346,382	-	68,836
Instructional media	203,435	203,435	221,715	-	(18,280)
Pupil services	55,650	55,650	46,131	-	9,519
Pupil transportation	204,037	204,037	191,978	3,025	9,034
Employee benefits	8,500	8,500	7,582	-	918
Interest	1,005,037	1,005,037	914,293	332	90,412
	<u>12,000</u>	<u>12,000</u>	<u>47,300</u>	<u>-</u>	<u>(35,300)</u>
Total expenditures	<u>3,752,191</u>	<u>3,752,191</u>	<u>3,582,386</u>	<u>5,423</u>	<u>164,382</u>
Other financing uses:					
Transfers out	75,000	75,000	75,000	-	-
Budgetary reserves	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>12,000</u>
Total other financing uses	<u>87,000</u>	<u>87,000</u>	<u>75,000</u>	<u>-</u>	<u>12,000</u>
Total expenditures and other financing uses	<u>\$ 3,839,191</u>	<u>3,839,191</u>	<u>3,657,386</u>	<u>5,423</u>	<u>176,382</u>
Net change in fund balance			172,363		
Fund balance at beginning of year			<u>1,012,736</u>		
Fund balance at end of year			<u>\$ 1,185,099</u>		

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of District's Proportionate Share of the Net Pension Asset/Liability

Year ended June 30, 2023

<u>TRS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset (liability)	0.011007%	0.010988%	0.010021%	0.010521%	0.010550%	0.010108%	0.009888%	0.0099650%	0.0112180%
District's proportionate share of the net pension asset (liability)	\$ (211,204)	1,904,074	(276,911)	273,339	190,773	76,829	(105,907)	1,035,062	1,249,647
District's covered payroll	\$ 1,646,317	1,949,843	1,905,272	1,700,901	1,756,143	1,718,485	1,641,700	1,607,749	1,658,383
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	12.83%	97.65%	14.53%	16.07%	10.86%	4.47%	6.45%	64.38%	75.35%
Plan fiduciary net position as a percentage of the total pension asset (liability)	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
<u>ERS</u>									
District's proportion of the net pension asset (liability)	0.0008200%	0.0011086%	0.0011072%	0.0006156%	0.0005099%	0.0003211%	0.0003246%	0.0004412%	0.0004486%
District's proportionate share of the net pension asset (liability)	\$ (175,841)	90,627	(1,102)	(163,017)	(36,127)	(10,363)	(30,501)	(70,809)	(15,155)
District's covered payroll	\$ 282,994	330,445	337,699	252,870	204,185	163,511	95,672	100,036	156,507
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	62.14%	27.43%	0.33%	64.47%	17.69%	6.34%	31.88%	70.78%	9.68%
Plan fiduciary net position as a percentage of the total pension asset (liability)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District should present information for those years for which information is available.

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of District's Pension Contributions  
Year ended June 30, 2023

<u>TRS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 169,406	191,085	181,572	150,700	186,502	168,412	189,243	170,814	259,686	269,436
Contribution in relation to the contractually required contribution	169,406	191,085	181,572	150,700	186,502	168,412	189,243	170,814	259,686	269,436
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 1,646,317	1,949,843	1,905,272	1,700,901	1,756,143	1,718,485	1,641,700	1,578,588	1,607,749	1,658,383
Contribution as a percentage of covered payroll	10%	10%	10%	9%	11%	10%	12%	11%	16%	16%

<u>ERS</u>										
Contractually required contribution	\$ 23,260	35,098	42,876	35,186	23,157	21,198	14,688	24,692	29,283	32,985
Contribution in relation to the contractually required contribution	23,260	35,098	42,876	35,186	23,157	21,198	14,688	24,692	29,283	32,985
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 282,994	330,445	337,699	252,870	204,185	163,511	95,672	127,083	141,075	157,605
Contribution as a percentage of covered payroll	8%	11%	13%	14%	11%	13%	15%	19%	21%	21%

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of Changes in District's  
Total OPEB Liability and Related Ratios  
Year ended June 30, 2023

Total OPEB liability	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 49,677	49,677	49,677	49,677	49,677	181,283
Interest on total OPEB liability	100,575	84,321	67,375	72,683	97,207	31,029
Differences between actual and expected experience	473,116	(242,162)	835,214	238,253	(273,642)	-
Changes in assumptions or inputs	(554,800)	(743,950)	56,843	243,558	380,026	-
Benefit payments	<u>(85,763)</u>	<u>(121,596)</u>	<u>(86,340)</u>	<u>(112,169)</u>	<u>(122,285)</u>	<u>(171,515)</u>
Net change in total OPEB liability	(17,195)	(973,710)	922,769	492,002	130,983	40,797
Total OPEB liability - beginning	<u>2,977,270</u>	<u>3,950,980</u>	<u>3,028,211</u>	<u>2,536,209</u>	<u>2,405,226</u>	<u>2,364,429</u>
Total OPEB liability - ending	<u>\$ 2,960,075</u>	<u>2,977,270</u>	<u>3,950,980</u>	<u>3,028,211</u>	<u>2,536,209</u>	<u>2,405,226</u>
Covered payroll	\$ 2,164,579	2,312,860	2,294,330	2,147,908	2,233,568	2,089,652
Total OPEB liability as a percentage of covered payroll	136.76%	128.74%	172.22%	140.98%	113.55%	115.10%

Notes to schedule:

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

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
4.85%	3.37%	2.14%	2.22%	2.97%	4.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District should present information for those years for which information is available.

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

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Other Supplementary Information  
Schedule of Change from Adopted Budget to Final Budget and  
the Real Property Tax Limit Calculation  
Year ended June 30, 2023

Change from adopted budget to final budget:

Adopted budget	\$ 3,834,730
Add prior year's encumbrances	<u>4,461</u>
Original/Final budget	<u>\$ 3,839,191</u>

Section 1318 of Real Property Tax Law Limit Calculation

2023-2024 voter approved expenditure budget	<u>\$ 3,940,884</u>
Maximum allowed 4% of 2023-24 budget	<u>157,635</u>

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

Unrestricted fund balance:

Assigned fund balance	\$ 5,423
Unassigned fund balance	<u>101,333</u>

Total unrestricted fund balance 106,756

Less - encumbrances 5,423

General fund fund balance subject to Section 1318  
of Real Property Tax Law \$ 101,333

Actual percentage 2.57%

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

## Year ended June 30, 2023

Project title	Budget June 30, <u>2022</u>	Budget June 30, <u>2023</u>	Expenditures and Obligations to Date		Unexpended Balance	Methods of Financing			Fund Balance June 30, <u>2023</u>  (31,333)
			Prior Years	Current Year		Proceeds of Obligations	State Aid	Local Sources	
District-Wide renovations	\$ 331,071	331,071	380,499	29,563	(78,991)	-	-	378,729	378,729

FISHERS ISLAND UNION FREE SCHOOL DISTRICT  
Other Supplementary Information  
Net Investment in Capital Assets  
June 30, 2023

Capital assets, net	<u>\$ 2,840,226</u>
Net investment in capital assets	<u><u>\$ 2,840,226</u></u>

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

To the Board of Education  
Fishers Island Union Free School District  
Fishers Island, New York:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fishers Island Union Free School District (the District), as of and for the year ended June 30, 2023, and the related notes to financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 18, 2023.

**Report on Internal Control Over Financial Reporting**

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

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



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

#### Report on Compliance and Other Matters

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

#### Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 18, 2023