

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2021**

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# EAST ISLIP UNION FREE SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
East Islip Union Free School District

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund of the East Islip Union Free School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Opinions*

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, 2021, 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.

## *Emphasis of Matter*

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 16 and 63 through 67, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary financial 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, NY  
October 12, 2021

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The East Islip Union Free School District's (the "District") discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

- On May 18, 2021 the District's residents authorized the proposed 2021-2022 budget in the amount of \$121,037,910. The 2021-2022 budget is supported by a real property tax levy, including real property taxes and STAR, of \$72,991,599, which was an increase of \$1,081,102, or 1.50% over the 2020-2021 real property tax levy.
- The District's expenses for the year, as reflected in the District-Wide Financial Statements, totaled \$137,641,222. Of this amount, \$4,838,057 was offset by program charges for services and operating grants and contributions and capital grants and contributions. General revenues of \$115,147,206 amount to 95.97% of total revenues.
- The District's total net deficit, as reflected in the District-Wide Financial Statements, increased by \$17,655,959. This was due to an excess of expenditures over revenues based on the accrual basis of accounting.
- The District implemented Government Accounting Standards Board Statement No. 84 (GASB Statement No. 84), *Fiduciary Activities*, in 2021. This resulted in the restatement of opening net position in the amount of \$248,972.
- The District's fund balance in the general fund, as reflected in the Fund Financial Statements increased \$2,856,971 based on the modified accrual basis of accounting.
- Actual revenues in the general fund were over budget by \$666,565, while actual expenditures, other financing uses and encumbrances were under budget by \$8,426,733, resulting in a total budget variance of \$9,093,298.
- The District appropriated \$4,429,097 of fund balance toward the 2021-2022 budget to limit the tax levy increase, and reduce the burden on District taxpayers.
- During the year, the District accounted for \$165,014 in federal grants in relation to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). These funds were recorded in operating grants and contributions in the Statement of Activities on the District-Wide financial statements.
- The District was awarded funding in July 2021 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in the amounts of \$2,864,240 for the Elementary and Secondary School Emergency Relief Program (ESSER) and \$436,270 for the Governor's Emergency Education Relief Program (GEER).

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

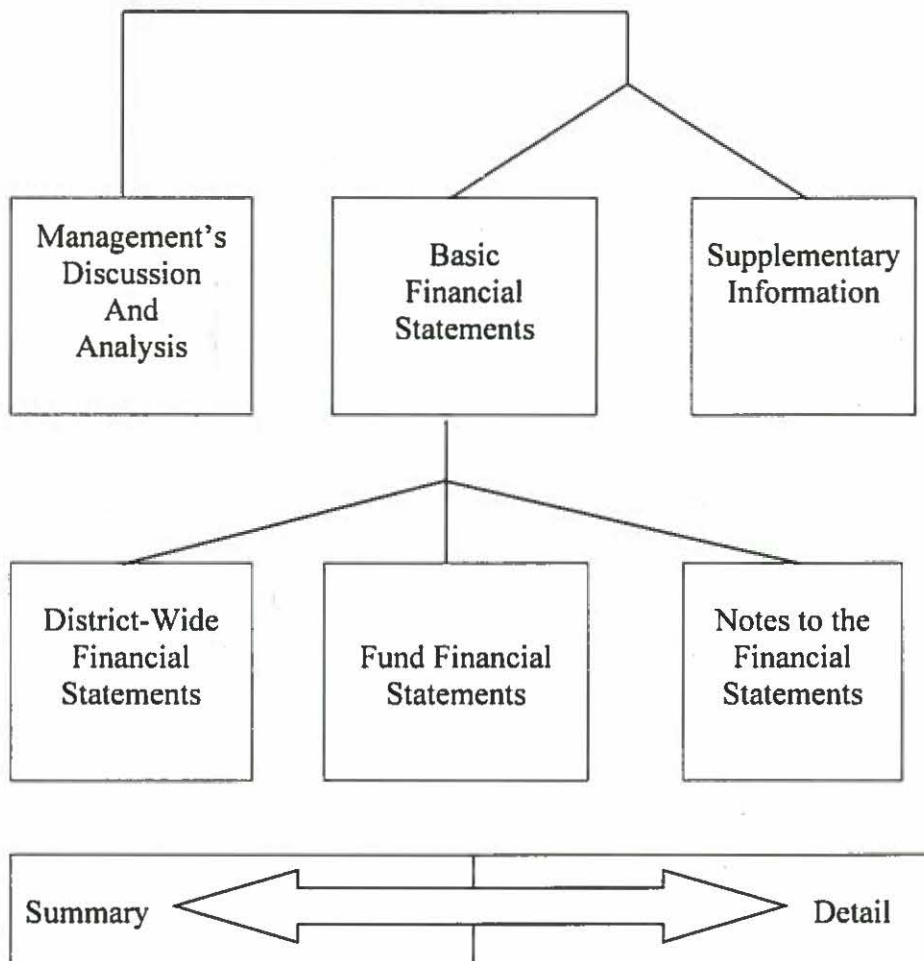
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.
  - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
  - *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others.

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



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Organization of the District's Annual Financial Report**



The table below summarizes the major features of the District's basic financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Major Features of the District-Wide and Fund Financial Statements**

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as property taxes collected on behalf of another local government
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources and liability /deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**A. District-Wide Financial Statements**

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

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

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

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

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

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - *Net investment* in capital assets;
  - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation;
  - *Unrestricted net position* is net position that does not meet any of the above restrictions.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**B. Fund Financial Statements**

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional schedules explain the relationship (or differences) between them. In summary, the Government Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school food service fund, miscellaneous special revenue fund, debt service and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary fund:* The District is the trustee or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments.

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

**A. Net Position**

The June 30, 2020 current and other assets, current and other liabilities, restricted net position, unrestricted net position, and total net position (deficit) were restated as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*. This Statement eliminates the trust and agency fund and private purpose fund and now records those activities in the general fund and miscellaneous special revenue fund. See Note 20 for further information. The following is a summary of these changes:

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and other assets	\$ 34,578,837	\$ 34,276,994	\$ 301,843
Current and other liabilities	40,099,429	40,046,558	52,871
Net Position			
Restricted	15,632,035	15,622,407	9,628
Unrestricted (Deficit)	(270,678,458)	(270,917,802)	239,344
Total Net Position (Deficit)	(198,447,871)	(198,696,843)	248,972

The District's total net deficit increased by \$17,655,959 in the fiscal year ended June 30, 2021 as detailed in the table below.

**Condensed Statement of Net Position-Governmental Activities**

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase/ (Decrease)	Total Percentage Change
Current and other assets	\$ 108,625,915	\$ 34,578,837	\$ 74,047,078	214.14%
Capital assets, net	100,649,063	92,205,727	8,443,336	9.16%
Net pension asset, proportionate share		7,049,470	(7,049,470)	(100.00%)
Total Assets	209,274,978	133,834,034	75,440,944	56.37%
Deferred outflows of resources	122,059,568	122,211,129	(151,561)	(0.12%)
Total Assets and Deferred Outflows of Resources	331,334,546	256,045,163	75,289,383	29.40%
Current and other liabilities	124,191,647	40,099,429	84,092,218	209.71%
Long-term liabilities	378,402,948	362,509,606	15,893,342	4.38%
Total Liabilities	502,594,595	402,609,035	99,985,560	24.83%
Deferred inflows of resources	44,843,781	51,883,999	(7,040,218)	(13.57%)
Net Position (Deficit)				
Net investment in capital assets	54,177,122	56,598,552	(2,421,430)	(4.28%)
Restricted	20,215,171	15,632,035	4,583,136	29.32%
Unrestricted (Deficit)	(290,496,123)	(270,678,458)	(19,817,665)	7.32%
Total Net Position (Deficit)	\$ (216,103,830)	\$ (198,447,871)	\$ (17,655,959)	8.90%

Current and other assets increased \$74,047,078 or 214.14% primarily due to an increase in cash in the capital projects fund due to proceeds from a bond anticipation note and an increase in state and federal aid receivable. Capital assets (net of depreciation) increased by \$8,443,336 or 9.16% due to current year additions primarily relating to the ongoing bond project, offset by current year depreciation. The net pension asset – proportionate share for the teachers' retirement system (TRS) decreased by \$7,049,470 as compared to the prior year, this was a result of the actuarial valuation provided by the State resulting in a net pension liability of \$7,275,054 at June 30, 2021.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The changes in deferred outflows represent amortization of the deferred charge from advance refunding as discussed in Note 13, amortization of pension related items and the change in the District's contribution subsequent to measurement date for pensions, as discussed in Note 15, and deferred outflows related to the total other post-employment benefits obligation as discussed in Note 17.

Current and other liabilities increased by \$84,092,218 or 209.71% primarily due to an increase in accrued interest payable, due to other governments, due to teachers' retirement system, due to employees' retirement system, and bond anticipation notes payable, offset by decreases in accounts payable and accrued liabilities. Long-term liabilities increased by \$15,893,342 or 4.38% primarily due to increases in claims payable, compensated absences, total other post-employment benefits obligation, and net pension liability – proportionate share – TRS, offset by decreases in bonds payable, energy performance contract payable, and net pension liability – proportionate share – employees' retirement system (ERS).

The changes in deferred inflows represent amortization of pension related items, as discussed in Note 15, and the amortization of deferred inflows related to the total other post-employment benefits obligation as discussed in Note 17.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings and improvements, and furniture & equipment, net of depreciation, related debt (net of any unspent proceeds), and any unamortized items (discounts, premiums, gains on refunding).

The increase of \$4,583,136 in restricted net position refers to the change in the District's reserves: workers' compensation, unemployment insurance, retirement contribution (ERS and TRS), repair, insurance, employee benefit accrued liability, as well as amounts restricted for scholarships and debt service.

The unrestricted net deficit in the amount of \$290,496,123 relates to the balance of the District's net position. This number does not include the District's reserves, which are classified as restricted net position or amounts restricted for scholarships and debt service. This deficit increased by \$19,817,665 or 7.32% from the prior year.

The overall net deficit increased by \$17,655,959 or 8.90%.

**B. Changes in Net Position**

The June 30, 2020 balances for revenues for charges for services and operating grants and contributions, and expenses for instruction were restated as a result of the implementation of GASB Statement No.84. See Note 20 "Restatement of Fund Balances/Net Position (Deficit)" for further information. The following schedule outlines these changes:

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	As Restated 2020	As Reported 2020	Increase (Decrease)
Revenues			
Charges for services	\$ 2,262,734	\$ 2,021,069	\$ 241,665
Operating grants and contributions	2,675,377	2,669,327	6,050
Expenses			
Instruction	110,216,078	109,956,142	259,936

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2021 and 2020 are as follows:

**Change in Net Position from Operating Results**

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
Revenues				
Program revenues				
Charges for services	\$ 1,762,240	\$ 2,262,734	\$ (500,494)	(22.12%)
Operating grants and contributions	3,015,817	2,675,377	340,440	12.72%
Capital grants and contributions	60,000	9,599	50,401	525.07%
General revenues				
Real property taxes and other tax items	72,505,037	72,500,008	5,029	0.01%
State sources	38,451,095	38,603,262	(152,167)	(0.39%)
Use of money and property	530,517	686,761	(156,244)	(22.75%)
Other	3,660,557	2,301,793	1,358,764	59.03%
Total revenues	<u>119,985,263</u>	<u>119,039,534</u>	<u>945,729</u>	0.79%
Expenses				
General support	26,579,857	18,292,288	8,287,569	45.31%
Instruction	103,532,931	110,216,078	(6,683,147)	(6.06%)
Pupil transportation	4,912,284	4,291,142	621,142	14.47%
Community service	511,648	490,846	20,802	4.24%
Debt service-interest	1,156,952	1,410,408	(253,456)	(17.97%)
Food service program	947,550	1,078,398	(130,848)	(12.13%)
Total expenses	<u>137,641,222</u>	<u>135,779,160</u>	<u>1,862,062</u>	1.37%
Increase (decrease) in net position	<u>\$ (17,655,959)</u>	<u>\$ (16,739,626)</u>	<u>\$ (916,333)</u>	5.47%

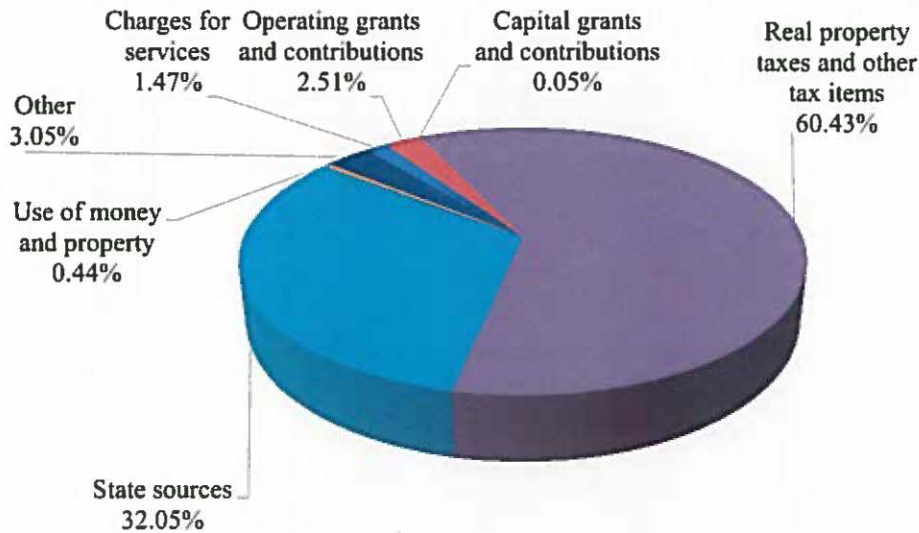
The District's fiscal year 2021 revenues totaled \$119,985,263. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 60.43% and 32.05%, respectively of total revenue. The remainder came from charges for services, operating grants and contributions and capital grants and contributions, use of money and property, and other miscellaneous sources.

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

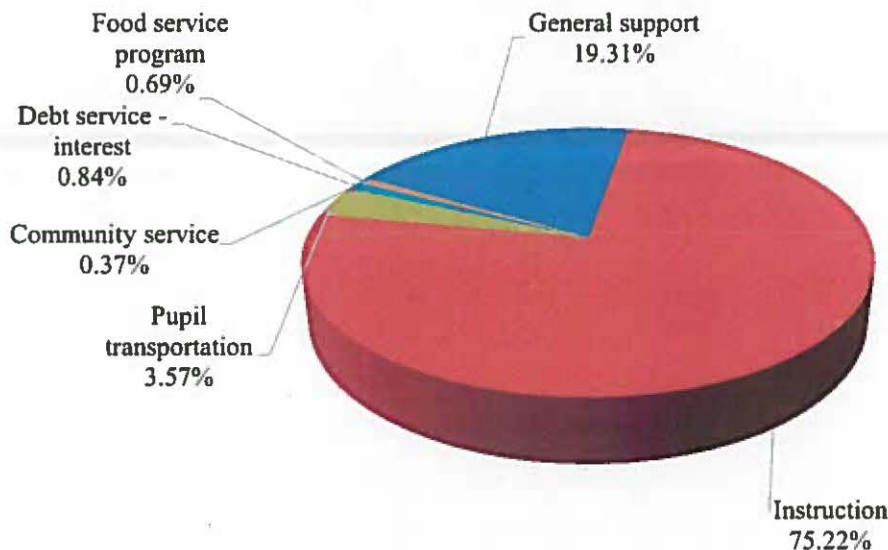
The total cost of all programs and services totaled \$137,641,222 for fiscal year 2021. These expenses are predominantly related to general instruction and caring for (pupil services) and transporting students, which account for 78.79% of District expenses. The District's general support activities accounted for 19.31% of total costs. Total expenses increased by \$1,862,062 or 1.37%, primarily due to increases in general support and pupil transportation, offset by decreases in instruction, debt service, interest, and food service program.

The users of the District's programs financed \$1,762,240 of the cost. The federal and state governments subsidized certain programs with operating grants and contributions and capital grants and contributions of \$3,075,817 which represents a 14.58% increase from the prior year. Most of the District's net costs of \$132,803,165 were financed by District taxpayers and state sources.

**Revenues for Fiscal Year 2021**



**Expenses for Fiscal Year 2021**





**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

At June 30, 2021, the District's governmental funds reported a combined fund deficit of \$15,219,529 which is an increase of \$9,406,527 from the prior year. Fund balance for 2020 was restated to include a miscellaneous special revenue fund due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. See Note 20 for further information. A summary of the change in fund balance by fund is as follows:

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

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase (Decrease)	Total Percentage Change
<b>General Fund</b>				
Restricted for workers' compensation	\$ 1,363,766	\$ 1,360,264	\$ 3,502	0.26%
Restricted for unemployment insurance	162,213	161,797	416	0.26%
Restricted for retirement contribution - ERS	1,967,133	1,962,082	5,051	0.26%
Restricted for retirement contribution - TRS	2,460,659	1,654,341	806,318	48.74%
Restricted for repairs	2,803,409	1,406,092	1,397,317	99.38%
Restricted for insurance	35,580	35,488	92	0.26%
Restricted for employee benefit accrued liability	4,251,051	4,240,135	10,916	0.26%
Restricted for capital	5,951,633	4,036,351	1,915,282	47.45%
Assigned - general support	122,512	857,869	(735,357)	(85.72%)
Assigned - instruction	66,061	158,218	(92,157)	(58.25%)
Assigned - employee benefits	-	25,866	(25,866)	N/A
Assigned - appropriated for subsequent year's expenditures	4,429,097	4,878,947	(449,850)	(9.22%)
Unassigned	4,841,516	4,820,209	21,307	0.44%
Total general fund	<u>28,454,630</u>	<u>25,597,659</u>	<u>2,856,971</u>	11.16%
<b>School Food Service Fund</b>				
Nonspendable - inventory	4,814	20,177	(15,363)	(76.14%)
Assigned	452,964	368,180	84,784	23.03%
Total school food service fund	<u>457,778</u>	<u>388,357</u>	<u>69,421</u>	(17.88%)
<b>Miscellaneous Special Revenue Fund</b>				
Restricted for scholarships	11,048	9,628	1,420	14.75%
Assigned	232,906	239,344	(6,438)	(2.69%)
Total miscellaneous special revenue fund	<u>243,954</u>	<u>248,972</u>	<u>(5,018)</u>	(2.02%)
<b>Debt Service Fund</b>				
Restricted for debt service	1,208,679	765,857	442,822	57.82%
Total debt service fund	<u>1,208,679</u>	<u>765,857</u>	<u>442,822</u>	57.82%
<b>Capital Projects Fund</b>				
Restricted unspent debt proceeds	186,718	882,285	(695,567)	(78.84%)
Unassigned	(45,771,288)	(33,696,132)	(12,075,156)	35.84%
Total capital projects fund	<u>(45,584,570)</u>	<u>(32,813,847)</u>	<u>(12,770,723)</u>	38.92%
<b>Total Fund Balance - All funds</b>	<u>\$ (15,219,529)</u>	<u>\$ (5,813,002)</u>	<u>\$ (9,406,527)</u>	161.82%



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**A) General Fund**

The net increase of \$2,856,971 in the general fund is due to actual revenues and other financing sources exceeding actual expenditures and other financing uses in the current year.

**B) School Food Service Fund**

The net increase of \$69,421 in the school food service fund is due to an operating deficit in the current year offset by an interfund transfer from the general fund.

**C) Miscellaneous Special Revenue Fund**

The fund balance in the miscellaneous special revenue decreased by \$5,018. This increase is due to current year expenditures exceeding revenues for scholarships and extraclassroom activities.

**D) Debt Service Fund**

The net increase of \$442,822 in the debt service fund is due to interest income, premiums on obligations related to the issuance of bond anticipation notes, and operating transfers in from the general fund, offset by debt service payments.

**E) Capital Projects Fund**

The net decrease in the fund balance of the capital projects fund of \$12,770,723 is due to construction projects in progress, for which permanent financing has not been obtained.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2020-2021 Budget**

The District's general fund original budget for the fiscal year ended June 30, 2021 was \$120,505,188. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,041,953 and budget revisions of \$176,879, which resulted in a final budget of \$121,724,020. The majority of the funding came from real property taxes and other tax items including STAR revenue of \$72,510,208.

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

The general fund's unassigned fund balance is a component to total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund subsequent years' budget. It is this balance that is commonly referred to as "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Opening, unassigned fund balance	\$ 4,820,209
Revenues over budget	666,565
Expenditures and encumbrances under budget	8,426,733
Transfers to reserves	(4,595,274)
Interest allocated to reserves	(47,620)
Assigned - appropriated for June 30, 2022 budget	<u>(4,429,097)</u>
Closing, unassigned fund balance	<u>\$ 4,841,516</u>

The \$4,820,209 represents the portion of the District's June 30, 2020 fund balance that was retained as unassigned fund balance.

The revenues over budget of \$666,565 were primarily the result of insurance recoveries, miscellaneous revenue, and premium on obligations coming in over budget, offset by charges for services, use of money and property, and state sources coming in under budget. (See Supplemental Schedule #1 for detail).

The expenditures and encumbrances under budget of \$8,426,733 were primarily the result of central services, instruction, pupil services, pupil transportation, and employee benefits in under budget. (See Supplemental Schedule #1 for detail).

Transfers to reserves in the amount of \$4,429,097 were as follows: \$504,000 to the retirement contribution reserve – ERS, which was to replenish the use of reserves in the amount of \$504,000, \$800,000 to the retirement contribution reserve – TRS, \$1,391,274 to the repair reserve, and \$1,900,000 to the capital reserve.

Interest in the amount of \$47,620 was allocated to the reserves as follows: \$3,502 to the workers compensation reserve, \$416 to the unemployment insurance reserve, \$5,051 to the retirement contribution reserve – ERS, \$6,318 to the retirement contribution reserve – TRS, \$6,043 to the repair reserve, \$92 to the insurance reserve, \$10,916 to the employee benefit accrued liability reserve, and \$15,282 to the capital reserve.

The assigned, appropriated fund balance of \$4,429,097 is the amount the District has chosen to use to partially fund its operating budget for 2021-2022.

The closing, unassigned fund balance represents the fund balance retained by the District that is not restricted or assigned for the subsequent year's budget. This amount is limited to 4% of the 2021-2022 budget. At June 30, 2021, the District's unassigned fund balance is at the statutory limit.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital Assets**

The District paid for equipment and various building additions and renovations during the fiscal year 2020. A summary of the District's capital assets net of depreciation is as follows:

Capital Assets (Net of Depreciation)

Category	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)
Land	\$ 2,161,500	\$ 2,161,500	\$ -
Construction in Progress	16,581	11,647,459	(11,630,878)
Buildings & improvements	157,760,352	134,236,804	23,523,548
Furniture, equipment & vehicles	8,892,502	8,036,162	856,340
Subtotal	168,830,935	156,081,925	12,749,010
Less: accumulated depreciation	(68,181,872)	(63,876,198)	(4,305,674)
Total net capital assets	<u>\$ 100,649,063</u>	<u>\$ 92,205,727</u>	<u>\$ 8,443,336</u>

The District spent \$376,171 in the general fund and school food service fund for furniture and equipment purchases during the year, and \$12,380,864 in the capital projects fund on construction in progress, buildings and improvements, and furniture and equipment. The District also recorded depreciation expense and loss on disposal of \$4,313,699. See Note 8 to the financial statements for detail.

**B. Long-Term Debt**

At June 30, 2021, the District had total bonds payable, inclusive of premiums of \$1,210,913. The decrease in outstanding debt is due to current year principal payments. More detailed information about the District's long-term debt is presented in the Note 12 to the financial statements.

A summary of outstanding long-term debt at June 30, 2021 and 2020 is as follows:

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Description	Issue Date	2021	2020	Increase (Decrease)
2010 Refunding serial bonds - Library	5/27/2010	\$ 595,000	\$ 1,170,000	\$ (575,000)
2010 Refunding serial bonds	5/27/2010	-	1,610,000	(1,610,000)
2011 Refunding serial bonds	7/20/2011	-	2,325,000	(2,325,000)
2012 Refunding serial bonds	2/22/2012	-	905,000	(905,000)
2015 Refunding serial bonds	5/7/2015	590,000	1,150,000	(560,000)
Unamortized premiums		25,913	420,452	(394,539)
Total		<u>\$ 1,210,913</u>	<u>\$ 7,580,452</u>	<u>\$ (6,369,539)</u>

At June 30, 2021, the District had total energy performance contract payable of \$3,040,000. A summary of the outstanding energy performance contract payable at June 30, 2021 and 2020 is as follows:

Issue Date	Final Maturity	Interest Rate	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)
8/22/2019	6/15/2035	2.32%	<u>\$ 3,040,000</u>	<u>\$ 3,153,150</u>	<u>\$ (113,150)</u>

**7. FACTORS BEARING ON THE DISTRICT'S FUTURE**

- A. The general fund budget for the 2021-2022 school year was approved by the voters in the amount of \$121,037,910. This is an increase of \$532,722 or 0.44% over the previous year's budget. The uncertainty in state aid and federal funds, as well as potential operating adjustments that may be needed due to COVID-19 may impact the District's future budgets.
- B. Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services and the property tax cap which will continue to impact the District's ability to fund its current cost of services.
- C. The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

East Islip Union Free School District  
Mr. Stephen Harrison  
Assistant Superintendent for Business  
1 Craig B. Gariepy Avenue  
Islip Terrace, NY 11752

**EAST ISLIP UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

<b>ASSETS</b>	
Current assets	
Cash	
Unrestricted	\$ 82,973,907
Restricted	20,215,171
Receivables	
Accounts receivable	154,025
State and federal aid	3,513,655
Due from other governments	1,764,343
Inventories	4,814
Non-current assets	
Capital assets	
Not being depreciated	2,178,081
Being depreciated, net of accumulated depreciation	98,470,982
<b>TOTAL ASSETS</b>	<b>209,274,978</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges from refunding	4,144
Pensions	32,759,665
Total other post-employment benefits	89,295,759
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>122,059,568</b>
<b>LIABILITIES</b>	
Payables	
Accounts payable	3,889,892
Accrued liabilities	300,843
Accrued interest payable	729,196
Due to other governments	1,768,199
Due to teachers' retirement system	4,481,632
Due to employees' retirement system	481,394
Student deposits	8,880
Notes payable	
Bond anticipation note payable	112,488,224
Unearned credits	
Collections in advance	43,387
Long-term liabilities	
Due and payable within one year	
Bonds payable, inclusive of premium	1,210,913
Energy performance contract payable	185,000
Claims payable	441,000
Compensated absences payable	500,000
Due and payable after one year	
Energy performance contract payable	2,855,000
Claims payable	743,680
Compensated absences payable	5,832,721
Total other post-employment benefits obligation	359,333,734
Net pension liability - proportionate share - teachers' retirement system	7,275,054
Net pension liability - proportionate share - employees' retirement system	25,846
<b>TOTAL LIABILITIES</b>	<b>502,594,595</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	11,344,754
Total other post-employment benefits	33,499,027
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>44,843,781</b>
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets	54,177,122
Restricted	
Workers' compensation	1,363,766
Unemployment insurance	162,213
Retirement contribution - employees' retirement system	1,967,133
Retirement contribution - teachers' retirement system	2,460,659
Repair	2,803,409
Insurance	35,580
Employee benefit accrued liability	4,251,051
Capital	5,951,633
Scholarships	11,048
Debt service	1,208,679
	20,215,171
Unrestricted (deficit)	(290,496,123)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (216,103,830)</b>

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>FUNCTIONS / PROGRAMS</b>				
General support	\$ (26,579,857)	\$ -	\$ -	\$ -
Instruction	(103,532,931)	1,678,360	2,107,152	60,000
Pupil transportation	(4,912,284)		119,140	
Community services	(511,648)			
Debt service-interest	(1,156,952)			
Food service program	(947,550)	83,880	789,525	
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<u>\$ (137,641,222)</u>	<u>\$ 1,762,240</u>	<u>\$ 3,015,817</u>	<u>\$ 60,000</u>
<b>GENERAL REVENUES</b>				
Real property taxes				65,484,696
Other tax items - including STAR reimbursement				7,020,341
State sources				38,451,095
Use of money and property				530,517
Miscellaneous				3,491,410
Federal sources				169,147
<b>TOTAL GENERAL REVENUES</b>				<u>115,147,206</u>
<b>CHANGE IN NET POSITION</b>				(17,655,959)
<b>TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR AS RESTATED (SEE NOTE 20)</b>				<u>(198,447,871)</u>
<b>TOTAL NET POSITION (DEFICIT) - END OF YEAR</b>				<u>\$ (216,103,830)</u>



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General	Special Aid	School Food Service	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>							
Cash							
Unrestricted	\$ 2,730,599	\$ 67,728	\$ 545,324	\$ 232,906	\$ -	\$ 79,397,350	\$ 82,973,907
Restricted	18,995,444			11,048	155,019	1,053,660	20,215,171
Receivables							
Accounts receivable	153,400		625				154,025
State and federal aid	2,215,311	1,005,286	96,945			196,113	3,513,655
Due from other funds	11,448,440				1,053,660		12,502,100
Due from other governments	1,764,343						1,764,343
Inventories			4,814				4,814
<b>TOTAL ASSETS</b>	<b>\$ 37,307,537</b>	<b>\$ 1,073,014</b>	<b>\$ 647,708</b>	<b>\$ 243,954</b>	<b>\$ 1,208,679</b>	<b>\$ 80,647,123</b>	<b>\$121,128,015</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>							
Payables							
Accounts payable	\$ 1,629,058	\$ 93,644	\$ 133,298	\$ -	\$ -	\$ 2,033,892	\$ 3,889,892
Accrued liabilities	300,123	720					300,843
Due to other governments	1,764,940		3,259				1,768,199
Due to other funds		978,373	10,263			11,513,464	12,502,100
Due to teachers' retirement system	4,481,632						4,481,632
Due to employees' retirement system	481,394						481,394
Student deposits	8,880						8,880
Notes payable							
Bond anticipation note payable						112,488,224	112,488,224
Unearned credits							
Collections in advance		277	43,110				43,387
<b>TOTAL LIABILITIES</b>	<b>8,666,027</b>	<b>1,073,014</b>	<b>189,930</b>	<b>-</b>	<b>-</b>	<b>126,035,580</b>	<b>135,964,551</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues	186,880					196,113	382,993
<b>FUND BALANCES (DEFICIT)</b>							
Nonspendable: Inventory			4,814				4,814
Restricted							
Workers' compensation	1,363,766						1,363,766
Unemployment insurance	162,213						162,213
Retirement contribution - ERS	1,967,133						1,967,133
Retirement contribution - TRS	2,460,659						2,460,659
Repairs	2,803,409						2,803,409
Insurance	35,580						35,580
Employee benefit accrued liability	4,251,051						4,251,051
Capital	5,951,633						5,951,633
Scholarships				11,048			11,048
Debt service					1,208,679		1,208,679
Unspent debt proceeds						186,718	186,718
Assigned							
Appropriated fund balance	4,429,097						4,429,097
Unappropriated fund balance	188,573		452,964	232,906			874,443
Unassigned (deficit)	4,841,516					(45,771,288)	(40,929,772)
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>28,454,630</b>	<b>-</b>	<b>457,778</b>	<b>243,954</b>	<b>1,208,679</b>	<b>(45,584,570)</b>	<b>(15,219,529)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 37,307,537</b>	<b>\$ 1,073,014</b>	<b>\$ 647,708</b>	<b>\$ 243,954</b>	<b>\$ 1,208,679</b>	<b>\$ 80,647,123</b>	<b>\$121,128,015</b>

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2021**

Total Governmental Fund Balances \$ (15,219,529)

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.

Original cost of capital assets	\$ 168,830,935	
Accumulated depreciation	<u>(68,181,872)</u>	100,649,063

Deferred inflows - Certain revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds, but are recognized on the Statement of Net Position. 382,993

Deferred outflows of resources - the Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to:

Deferred outflows related to pensions	\$ 32,759,665	
Deferred outflows related to total OPEB liability	<u>89,295,759</u>	122,055,424

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to pensions	\$ (11,344,754)	
Deferred inflows related to total OPEB liability	<u>(33,499,027)</u>	(44,843,781)

Payables that are associated with short-term and long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to short-term and long-term liabilities at year end consisted of:

Accrued interest payable		(729,196)
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Governmental funds report the effect of charges relating to bond refundings when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. 4,144

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

Bonds payable, inclusive of premium	\$ (1,210,913)	
Energy performance contract payable	(3,040,000)	
Claims payable	(1,184,680)	
Compensated absences payable	(6,332,721)	
Total other post-employment benefits obligation	(359,333,734)	
Net pension liability - proportionate share - TRS	(7,275,054)	
Net pension liability - proportionate share - ERS	<u>(25,846)</u>	<u>(378,402,948)</u>

Total Net Position \$ (216,103,830)

**EAST ISLIP UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General	Special Aid	School Food Service	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>							
Real property taxes	\$ 65,484,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,484,696
Other tax items - including STAR reimbursement	7,020,341						7,020,341
Charges for services	1,553,133			125,227			1,678,360
Use of money and property	468,314				62,203		530,517
Sale of property and compensation for loss	382,904						382,904
Miscellaneous	1,281,479			6,521	553,025	60,000	1,901,025
Local sources		2,321					2,321
State sources	38,608,124	813,193	14,122				39,435,439
Federal sources	334,161	1,239,243	722,219				2,295,623
Surplus food			53,184				53,184
School lunch sales			83,880				83,880
<b>TOTAL REVENUES</b>	<b>115,133,152</b>	<b>2,054,757</b>	<b>873,405</b>	<b>131,748</b>	<b>615,228</b>	<b>60,000</b>	<b>118,868,290</b>
<b>EXPENDITURES</b>							
General support	13,242,779						13,242,779
Instruction	60,416,235	1,977,336		136,766			62,530,337
Pupil transportation	4,636,241	119,140					4,755,381
Community service	469,361						469,361
Employee benefits	26,085,511	135,359					26,220,870
Debt service - principal	823,150				5,975,000		6,798,150
Debt service - Interest	1,029,209				305,775		1,334,984
Cost of sales			883,984				883,984
Capital outlay						14,022,123	14,022,123
<b>TOTAL EXPENDITURES</b>	<b>106,702,486</b>	<b>2,231,835</b>	<b>883,984</b>	<b>136,766</b>	<b>6,280,775</b>	<b>14,022,123</b>	<b>130,257,969</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>8,430,666</b>	<b>(177,078)</b>	<b>(10,579)</b>	<b>(5,018)</b>	<b>(5,665,547)</b>	<b>(13,962,123)</b>	<b>(11,389,679)</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>							
Bond anticipation notes redeemed from appropriations						710,000	710,000
Premiums on obligations	832,533				440,619		1,273,152
Operating transfers in		177,078	80,000		5,667,750	481,400	6,406,228
Operating transfers (out)	(6,406,228)						(6,406,228)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(5,573,695)</b>	<b>177,078</b>	<b>80,000</b>	<b>-</b>	<b>6,108,369</b>	<b>1,191,400</b>	<b>1,983,152</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,856,971</b>	<b>-</b>	<b>69,421</b>	<b>(5,018)</b>	<b>442,822</b>	<b>(12,770,723)</b>	<b>(9,406,527)</b>
<b>FUND BALANCES (DEFICIT) - BEGINNING OF YEAR AS RESTATED (SEE NOTE 20)</b>	<b>25,597,659</b>	<b>-</b>	<b>388,357</b>	<b>248,972</b>	<b>765,857</b>	<b>(32,813,847)</b>	<b>(5,813,002)</b>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ 28,454,630</b>	<b>\$ -</b>	<b>\$ 457,778</b>	<b>\$ 243,954</b>	<b>\$ 1,208,679</b>	<b>\$ (45,584,570)</b>	<b>\$ (15,219,529)</b>



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances \$ (9,406,527)

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

**Long-Term Revenue and Expense Differences**

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

Change in compensated absences payable	\$ (144,060)	
Change in claims payable	(125,937)	(269,997)

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

Teachers' retirement system	\$ (5,885,456)	
Employees' retirement system	711,203	
Total other post-employment benefits	(17,358,521)	(22,532,774)

Deferred inflows of resources - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in state aid revenues recognized under the full accrual method for the fiscal year ended June 30, 2021 is (156,179)

**Capital Related Differences**

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

Capital outlays	\$ 12,757,035	
Loss on disposition	(2,240)	
Depreciation expense	(4,311,459)	8,443,336

**Long-Term Debt Differences**

Repayment of bond principal and energy performance contract principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 6,088,150

Interest on short and long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest from June 30, 2020 to June 30, 2021 changed by: (32,584)

Governmental funds report premiums, discounts, and similar items on bonds when debt is first issued. These amounts are deferred and amortized in the Statement of Activities. Amortization for the fiscal year ended June 30, 2021 was

Bond premiums	\$ 394,539	
Deferred charges - bond refundings	(183,923)	210,616

Change in Net Position \$ (17,655,959)

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2021**

	<u>Custodial</u>
<b>ASSETS</b>	
Restricted cash and cash equivalents	\$ -
<b>TOTAL ASSETS</b>	<u>\$ -</u>
<b>LIABILITIES</b>	
Other liabilities	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>
<b>NET POSITION</b>	
Restricted	-
<b>TOTAL NET POSITION</b>	<u>-</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ -</u>

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Custodial</u>
<b>ADDITIONS</b>	
Library real property taxes collected	\$ 4,047,647
<b>TOTAL ADDITIONS</b>	<u>4,047,647</u>
<b>DEDUCTIONS</b>	
Library real property taxes disbursed	<u>4,047,647</u>
<b>TOTAL DEDUCTIONS</b>	<u>4,047,647</u>
<b>CHANGE IN NET POSITION</b>	-
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ -</u></u>



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:**

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

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

**A) Reporting entity:**

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education 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 reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus –An Amendment of GASB Statements No. 14 and No.34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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

**B) Joint venture:**

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

BOCES is organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

**C) Basis of presentation:**

**Financial Statements:**

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

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

**Fund Financial Statements:**

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

The District reports the following major governmental funds:

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

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

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**Miscellaneous Special Revenue Fund:** This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations. Other activities included in this fund are extraclassroom activities.

**Debt Service Fund:** This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. Debt service funds should be used to report resources if legally mandated.

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

The District reports the following fiduciary fund:

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

**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 transaction or events for recognition in the financial statements.

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



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

**E) Real property taxes:**

**Calendar**

Real property taxes are levied annually by the Board no later than October 15, and become a lien on December 1. The District's tax levy is collected by the Town of Islip (the "Town") and remitted to the District beginning November 1.

**Enforcement**

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

**F) Restricted resources:**

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

**G) Interfund transactions:**

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

In the District-Wide Financial Statements, eliminations have been made for all interfund receivables and payables between the funds.

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**H) Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, disclosure of contingent items during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, total other post-employment benefits, workers compensation claims, potential contingent liabilities, net pension liabilities and useful lives of capital assets.

**I) Cash and cash equivalents:**

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

**J) Receivables:**

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

**K) Prepaid items and inventories:**

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to prepay workers' compensation expenses reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items at June 30, 2021.

Inventories of food in the school food service fund are recorded at cost on a first-in, first-out basis, or in the case of surplus foods donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

**L) Capital assets:**

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings & Improvements	\$ 15,000	Straight-line	20-50 years
Furniture & Equipment	\$ 1,000	Straight-line	5-20 years
Vehicles	\$ 5,000	Straight-line	8 years

**M) Collections in advance:**

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded.

Collections in advance consisted of amounts received in advance for grants in the special aid fund and for amounts received in advance for meals that have not yet been purchased in the school food service fund.

**N) Deferred outflows and inflows of resources:**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reported deferred outflows of resources relating to the unamortized amount of deferred charges from a prior year's refunding of bonds that is being amortized as a component of interest expense on a straight-line over the remaining life of the new debt. The District also reported deferred outflows of resources related to pensions and the total other post-employment benefits



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

reported in the District-Wide Statement of Net Position, which are detailed further in Notes 13, 15 and 17.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows of resources related to pensions and the total other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 15 and 17.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus and are detailed in Note 18.

**O) Vested employee benefits:**

**Compensated absences**

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employees' 403(b) plan.

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

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**P) Other benefits:**

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. 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 payments). In the District-Wide Financial Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

The District may issue bond anticipation notes (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.

The District has issued and redeemed TANs and BANs in the fiscal year ended June 30, 2021. See Note 10 for further detail.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**R) Accrued liabilities and long-term obligations:**

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

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

**S) Equity classifications:**

**District-Wide Financial Statements:**

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

Net investment in capital assets consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets, net of any unexpended proceeds, and including any unamortized items (discounts, premiums, deferred charges).

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

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

**Fund Financial Statements:**

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

**Nonspendable** fund balance - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2021, the District has \$4,814 in nonspendable fund balance for inventory recorded in the school food service fund.

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



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The District has established the following reserves as restricted:

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML§6-r), must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Repair Reserve

According to General Municipal Law (GML §6-d), must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401).

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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. This reserve is accounted for in the general fund.

Insurance Reserve

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

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

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

Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted for in the miscellaneous special revenue fund.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Debt Service

The unexpended balances of proceeds of borrowing for capital projects, interest and earnings from investing proceeds of borrowing, and borrowing premiums can be recorded as amounts restricted for debt service. These restricted funds are accounted for in the debt service fund. This also includes bond proceeds held by the East Islip Public Library on behalf of the District.

Unspent Debt Proceeds

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

Unrestricted Resources:

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

**Committed fund balance** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, (i.e., the Board of Education). The District has no committed fund balances as of June 30, 2021.

**Assigned fund balance** - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies.

This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

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

The capital projects fund has a deficit unassigned fund balance of \$45,771,288. The deficit in the capital projects fund is the result of the District not obtaining permanent financing on capital improvement projects. The deficit unassigned fund balance should be eliminated once permanent financing is obtained by the District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

encumbrances included in the assigned fund balance are also excluded from the 4% limitation. The District's general fund unassigned fund balance is at the legal limit.

**Fund Balance Classification**

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

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

**Order of Use of Fund Balance:**

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

**T) New accounting pronouncements:**

GASB has issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. The District has adopted and implemented GASB Statement No. 84, *Fiduciary Activities*, in 2021. See Note 20 for further consideration.

**U) Future accounting pronouncements:**

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

These are the statements that the District feels may have an impact on these financial statements and are not an all-inclusive list of GASB statements issued. The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND**

**STATEMENTS AND DISTRICT-WIDE STATEMENTS:**

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

**A) Total fund balances of governmental funds vs. net position of governmental activities:**

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

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

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

**Long-term revenue and expense differences:**

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

**Capital related differences:**

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

**Long-term debt differences:**

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



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**A) Budgets:**

The District administration prepares a proposed budget for approval by the Board for the following governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the general fund. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations are listed on Schedule of Change from Adopted Budget to Final Budget.

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

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

**B) Encumbrances:**

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



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:**

**A) Cash and Cash Equivalents**

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposits and Investment Risk Disclosures* directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

The District had \$2,030 in deposits which were not covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

**B) Restricted cash and cash equivalents**

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2021 included \$20,215,171 within the governmental funds for general reserves, and amounts restricted for capital projects, and scholarships.

**NOTE 5 – PARTICIPATION IN BOCES:**

During the year ended June 30, 2021, the District was billed \$6,908,514 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,608,523. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Educational Services James Hines Administration Center 201 Sunrise Highway Patchogue, NY 11772.

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:**

State and federal aid receivables at June 30, 2021 consisted of:

General fund	
Excess cost aid	\$ 981,246
General aid	792,169
Homeless aid	12,051
CARES Act	131,967
Building aid	119,845
Department of Labor - unemployment	131,027
Medicaid	47,006
Total	<u>2,215,311</u>
Special aid fund	
Federal aid	387,290
State aid	617,996
Total	<u>1,005,286</u>
School food service fund	
Federal aid	95,136
State aid	1,809
Total	<u>96,945</u>
Capital projects fund	
State aid - Smart Schools Bond	<u>196,113</u>
Total -All funds	<u>\$ 3,513,655</u>

The general fund excess cost aid, building aid, and homeless aid receivables include \$186,030 of unavailable state revenues, which are included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 7 – DUE FROM OTHER GOVERNMENTS:**

Due from other governments at June 30, 2021 consisted of the following:

General fund

Tuition and health services	\$ 146,901
BOCES aid	1,615,092
East Islip Public Library	970
Cleary School for the Deaf	1,380
Total Due from other governments	<u>\$ 1,764,343</u>

District management has deemed these amounts to be fully collectible.

**NOTE 8 - CAPITAL ASSETS:**

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 2,161,500	\$ -	\$ -	\$ 2,161,500
Construction in progress	11,647,459	16,581	(11,647,459)	16,581
Total capital assets not being depreciated	<u>13,808,959</u>	<u>16,581</u>	<u>(11,647,459)</u>	<u>2,178,081</u>
Capital assets that are depreciated:				
Buildings & improvements	134,236,804	11,876,089	11,647,459	157,760,352
Furniture, equipment & vehicles	8,036,162	864,365	(8,025)	8,892,502
Total capital assets being depreciated	<u>142,272,966</u>	<u>12,740,454</u>	<u>11,639,434</u>	<u>166,652,854</u>
Less accumulated depreciation:				
Buildings & improvements	58,039,789	707,531		58,747,320
Furniture, equipment & vehicles	5,836,409	3,603,928	(5,785)	9,434,552
Total accumulated depreciation	<u>63,876,198</u>	<u>4,311,459</u>	<u>(5,785)</u>	<u>68,181,872</u>
Total capital assets being depreciated, net	<u>78,396,768</u>	<u>8,428,995</u>	<u>11,645,219</u>	<u>98,470,982</u>
Total capital assets, net	<u>\$ 92,205,727</u>	<u>\$ 8,445,576</u>	<u>\$ (2,240)</u>	<u>\$ 100,649,063</u>

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

General support	\$ 646,719
Instruction	3,578,511
Food service program	<u>88,469</u>
Total depreciation expense	<u>\$ 4,313,699</u>



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:**

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 11,448,440	\$ -	\$ -	\$ 6,406,228
Special aid fund		978,373	177,078	
School food service fund		10,263	80,000	
Debt service fund	1,053,660		5,667,750	
Capital projects fund		11,513,464	481,400	
Totals	<u>\$ 12,502,100</u>	<u>\$ 12,502,100</u>	<u>\$ 6,406,228</u>	<u>\$ 6,406,228</u>

The District typically transfers from the general fund to the debt service fund to pay down debt. The District typically transfers from the general fund to the special aid fund to fund the District's local share of the summer program for students with disabilities and state supported Section 4201 schools. The District transferred from the general fund to the school food service fund to assist in subsidizing the school food service program and to eliminate negative student account balances. The District transferred from the general fund to the capital projects fund to finance capital projects.

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

**NOTE 10 - SHORT-TERM DEBT:**

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

	Maturity	Effective Interest Rate	Beginning Balance	Renewed/ Issued	Redeemed	Ending Balance
TAN	6/29/2021	0.375655%	\$ -	\$ 19,000,000	\$ 19,000,000	\$ -
BAN	6/29/2021	0.418621%	-	7,486,815	7,486,815	-
BAN	7/1/2021	0.379019%	-	12,860,000		12,860,000
BAN	7/1/2021	0.509000%	-	29,551,890		29,551,890
BAN	6/28/2022	0.165000%	-	70,076,334		70,076,334
BAN	10/9/2020	1.317983%	13,070,000		13,070,000	-
BAN	10/9/2020	1.317983%	7,631,815		7,631,815	-
BAN	7/2/2020	1.532000%	5,551,890		5,551,890	-
Total			<u>\$ 26,253,705</u>	<u>\$ 138,975,039</u>	<u>\$ 52,740,520</u>	<u>\$ 112,488,224</u>

The tax anticipation note was issued for interim financing of the general fund operations. The bond anticipation notes were issued to provide cash flow for the capital projects fund until permanent financing is obtained.

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
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Interest on short-term debt for the year was composed of:

Interest paid	\$ 882,499
Less interest accrued in the prior year	(598,315)
Plus interest accrued in the current year	<u>708,475</u>
Total interest	<u>\$ 992,659</u>

**NOTE 11 – LIBRARY EXPANSION:**

On December 6, 2001, the voters of the District authorized the Board of Education to construct an addition and improvement to the existing library building, including the original equipment, machinery, furnishings and apparatus and all necessary alterations and ancillary work required in connection therewith; to expend therefore an amount not to exceed the estimated total cost of \$8,250,000; and to levy and collect tax in installments to pay the principal and interest on the \$8,250,000 in serial bonds.

Although the bond issue is an obligation of the District, the East Islip Public Library Board of Trustees has committed to raise funds through its budgeted tax levy sufficient to transfer to the District for the ensuing debt service payments.

In May 2010, the District issued refunding bonds to advance refund two bond issues, including the library bond. During the 2020-2021 fiscal year, the District paid \$575,000 toward the bond principal and \$38,025 in interest payments. The District received \$613,025 from the Library during the fiscal year, of which \$553,025 was revenue in the debt service fund, and \$60,000 was a reduction of cash held by the Library which is accounted for in the debt service fund. The Library is holding interest earnings on the bond proceeds to offset future debt service requirements. As of June 30, 2021, the District recorded \$151,020 as cash held by a third party.

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 12 – LONG-TERM LIABILITIES:**

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long-term debt:					
Bonds payable	\$ 7,160,000	\$ -	\$ 5,975,000	\$ 1,185,000	\$ 1,185,000
Add: unamortized premium	420,452		394,539	25,913	25,913
	<u>7,580,452</u>	<u>-</u>	<u>6,369,539</u>	<u>1,210,913</u>	<u>1,210,913</u>
Energy performance contract payable	3,153,150		113,150	3,040,000	185,000
Other long-term liabilities:					
Due to other governments	449,850		449,850	-	
Claims payable	1,058,743	722,087	596,150	1,184,680	441,000
Compensated absences payable	6,188,661	638,272	494,212	6,332,721	500,000
Total other post-employment benefits obligation	336,908,396	29,740,924	7,315,586	359,333,734	
Net pension liability - proportionate share - TRS	-	11,638,959	4,363,905	7,275,054	
Net pension liability - proportionate share - ERS	7,170,354		7,144,508	25,846	
Total long-term liabilities	<u>\$ 362,509,606</u>	<u>\$ 42,740,242</u>	<u>\$ 26,846,900</u>	<u>\$ 378,402,948</u>	<u>\$ 2,336,913</u>

The general fund has typically been used to liquidate long-term liabilities such as serial bonds, energy performance contract payable, due to other governments, claims payable, compensated absences payable, total other post-employment benefits obligation and net pension liabilities.

**A) Bonds Payable:**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
2010 Refunding serial bonds - Library	5/27/2010	3/15/2022	2.50% - 4.00%	\$ 595,000
2015 Refunding serial bonds	5/7/2015	7/1/2021	3.00% - 4.00%	590,000
			Total	<u>\$ 1,185,000</u>

**Unissued Debt**

On May 15, 2018 voters approved a bond authorization for \$57,996,334 for District-Wide construction and improvements. As of June 30, 2021, the District has not obtained permanent financing for this project. The District issued BANs in the amount of \$29,551,890 on July 1, 2020, \$7,486,815 on October 8, 2020, and \$20,717,629 on June 28, 2021, as well as, renewed BANs in the amount of \$36,588,705 on June 28, 2021 to provide short-term cash flow in the capital projects fund for this project.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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The following is a summary of debt service requirements for bonds payable:

Fiscal Year Ended June 30, 2022	Principal	Interest	Total
	\$ 1,185,000	\$ 31,137	\$ 1,216,137

Upon default of the payment of principal or interest on the serial bonds of the District, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance of the District and apply the amount so withheld to the payment of the defaulted principal or interest with respect to the serial bonds.

**Unamortized Premiums on Bonds**

The District received premiums on the advanced refunding of serial bonds. These premiums are being amortized over the lives of the refunding bonds. Amortization is included as a component of interest expense on the District-Wide Financial Statement.

**B) Energy Performance Contract Payable:**

Energy performance contract payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Energy performance contract payable	8/22/2019	6/15/2035	2.59%	\$ 3,040,000

**Unissued Debt**

On April 6, 2017 voters approved a lease purchase agreement for an energy conservation improvement project in the amount of \$15,432,500. As of June 30, 2021, the District has not obtained permanent financing for this project. On October 8, 2020, the District issued a BAN in the amount of \$12,860,000 and on June 28, 2021, the District renewed a BAN in the amount of \$12,770,000. Both BANs were issued to provide short-term cash flow in the capital projects fund for the energy conservation improvement project.

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 185,000	\$ 78,736	\$ 263,736
2023	190,000	73,945	263,945
2024	195,000	69,024	264,024
2025	195,000	63,973	258,973
2026	200,000	58,923	258,923
2027-2031	1,095,000	213,416	1,308,416
2032-2035	980,000	64,362	1,044,362
	<u>\$ 3,040,000</u>	<u>\$ 622,379</u>	<u>\$ 3,662,379</u>

**C) Long-Term Interest:**

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

	Total
Interest paid	\$ 452,485
Less interest accrued in the prior year	(98,297)
Less amortization on the premium on refunding	(394,539)
Plus amortization on the deferred charges on refunding	183,923
Plus interest accrued in the current year	20,721
Total expense	<u>\$ 164,293</u>

**NOTE 13 – DEFERRED OUTFLOWS OF RESOURCES:**

The deferred charges on advance refunding recorded in the District-Wide Financial Statements as deferred outflow of resources at June 30, 2021, consisted of the following:

	Total
Deferred charges from refunding, opening balance	\$ 188,067
Current year amortization	(183,923)
Total deferred charges on refunding, net of amortization	<u>\$ 4,144</u>

The deferred charges on the advanced refunding are being amortized over the lives of the refunding bonds. Amortization is included as a component of interest expense on the District-Wide Financial Statement.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 14 – DUE TO OTHER GOVERNMENTS:**

On June 27, 2014, the District received notifications from the New York State Education Department that the District's prior years' state aid claims had been revised, which resulted in state building aid overpayments totaling \$2,249,247. Pursuant to State law, the District has applied for, and the State has approved, the overpayments to be repaid in five equal installments beginning in June 2017. The fifth installment in the amount of \$449,850 was repaid by the District in the 2020-2021 fiscal year through withholding of current year general state aid by New York State. As of June 30, 2021, the full balance due to New York State was paid.

**NOTE 15 – PENSION PLANS:**

**A) Plan Description and Benefits Provided:**

**i) Teachers' Retirement System**

The District participates in the New York State Teachers' Retirement System (TRS) (the "System"). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law (RSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

**ii) Employees' Retirement System**

The District participates in the New York State and Local Employees' Retirement System (ERS) (the "System"). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
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impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244.

**B) Funding policies:**

The Systems are noncontributory, except as follows:

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2021 for covered payroll was 19.6% for Tier 2, 16.1% for Tiers 3 & 4, 13.4% for Tier 5, and 9.6% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2021 and 2020 for covered payroll was 9.53% and 8.86%, respectively.

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
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The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's year end were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2021	\$ 4,364,782	\$ 1,577,444
2020	\$ 3,959,218	\$ 1,407,780
2019	\$ 4,809,937	\$ 1,402,287

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

At June 30, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation, with update procedures used to roll forward the total pension liability. The District's proportion of the 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 ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Net pension (liability)	\$ (25,846)	\$ (7,275,054)
District's portion of the Plan's total		
net pension liability	0.0259563%	0.263277%
Change in proportion since prior		
measurement date	(0.0011215%)	(0.008064%)

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$866,244 for ERS and \$10,252,514 for TRS. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 315,646	\$ 6,374,403	\$ -	\$ 372,833
Net difference between projected and actual earnings on pension plan investments		4,751,248	7,424,413	
Changes of assumptions	4,752,194	9,201,250	89,628	3,279,765
Changes in proportion and differences between the District's contributions and proportionate share of contributions	735,813	1,782,935	167,562	10,553
District's contributions subsequent to the measurement date	<u>481,394</u>	<u>4,364,782</u>		
	<u>\$ 6,285,047</u>	<u>\$ 26,474,618</u>	<u>\$ 7,681,603</u>	<u>\$ 3,663,151</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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>ERS</u>	<u>TRS</u>
Plan year ended:		
2021	\$ -	\$ 3,291,765
2022	(221,252)	6,178,686
2023	7,366	5,116,216
2024	(285,970)	3,187,418
2025	(1,378,094)	258,073
Thereafter		414,527
	<u>\$ (1,877,950)</u>	<u>\$ 18,446,685</u>

**Actuarial Assumptions**

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



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary scale	4.40%	4.72% - 1.90%
Cost of living adjustments	1.4% annually	1.3%, annually
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.70%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections of Economic Assumptions for Measuring Pension Obligations*. 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 investment expense and inflation) for each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the valuation date are summarized below:

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
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<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2021</u>		<u>June 30, 2020</u>	
<u>Asset type</u>	<u>Target</u>	<u>Long-term</u> <u>expected real</u>	<u>Target</u>	<u>Long-term</u> <u>expected real</u>
	<u>Allocation</u>	<u>rate of return</u>	<u>Allocation</u>	<u>rate of return</u>
Domestic equity	32%	4.05%	33%	7.1%
International equity	15%	6.30%	16%	7.7%
Global equity			4%	7.4%
Private equity	10%	6.75%	8%	10.4%
Real estate	9%	4.95%	11%	6.8%
Opportunistic portfolio	3%	4.50%		
Credit	4%	3.63%		
Real assets	3%	5.95%		
Cash	1%	0.50%		
Domestic fixed income secur	23%		16%	1.8%
Global bonds			2%	1.0%
High-yield bonds			1%	3.9%
Private debt			1%	5.2%
Real estate debt			7%	3.6%
Cash equivalents			1%	0.7%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.0% for ERS, and 2.2% for TRS.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9% for ERS and 6.1% for TRS) or 1-percentage-point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
District's proportionate share of the net pension asset/(liability)	\$ (7,173,772)	\$ (25,846)	\$ 6,566,216

TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
District's proportionate share of the net pension asset/(liability)	\$ (45,954,009)	\$ (7,275,054)	\$ 25,186,391

**Pension Plan Fiduciary Net Position**

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Employers' total pension (liability)	\$ (220,680,157)	\$ (123,242,776)
Plan Net Position	220,580,583	120,479,505
Employers' net pension asset/(liability)	\$ (99,574)	\$ (2,763,271)

Ratio of plan net position to the		
Employers' total pension asset/(liability)	99.95%	97.76%

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$481,394.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$4,481,632.

**NOTE 16 – PENSION PLANS - OTHER:**

**A) Tax Sheltered Annuities:**

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2021, totaled \$10,000 and \$2,782,709 respectively.

**B) Deferred Compensation Plan:**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for some employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled \$375,613.

**NOTE 17 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):**

**A) General Information about the OPEB Plan**

**Plan Description:**

The District's OPEB Plan (the "Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and a small number of retirees also receive dental insurance benefits. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Benefits Provided**

The OPEB Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 50% and 100% of premiums for retirees, 100% of the premiums for surviving spouses of secretarial staff, assistant superintendents, and superintendent and premiums ranging from 35% to 91.50% for surviving spouses of other bargaining units, depending on the coverage

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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selected and date of retirement. The District recognizes the cost of the OPEB Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2021, the District contributed an estimated \$8,005,126 to the OPEB Plan, including \$8,005,126 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

**Employees Covered by Benefit Terms**

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	523
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>630</u>
	<u>1153</u>

**B) Total OPEB Liability:**

The District's total OPEB liability of \$359,333,734 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	Varied by years of service and retirement system
Discount rate	2.16%
Healthcare cost trend rates	Actual rate increases from 2020 to 2021, followed by 5.40% in 2021, decreasing to an ultimate rate of 4.04% by 2075 for medical. 4.00% decreasing to an ultimate rate of 3.00% by 2075 for dental, and 2.70% from 2020 to 2021 decreasing to an ultimate rate of 4.04% by 2075 for Medicare Part B reimbursements

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

Mortality rates were based on Pub-2010 Headcount-Weighted table (teachers for TRS group and general employees for ERS group) projected fully generationally using MP-20.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**C) Changes in the Total OPEB Liability:**

Balance at June 30, 2020	\$ 336,908,396
Changes for the fiscal year:	
Service cost	12,363,607
Interest	7,630,938
Changes of benefit terms	(5,971,012)
Differences between expected and actual experience	5,570,164
Changes in assumptions or other inputs	10,836,767
Benefit payments	<u>(8,005,126)</u>
Net changes	<u>22,425,338</u>
Balance at June 30, 2021	<u>\$ 359,333,734</u>

There were no significant plan changes since the last valuation.

Changes of assumptions or other inputs includes the following:

- A decrease in the discount rate from 2.21% at the June 30, 2020 measurement date to 2.16% at the June 30, 2021 measurement date.
- Mortality improvement scale has been updated from MP-2018 to MP-2020.
- Aging subsidy has been added to the post-65 periods as a reflection of healthcare costs that vary by age.
- Medical and prescription drug trend rates have been updated from 2018 Getzen to 2020 Getzen model, with an initial rate that is based on the actual NYSHIP premium increases from 2020 to 2021.
- Medicare Part B trend rates have been updated to an initial rate of 2.70% in 2020, followed by projected Part B premium increase shown in the 2020 Medicare Trustees report, decreasing gradually to an ultimate rate of 4.04% by 2075.
- Salary scale, termination and retirement rates have been updated based on NYS ERS assumptions first adopted on April 1, 2020.

**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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	<u>\$ 303,268,836</u>	<u>\$ 359,333,734</u>	<u>\$ 430,653,396</u>



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.40%) or 1-percentage-higher (6.40%) than the current healthcare cost trend rates:

	1% Decrease (4.40% decreasing to 3.04%)	Healthcare Cost Trend Rates (5.40% decreasing to 4.04%)	1% Increase (6.40% decreasing to 5.04%)
Total OPEB liability	<u>\$ 294,201,717</u>	<u>\$ 359,333,734</u>	<u>\$ 445,283,539</u>

**D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:**

For the fiscal year ended June 30, 2021 the District recognized OPEB expense (credit) of \$25,363,647. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,752,984	\$ (28,015,774)
Changes of assumptions or other inputs	<u>83,542,775</u>	<u>(5,483,253)</u>
	<u>\$ 89,295,759</u>	<u>\$ (33,499,027)</u>

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

**Fiscal Year ended June 30:**

2022	\$ 11,340,114
2023	11,340,114
2024	11,340,114
2025	12,712,319
2026	<u>9,064,071</u>
	<u>\$ 55,796,732</u>

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 18- DEFERRED INFLOWS OF RESOURCES:**

In the governmental fund financial statements deferred inflows of resources at June 30, 2021 consists of that portion of the amount due from New York State for local aid payments. Deferred inflows for 2020-21 includes \$186,030 for prior year excess cost aid, prior year building aid, and homeless aid. At this time, the State has not notified the District of when these excess costs and building aid payments will be received. The balance of \$850 in deferred inflows of resources represents donations for the 2021-22 fiscal year.

Also included in the governmental fund financial statements as deferred inflows of resources at June 30, 2021, is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act). Unavailable revenues in the capital projects fund at June 30, 2021 total \$196,113.

**NOTE 19 – RISK MANAGEMENT:**

**A) General:**

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

**B) Risk Retention:**

The District has established a self-insured plan for risks associated with Workers' Compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for incurred claims and incurred but not recorded (IBNR) based on a liability evaluation done in August of 2021. As of June 30, 2021, the District has recorded potential workers' compensation claims (losses incurred but not paid) and incurred but not reported claims for a total liability of \$1,184,680. The District has a workers' compensation reserve balance of \$1,363,766. Claims activity is summarized below:

	2021	2020
Unpaid claims, beginning of year	\$ 1,058,743	\$ 1,150,729
Incurred claims and claim adjustment expenses	722,087	193,866
Claim payments	(596,150)	(285,852)
Unpaid claims, end of year	<u>\$ 1,184,680</u>	<u>\$ 1,058,743</u>

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 20 – RESTATEMENT OF FUND BALANCES / NET POSITION (DEFICIT)**

During the year ended June 30, 2021, the District implemented GASB Statement No. 84. The adoption and implementation of this Statement resulted in the reporting changes in current and other assets and current and other liabilities. The District's net fund balance and net position (deficit) have been restated as follows:

	General Fund	Miscellaneous Special Revenue Fund	Statement of Net Position
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Reported	\$ 25,597,659	\$ -	\$ (198,696,843)
Assets			
Cash	596,669	248,972	845,641
Accounts receivable	18,615		18,615
Due from fiduciary fund	(562,413)		(562,413)
Total Assets	<u>\$ 52,871</u>	<u>\$ 248,972</u>	<u>\$ 301,843</u>
Liabilities			
Current and other liabilities	52,871		52,871
Total Liabilities	<u>52,871</u>	<u>-</u>	<u>52,871</u>
Fund Balance/Net Position (Deficit)			
Restricted for scholarships		9,628	9,628
Assigned unappropriated fund balance		239,344	239,344
Total Fund Balance/Net Position	<u>-</u>	<u>248,972</u>	<u>248,972</u>
Net increase (decrease) in Fund Balance/ Net Position	<u>-</u>	<u>248,972</u>	<u>248,972</u>
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Restated	<u>\$ 25,597,659</u>	<u>\$ 248,972</u>	<u>\$ (198,447,871)</u>

**NOTE 21- TAX ABATEMENTS:**

The Town of Islip Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 898-b, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the Town. The District's property tax revenue was reduced by \$1,175,195 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$588,012 for these programs during the fiscal year.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 22– COMMITMENTS AND CONTINGENCIES:**

**A) Encumbrances:**

All encumbrances are classified as assigned fund balance. At June 30, 2021 the District encumbered the following amounts:

General fund:	
General support	\$ 122,512
Instructional	66,061
Total	<u>\$ 188,573</u>

**B) Grants:**

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

**C) Operating Leases:**

The District is committed under various non-cancelable operating leases, primarily for copiers (principally in the general fund). On September 1, 2020, the District entered into a 48-month copier lease agreement with Eastern Suffolk BOCES. On October 31, 2020 the District entered into a 60-month postage system lease with Pitney Bowes. The following is a summary of obligations of government activities under operating lease payments:

Fiscal year ended	Total
June 30, 2022	\$ 81,068
June 30, 2023	76,205
June 30, 2024	76,205
June 30, 2025	17,423
Total lease payments	<u>\$ 250,901</u>

Expenditures were \$85,428 for the fiscal year ended June 30, 2021.

**D) Litigation:**

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

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 23 – SUBSEQUENT EVENTS:**

Management of the District evaluated events through October 12, 2021 which is the date the financial statements were available to be issued, and noted the following:

- A) In July 2021, the District was awarded Coronavirus Response and Relief Supplemental Appropriations (CRSSA) funding of \$2,864,240 through the Elementary and Secondary School Emergency Relief Program (ESSER) and \$436,270 through the Governor's Emergency Education Relief Program (GEER). The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as expended.

## SUPPLEMENTARY INFORMATION

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**EAST ISLIP UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL- GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUES</b>				
<b>Local sources</b>				
Real property taxes	\$ 64,846,677	\$ 65,484,696	\$ 65,484,696	\$ -
Other real property tax items	7,663,531	7,025,512	7,020,341	(5,171)
Charges for services	1,655,999	1,656,000	1,553,133	(102,867)
Use of money & property	837,700	837,700	468,314	(369,386)
Sale of property & compensation for loss		11,634	382,904	371,270
Miscellaneous	338,000	338,000	1,281,479	943,479
<b>State sources</b>				
Basic formula	26,431,650	26,431,650	24,968,448	(1,463,202)
Excess cost aid	6,394,077	6,394,077	6,080,615	(313,462)
Lottery aid	4,708,387	4,708,387	5,060,432	352,045
BOCES aid	1,785,311	1,785,311	1,608,523	(176,788)
Tuition for children with handicapping conditions			59,592	59,592
Textbook aid	224,204	224,204	223,040	(1,164)
Computer hardware and software aid	111,899	111,899	111,702	(197)
Library A/V loan program aid	24,806	24,806	24,762	(44)
Other state aid			471,010	471,010
<b>Federal sources</b>				
Medicaid assistance	100,000	100,000	169,147	69,147
Other federal aid		165,244	165,014	(230)
<b>Other financing sources</b>				
Premium on obligations			832,533	832,533
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>115,122,241</u>	<u>115,299,120</u>	<u>115,965,685</u>	<u>\$ 666,565</u>
Appropriated fund balance	4,429,097	4,429,097		
Appropriated reserves	<u>1,995,803</u>	<u>1,995,803</u>		
<b>TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE AND RESERVES</b>	<u>\$ 121,547,141</u>	<u>\$ 121,724,020</u>		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

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

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL- GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
General support					
Board of education	\$ 88,907	\$ 91,004	\$ 79,407	\$ -	\$ 11,597
Central administration	339,300	338,343	336,520		1,823
Finance	943,692	980,870	959,888		20,982
Staff	852,348	901,991	796,628		105,363
Central services	10,523,347	10,524,467	9,388,886	122,512	1,013,069
Special items	1,689,194	1,689,664	1,681,450		8,214
Total General support	14,436,788	14,526,339	13,242,779	122,512	1,161,048
Instruction					
Instruction, adm. & imp.	6,152,812	6,026,185	5,542,973		483,212
Teaching - regular school	37,488,387	37,472,344	36,051,881		1,420,463
Programs for children with handicapping conditions	14,465,421	14,967,890	13,356,820	63,192	1,547,878
Teaching special schools	8,302	8,302			8,302
Instructional media	1,666,817	1,869,977	1,791,210	1,500	77,267
Pupil services	4,423,087	4,419,216	3,673,351	1,369	744,496
Total Instruction	64,204,826	64,763,914	60,416,235	66,061	4,281,618
Pupil transportation	5,803,023	5,664,023	4,636,241	-	1,027,782
Community services	447,009	495,103	469,361	-	25,742
Employee benefits	27,805,524	27,943,026	26,085,511	-	1,857,515
Debt service					
Debt service principal	971,448	823,150	823,150		-
Debt service interest	1,374,373	1,030,798	1,029,209		1,589
Total Debt service	2,345,821	1,853,948	1,852,359	-	1,589
<b>TOTAL EXPENDITURES</b>	115,042,991	115,246,353	106,702,486	188,573	8,355,294
Other financing uses					
Transfers to other funds	6,504,150	6,477,667	6,406,228		71,439
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>\$ 121,547,141</b>	<b>\$ 121,724,020</b>	<b>113,108,714</b>	<b>\$ 188,573</b>	<b>\$ 8,426,733</b>
Net change in fund balances			2,856,971		
Fund balances - beginning of year			25,597,659		
Fund balances - end of year			<u>\$ 28,454,630</u>		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

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

**EAST ISLIP UNION FREE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE LAST FOUR FISCAL YEARS**

Total OPEB Liability	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 12,363,607	\$ 9,263,281	\$ 5,924,002	\$ 6,186,519
Interest	7,630,938	10,744,701	9,464,151	8,712,641
Changes of benefit terms	(5,971,012)			
Differences between expected and actual experience	5,570,164	(42,023,660)	1,777,889	
Changes of assumptions or other inputs	10,836,767	65,963,106	48,858,770	(12,338,713)
Benefit payments	<u>(8,005,126)</u>	<u>(7,718,609)</u>	<u>(7,871,138)</u>	<u>(6,808,799)</u>
Net change in total OPEB liability	22,425,338	36,228,819	58,153,674	(4,248,352)
Total OPEB liability - beginning	<u>336,908,396</u>	<u>300,679,577</u>	<u>242,525,903</u>	<u>246,774,255</u>
Total OPEB liability - ending	<u>\$ 359,333,734</u>	<u>\$ 336,908,396</u>	<u>\$ 300,679,577</u>	<u>\$ 242,525,903</u>
Covered-employee payroll	\$52,377,148	\$57,549,964	\$52,972,099	\$57,205,253
Total OPEB liability as a percentage of covered-employee payroll	686.05%	585.42%	567.62%	423.96%

## Notes to Schedule:

*Trust Assets*

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

*Changes of Assumptions*

The discount rate was 2.16% as of June 30, 2021.

The discount rate was 2.21% as of June 30, 2020.

The discount rate was 3.51% as of June 30, 2019.

The discount rate was 3.87% as of June 30, 2018.

Changes of assumptions or other inputs includes the following:

- A decrease in the discount rate from 2.21% at the June 30, 2020 measurement date to 2.16% at the June 30, 2021 measurement date
- Mortality improvement scale has been updated from MP-2018 to MP-2020.
- Aging subsidy has been added to the post-65 periods as a reflection of healthcare costs that vary by age.
- Medical and prescription drug trend rates have been updated from 2018 Getzen to 2020 Getzen model, with an initial rate that is based on the actual NYSHIP premium increases from 2020 to 2021.
- Medicare Part B trend rates have been updated to an initial rate of 2.70% in 2020, followed by projected Part B premium increase shown in the 2020 Medicare Trustees report, decreasing gradually to an ultimate rate of 4.04% by 2075.
- Salary scale, termination and retirement rates have been updated based on NYS ERS assumptions first adopted on April 1, 2020.



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

<b>NYSERS Pension Plan</b>							
	<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)	0.0259563%	0.0270778%	0.0277286%	0.0293811%	0.0299397%	0.0304990%	0.0313363%
District's proportionate share of the net pension asset/(liability)	\$ (25,846)	\$ (7,170,354)	\$ (1,964,657)	\$ (948,260)	\$ (2,813,200)	\$ (4,895,177)	\$ (1,058,619)
District's covered payroll	\$ 9,683,003	\$ 10,097,066	\$ 9,931,891	\$ 9,590,696	\$ 9,305,729	\$ 9,305,729	\$ 9,226,637
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	0.27%	71.01%	19.78%	9.89%	30.23%	52.60%	11.47%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
<b>NYSTRS Pension Plan</b>							
	<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)	0.263277%	0.271341%	0.276345%	0.291083%	0.303942%	0.308179%	0.311094%
District's proportionate share of the net pension asset/(liability)	\$ 7,275,054	\$ 7,049,470	\$ 4,997,051	\$ 2,212,516	\$ (3,255,341)	\$ 32,009,960	\$ 34,653,912
District's covered payroll	\$ 44,686,439	\$ 45,291,305	\$ 44,487,081	\$ 46,126,988	\$ 48,869,334	\$ 46,573,119	\$ 44,726,276
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	16.28%	15.56%	11.23%	4.80%	6.66%	68.73%	77.48%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

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

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

	<b>NYSERS Pension Plan</b>									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,577,444	\$ 1,407,780	\$ 1,402,287	\$ 1,469,484	\$ 1,356,791	\$ 1,593,557	\$ 1,851,487	\$ 1,790,478	\$ 1,606,867	\$ 1,245,139
Contributions in relation to the contractually required contribution	<u>1,577,444</u>	<u>1,407,780</u>	<u>1,402,287</u>	<u>1,469,484</u>	<u>1,356,791</u>	<u>1,593,557</u>	<u>1,851,487</u>	<u>1,790,478</u>	<u>1,606,867</u>	<u>1,245,139</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,848,761	\$ 9,868,377	\$ 10,050,373	\$ 9,686,164	\$ 9,382,402	\$ 9,311,464	\$ 9,226,637	\$ 9,144,253	\$ 8,967,405	\$ 8,703,994
Contributions as a percentage of covered payroll	16.02%	14.27%	13.95%	15.17%	14.46%	17.11%	20.07%	19.58%	17.92%	14.31%
	<b>NYSTRS Pension Plan</b>									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 4,364,782	\$ 3,959,218	\$ 4,809,937	\$ 4,359,734	\$ 5,406,083	\$ 6,214,874	\$ 8,115,100	\$ 7,468,248	\$ 5,292,650	\$ 4,910,527
Contributions in relation to the contractually required contribution	<u>4,364,782</u>	<u>3,959,218</u>	<u>4,809,937</u>	<u>4,359,734</u>	<u>5,406,083</u>	<u>6,214,874</u>	<u>8,115,100</u>	<u>7,468,248</u>	<u>5,292,650</u>	<u>4,910,527</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 45,800,443	\$ 44,686,439	\$ 45,291,305	\$ 44,487,081	\$ 46,126,988	\$ 48,869,334	\$ 46,573,119	\$ 44,726,276	\$ 44,828,856	\$ 44,433,947
Contributions as a percentage of covered payroll	9.53%	8.86%	10.62%	9.80%	11.72%	12.72%	17.42%	16.70%	11.81%	11.05%

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET - GENERAL FUND  
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION  
JUNE 30, 2021**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted budget	\$ 120,505,188
Additions:	
Prior year's encumbrances	<u>1,041,953</u>
Original budget	121,547,141
Budget revisions:	
Insurance recoveries	11,635
Federal aid - CARES Act	<u>165,244</u>
Final budget	<u><u>\$ 121,724,020</u></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2021-2022 voter-approved expenditure budget	<u>\$ 121,037,910</u>
Maximum allowed (4% of 2021-2022 budget)	<u>\$ 4,841,516</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 4,617,670
Unassigned fund balance	<u>4,841,516</u>
Total unrestricted fund balance	9,459,186
Less:	
Appropriated fund balance	\$ 4,429,097
Encumbrances included in assigned fund balance	<u>188,573</u>
Total adjustments	<u>4,617,670</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,841,516</u></u>
Actual percentage:	<u><u>4.00%</u></u>



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND  
JUNE 30, 2021**

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2021
			Prior Year's	Current Year	Total			State Sources	Local Sources	Total	
District wide - Phase I	\$ 47,980,912	\$ 47,980,912	\$ 47,980,912	\$ -	\$ 47,980,912	\$ -	\$ 46,294,011	\$ 1,686,901	\$ -	\$ 47,980,912	\$ -
District wide - Phase II	12,910,747	12,910,747	12,910,747	-	12,910,747	-	12,910,747	-	-	12,910,747	-
District wide - Phase III	6,962,156	6,962,156	6,962,156	-	6,962,156	-	6,962,156	-	-	6,962,156	-
District wide - Phase IV	4,146,185	4,146,185	3,959,467	-	3,959,467	186,718	4,146,185	-	-	4,146,185	186,718
Total bond issue projects	72,000,000	72,000,000	71,813,282	-	71,813,282	186,718	70,313,099	1,686,901	-	72,000,000	186,718
Technology equipment for:											
High School additions	347,335	347,335	267,589	-	267,589	79,746	-	-	347,335	347,335	79,746
Middle School additions	240,640	229,273	203,755	-	203,755	25,518	-	-	229,273	229,273	25,518
District wide renovations	418,482	429,849	429,849	-	429,849	-	-	-	429,849	429,849	-
2017-18 General fund transfer	111,000	111,000	111,000	-	111,000	-	-	-	111,000	111,000	-
2018-19 General fund transfer	-	654,500	512,615	-	512,615	141,885	-	-	654,500	654,500	141,885
2019-20 General fund transfer	1,771,400	1,771,400	50,287	1,239,622	1,289,909	481,491	-	-	1,771,400	1,771,400	481,491
2020-21 General fund transfer	-	481,400	-	32,629	32,629	448,771	-	-	481,400	481,400	448,771
Wireless access cabling - elementary	147,000	147,000	147,000	-	147,000	-	-	100,000	47,000	147,000	-
	3,035,857	4,171,757	1,722,095	1,272,251	2,994,346	1,177,411	-	100,000	4,071,757	4,171,757	1,177,411
2015-16 Capital reserve	300,103	303,531	303,531	-	303,531	-	-	-	303,531	303,531	-
Timber Point playground	116,000	112,572	101,368	-	101,368	11,204	-	-	112,572	112,572	11,204
	416,103	416,103	404,899	-	404,899	11,204	-	-	416,103	416,103	11,204
Smart Schools Bond Act	3,332,894	3,332,894	1,021,632	-	1,021,632	2,311,262	-	835,269	-	835,269	(186,363) **
Energy performance contract	15,432,500	13,266,044	13,087,828	178,216	13,266,044	-	-	-	537,608	537,608	(12,728,436) *
Energy performance contract lease	3,153,150	3,153,150	2,457,583	695,567	3,153,150	-	3,153,150	-	-	3,153,150	-
May 2018 bond proposition and capital reserve	59,996,334	59,996,334	24,764,015	11,876,089	36,640,104	23,356,230	-	-	2,595,000	2,595,000	(34,045,104) *
<b>TOTAL</b>	<b>\$ 157,366,838</b>	<b>\$ 156,336,282</b>	<b>\$ 115,271,334</b>	<b>\$ 14,022,123</b>	<b>\$ 129,293,457</b>	<b>\$ 27,042,825</b>	<b>\$ 73,466,249</b>	<b>\$ 2,622,170</b>	<b>\$ 7,620,468</b>	<b>\$ 83,708,887</b>	<b>\$ (45,584,570)</b>

\* Deficit fund balance will be eliminated once permanent financing is obtained.

\*\* Deficit fund balance will be eliminated once grant funding is received.

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2021**

<b>Capital assets, net</b>			<b>\$ 100,649,063</b>
<b>Add:</b>			
Deferred charges from refunding			4,144
<b>Deduct:</b>			
Short-term energy performance contract payable	\$	185,000	
Long-term energy performance contract payable		2,855,000	
Short-term portion of bonds payable, inclusive of premium		1,210,913	
Less: Unspent bond proceeds		(186,718)	
Bond anticipation note payable		112,488,224	
Less: Unspent bond anticipation note proceeds		<u>(70,076,334)</u>	<u>46,476,085</u>
<b>Net investment in capital assets</b>			<b><u>\$ 54,177,122</u></b>



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

To the Board of Education  
East Islip Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the East Islip Union Free School District (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2021.

**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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*R. S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, NY  
October 12, 2021