

EAST ISLIP UNION FREE  
SCHOOL DISTRICT  
Basic Financial Statements,  
Supplementary Information and  
Independent Auditors' Report  
June 30, 2024

EAST ISLIP UNION FREE SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
East Islip Union Free School District:

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Islip Union Free School District (the District), as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Emphasis of Matter

As described in note 20 to the financial statements, the District restated net position as of June 30, 2023. Our opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional required supplementary information as listed in the table of contents information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an

appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information as listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are 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 7, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 7, 2024

# EAST ISLIP UNION FREE SCHOOL DISTRICT

## Management's Discussion and Analysis

June 30, 2024

The following is a discussion and analysis of the East Islip Union Free School District's (the District) financial performance for the year ended June 30, 2024. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

### **1. FINANCIAL HIGHLIGHTS**

Key financial highlights for the year ended June 30, 2024 are as follows:

- The District's total net deficit, as reflected in the District-Wide financial statements, increased by \$13,140,747 from the prior year due to an excess of expenses over revenue based on the accrual basis of accounting.
- The District's expenses for the year, as reflected in the District-Wide financial statements, totaled \$141,804,331. Of the expense amount, \$7,261,609 was offset by program charges for services and operating grants and contributions. General revenue of \$121,401,975 amounted to 94% of total revenue.
- The District's fund balance in the general fund, as reflected in the Fund financial statements, increased by \$5,989,645 based on the modified accrual basis of accounting.
- Actual revenue and other financing sources in the general fund were over budget by \$3,188,010, while actual expenditures, other financing uses, and encumbrances were under budget by \$7,909,833, resulting in a total favorable budget variance of \$7,909,833.
- The District appropriated \$4,239,743 of fund balance as of June 30, 2024 toward the 2024-2025 budget to limit the tax levy increase and reduce the burden on District taxpayers.
- On May 21, 2024, the District's residents authorized the proposed 2024-2025 budget in the amount of \$126,053,938. The 2024-2025 budget is supported by a real property tax levy of \$75,825,241, which was an increase of \$1,120,571, or 1.5%, over the 2023-2024 real property tax levy.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Management’s Discussion and Analysis, Continued

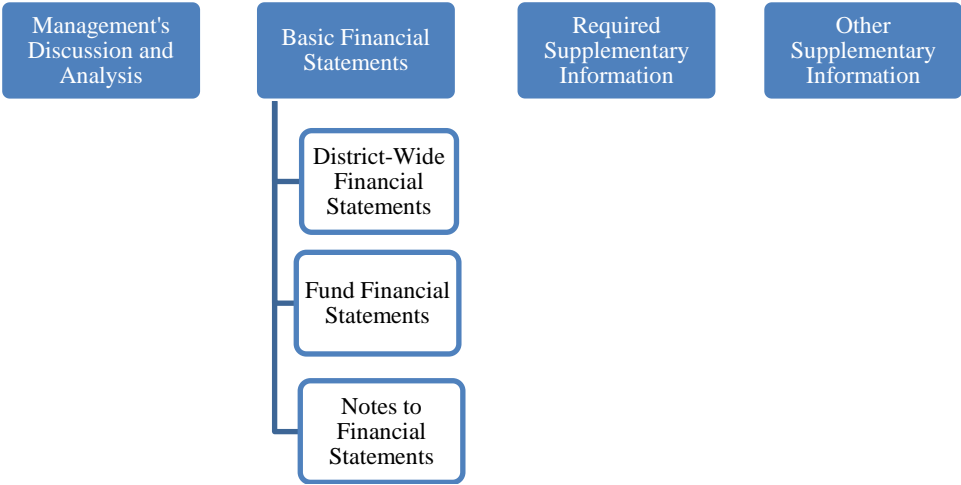
**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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 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 funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the collection of taxes for other governments.

The basic financial statements also include notes that provide additional information about the financial statements and the balances reported. The 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.

Organization of the District’s Annual Financial Report





EAST ISLIP UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

The table below summarizes the major features of the District's 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.

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 collecting taxes for other governments
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 Revenue, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset, deferred outflows of resources, liability and 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	Current assets, deferred outflows of resources, 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 and liabilities, short-term and long-term
Type of inflow and outflow information	All revenue and expenses during the year; regardless of when cash is received or paid	Revenue 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, Continued

**A. District-Wide Statements**

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

The two District-Wide statements report the District's net position and how they have changed. Net position, the difference between the assets, deferred outflows of resources, 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 is 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 differs from governmental fund balance 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 and amortization is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term liabilities are both accounted for in account groups and do not affect the fund balances.

District-Wide 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 Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate and amortization capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenues 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 consists of net capital assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisitions, construction and improvements of those assets.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

- Restricted net positions 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.

**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 statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them. In summary, the government fund statements focus primarily on the sources, uses, and balance of current financial resources and often have a budgetary orientation. Included are the general fund, special revenue funds, debt service fund and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balance.
- Fiduciary funds - The District collects and remits taxes to East Islip Public Library. The District excludes these activities from the District-Wide financial statements because it cannot use these to finance its operations.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

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

**A. Net Position**

The District's total net position decreased by \$13,140,747 for the year ended June 30, 2024.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

Condensed Statement of Net Position-Governmental Activities

	<u>2024</u>	<u>2023*</u>	<u>Change</u>
Current assets	\$ 54,959,257	56,384,365	(1,425,108)
Noncurrent assets	<u>115,653,229</u>	<u>113,460,924</u>	<u>2,192,305</u>
Total assets	<u>170,612,486</u>	<u>169,845,289</u>	<u>767,197</u>
Deferred outflows of resources	<u>78,162,186</u>	<u>102,699,768</u>	<u>(24,537,582)</u>
Current liabilities	15,812,027	48,222,621	(32,410,594)
Noncurrent liabilities	<u>398,230,744</u>	<u>355,669,883</u>	<u>42,560,861</u>
Total liabilities	<u>414,042,771</u>	<u>403,892,504</u>	<u>10,150,267</u>
Deferred inflows of resources	<u>65,447,857</u>	<u>86,227,762</u>	<u>(20,779,905)</u>
Net position (deficit):			
Net investment in capital assets	55,696,829	48,703,958	6,992,871
Restricted	31,277,542	30,079,717	1,197,825
Unrestricted	<u>(317,690,327)</u>	<u>(296,358,884)</u>	<u>(21,331,443)</u>
Total net position (deficit)	<u>\$ (230,715,956)</u>	<u>(217,575,209)</u>	<u>(13,140,747)</u>

\* Restated as described in note 20.

Current assets decreased \$1,425,108, or 2.5%, primarily due to a decrease in receivables.

Noncurrent assets increased by \$2,192,305, or 1.9%, due to current year capital asset additions exceeding current year depreciation and amortization expense, offset by a decrease in lease receivables.

The change in deferred outflows represents amortization of pension related items and the change in the District's contribution subsequent to measurement date for pensions, as discussed in note 13, and deferred outflows related to the total other postemployment benefits obligation as discussed in note 15.

Current liabilities decreased by \$32,410,594 or 67.2%, primarily due to converting bond anticipation notes (BANs) to bonds.

Long-term liabilities increased by \$42,560,861, or 12.0%, primarily due to decreases in net pension liability - TRS, net pension liability - ERS, and increases in bonds payable and total OPEB liability.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

The changes in deferred inflows represent amortization of pension related items, as discussed in note 13, and the amortization of deferred inflows related to the total other postemployment benefits obligation as discussed in note 15.

The net investment in capital assets relates to the investment in capital assets (at cost) and intangible lease assets (at the present value of future lease payments remaining on the lease term) such as land, construction in progress, buildings and improvements, and furniture, equipment, and vehicles, net of accumulated depreciation, accumulated amortization, and related debt. This number increased from the prior year by \$6,992,871.

The increase of \$1,197,825 to \$31,277,542 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, and capital as well as amounts restricted for debt service, scholarships and donations and extraclassroom activities.

The unrestricted net deficit in the amount of \$317,690,327 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 donations, extraclassroom activities, and debt service. This deficit increased by \$21,331,443, or 7.2%.

**B. Changes in Net Position**

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, 2024 and 2023 are as follows:

Change in Net Position from Operating Results

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Revenue:			
Program revenue:			
Charges for services	\$ 2,498,235	2,653,629	(155,394)
Operating grants and contributions	4,763,374	4,312,005	451,369
General revenue:			
Real property taxes and other			
real property tax items	75,825,464	74,671,033	1,154,431
State sources	41,391,731	41,453,414	(61,683)
Use of money and property	2,230,354	1,736,838	493,516
Other	<u>1,954,426</u>	<u>2,079,461</u>	<u>(125,035)</u>
Total revenue	<u>128,663,584</u>	<u>126,906,380</u>	<u>1,757,204</u>
Expenses:			
General government support	21,254,112	20,397,302	856,810
Instruction	110,069,269	101,649,272	8,419,997
Pupil transportation	5,002,497	5,133,508	(131,011)
Community services	790,776	674,336	116,440
Food service program	1,728,416	1,351,970	376,446
Debt service - interest	<u>2,959,261</u>	<u>3,052,906</u>	<u>(93,645)</u>
Total expenses	<u>141,804,331</u>	<u>132,259,294</u>	<u>9,545,037</u>
Change in net position	<u>\$ (13,140,747)</u>	<u>(5,352,914)</u>	<u>(7,787,833)</u>

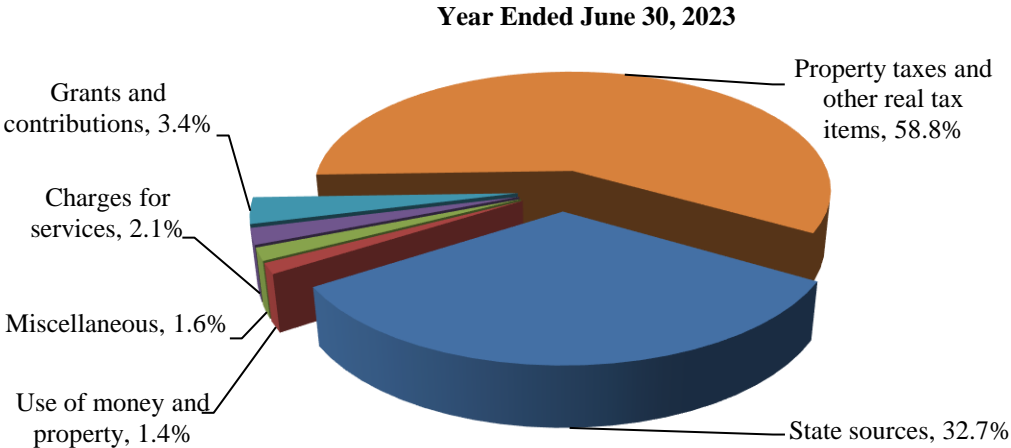
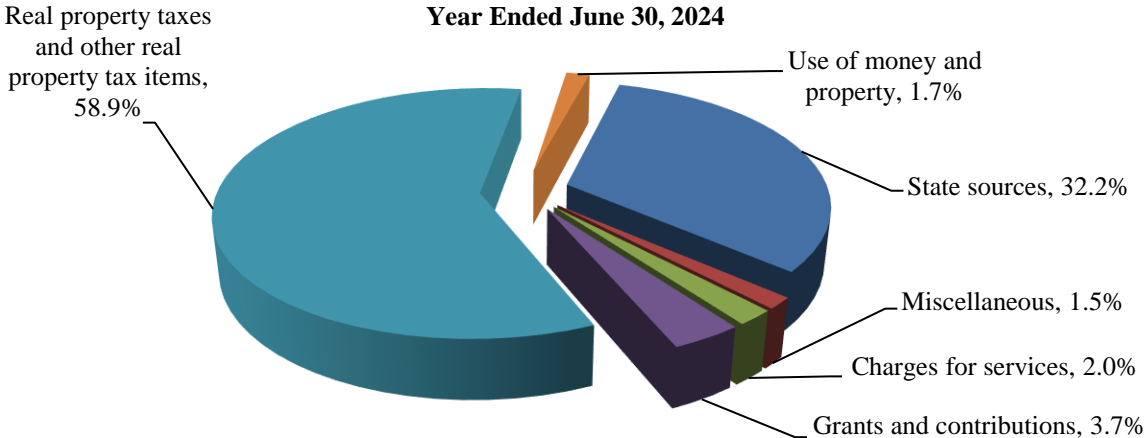
**EAST ISLIP UNION FREE SCHOOL DISTRICT**  
**Management’s Discussion and Analysis, Continued**

For the year ended June 30, 2024, the District’s revenue totaled \$128,663,584. Real property taxes (including other real property tax items) and state sources accounted for most of the District’s revenue. The remainder came from fees charged for services, operating grants, capital grants, investment earnings, and other miscellaneous sources.

The cost of all programs and services totaled \$141,804,331 for the year ended June 30, 2024. These expenses are predominantly related to general government support and instruction, which account for 15.0% and 77.6% of District expenses, respectively. Total expenses increased by \$9,545,037, or 7.2%, primarily due to actuarially determined pension and other post-employment benefit expenses allocated to general support and instruction.

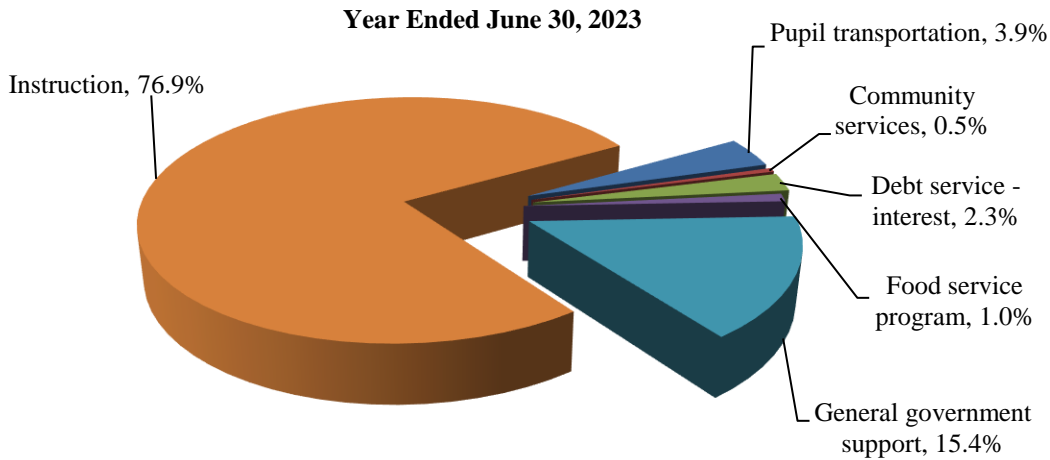
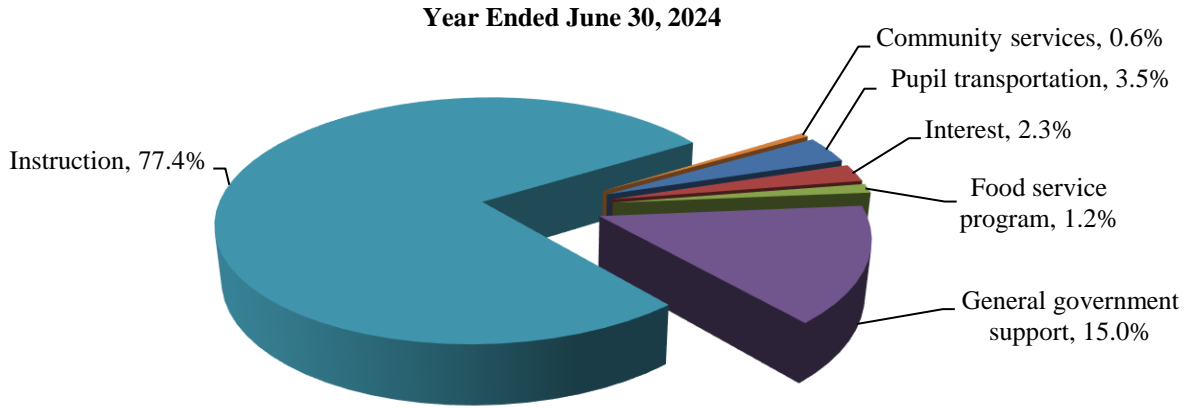
The users of the District's programs financed \$2,498,235 of the cost as shown in charges for services. The federal and state governments subsidized certain programs with operating grants and contributions of \$4,763,374. Most of the District's net costs of \$134,542,722 were financed by District taxpayers and state sources.

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



EAST ISLIP UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

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



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

Variations between years for the Governmental Fund Financial Statements are not the same as variations between years for the District-Wide Financial Statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased or intangible assets financed by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and intangible lease assets, and the current payments for debt.

At June 30, 2024, the District's governmental funds reported a combined fund balance of \$43,187,741, which is an increase of \$35,299,746 from the prior year.

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

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

	<u>2024</u>	<u>2023</u>	<u>Change</u>
General Fund:			
Restricted:			
Workers' compensation	\$ 1,825,080	1,783,776	41,304
Unemployment insurance	153,072	153,072	-
Retirement contributions - TRS	4,491,822	3,994,373	497,449
Retirement contributions - ERS	2,735,741	2,673,896	61,845
Repair	4,064,916	3,984,764	80,152
Insurance	37,013	36,168	845
Employee benefit accrued liability	6,064,392	6,001,259	63,133
Capital reserve projects	7,075,160	2,027,800	5,047,360
Assigned:			
General government support	597,356	380,535	216,821
Instruction	70,793	141,843	(71,050)
Appropriated for subsequent year's expenditures	4,239,743	4,199,636	40,107
Unassigned	<u>5,042,156</u>	<u>5,030,477</u>	<u>11,679</u>
Total fund balance - General Fund	<u>36,397,244</u>	<u>30,407,599</u>	<u>5,989,645</u>
School Food Service Fund:			
Nonspendable	1,938	4,329	(2,391)
Assigned	<u>918,096</u>	<u>1,005,799</u>	<u>(87,703)</u>
Total fund balance - School Food Service Fund	<u>920,034</u>	<u>1,010,128</u>	<u>(90,094)</u>
Miscellaneous Special Revenue Fund:			
Restricted:			
Scholarships	8,148	8,923	(775)
Extraclassroom	<u>224,048</u>	<u>281,653</u>	<u>(57,605)</u>
Total fund balance - Miscellaneous Special Revenue Fund	<u>232,196</u>	<u>290,576</u>	<u>(58,380)</u>
Debt Service Fund - restricted for debt service	<u>1,964,851</u>	<u>2,040,464</u>	<u>(75,613)</u>
Capital Projects Fund:			
Restricted for capital reserve projects	2,633,299	7,375,222	(4,741,923)
Assigned	1,040,117	-	1,040,117
Unassigned (deficit)	<u>-</u>	<u>(33,235,994)</u>	<u>33,235,994</u>
Total fund balance (deficit) - Capital Projects Fund	<u>3,673,416</u>	<u>(25,860,772)</u>	<u>29,534,188</u>
Total fund balance - all funds	<u>\$ 43,187,741</u>	<u>7,887,995</u>	<u>35,299,746</u>



EAST ISLIP UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**A. General Fund**

The net increase of \$5,989,645 in the general fund is due to revenue and other financing sources exceeding expenditures and other financing uses in the current year.

**B. School Food Service Fund**

The net decrease of \$90,094 in the school food service fund is due to a decrease in sales revenue, interfund revenue from the general fund, surplus food and miscellaneous revenue, offset by an increase in federal and state reimbursements.

**C. Miscellaneous Special Revenue Fund**

The fund balance in the miscellaneous special revenue fund decreased by \$58,380. This decrease is due to current year expenditures exceeding revenue for extraclassroom activities.

**D. Debt Service Fund**

The net decrease of \$75,613 in the debt service fund is due to expenditures and other financing uses exceeding use of money and property and other financing sources uses in the current year.

**E. Capital Projects Fund**

The net increase in the fund balance of the capital projects fund of \$29,534,188 is due to proceeds from issuance of debt.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2023-2024 Budget**

The District's general fund adopted budget for the year ended June 30, 2024 was \$125,761,934. This amount was increased by encumbrances carried forward from the prior year in the amount of \$522,378 and revisions of \$484,629 which resulted in a final budget of \$126,768,941. The majority of the funding was from real property taxes and charges for services revenue which was budgeted in the amount of \$71,261,377.

**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 revenue over expenditures, net of transfers to reserves and designations to fund subsequent years' budgets. It is this balance that is commonly referred to as "fund balance". The change in this balance demonstrated through a comparison of the actual revenue and expenditures for the year compared to budget are as follows:

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

Opening, unassigned fund balance	\$ 5,030,477
Revenue and other financing sources over budget	3,188,010
Expenditures, other financing uses and encumbrances under budget	7,909,833
Interest allocated to reserves	(387,293)
Additional appropriation of unassigned fund balance	(406,672)
Transfers to reserve	(5,404,795)
Unused appropriated reserves	(647,661)
Assigned - appropriated for June 30, 2025 budget	<u>(4,239,743)</u>
Closing, unassigned fund balance	<u>\$ 5,042,156</u>

The \$5,030,477 represents the portion of the District's June 30, 2023 fund balance that was retained as unassigned fund balance.

The revenue and other financing sources over budget of \$3,188,010 were primarily the result of use of money and property.

The expenditures, other financing uses, and encumbrances under budget of \$7,909,833 were primarily the result of general support, instruction, and employee benefits.

The District appropriated \$406,672 of unassigned fund balance for emergency gym repairs and to cover the cost of a settlement.

Transfers to reserves in the amount of \$5,404,795 were as follows: \$404,795 to the retirement contribution reserve - TRS, and \$5,000,000 to the capital reserve. \$647,661 relates to amounts in the repair reserve, the property loss and liability claim reserve and the employee benefit and accrued liability reserve that was appropriated as part of the 2023-2024 budget but unused.

Interest in the amount of \$387,293 was allocated to the reserves as follows: \$41,304 to the workers' compensation reserve, \$92,654 to the retirement contribution reserve - TRS, \$61,845 to the retirement contribution reserve - ERS, \$80,152 to the repair reserve, \$845 to the property loss and liabilities claims reserve, \$63,133 to the employee benefit accrued liability reserve, and \$47,360 to the capital reserves.

The assigned, appropriated fund balance of \$4,239,743 is the amount the District has chosen to use to partially fund its operating budget for 2024-2025.

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 4.00% of the 2024-2025 budget. At June 30, 2024, the District's unassigned fund balance is at the statutory limit.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**6. CAPITAL ASSETS AND DEBT ADMINISTRATION**

**A. Capital Assets**

The District paid for furniture, equipment, vehicles, and various building additions and renovations during the fiscal year 2024. A summary of the District's capital assets and intangible lease assets, net of accumulated depreciation and accumulated amortization, is as follows:

	<u>2024</u>	<u>2023*</u>	<u>Change</u>
Land	\$ 2,161,500	2,161,500	-
Construction in progress	6,549,114	2,439,360	4,109,754
Buildings and improvements	179,379,511	176,794,386	2,585,125
Furniture, equipment and vehicles	6,791,645	9,600,141	(2,808,496)
Right-to-use assets	<u>171,492</u>	<u>171,492</u>	<u>-</u>
Total capital assets	195,053,262	191,166,879	3,886,383
Less accumulated depreciation and amortization	<u>(79,400,033)</u>	<u>(78,043,427)</u>	<u>(1,356,606)</u>
Total capital assets, net	<u>\$ 115,653,229</u>	<u>113,123,452</u>	<u>2,529,777</u>

\* Restated as described in note 20.

The District spent \$966,746 in the general fund and school food service fund for furniture, equipment, and vehicle purchases during the year and \$6,731,217 in the capital projects fund on construction in progress, buildings and improvements, and furniture, equipment, and vehicles. The District also recorded depreciation expense and amortization expense of \$5,154,250 and loss on disposals of \$13,933. See note 9 to the financial statements for detail.

**B. Long-Term Debt**

At June 30, 2024, the District had total bonds payable, inclusive of unamortized premiums, of \$57,464,171, energy performance contract payable of \$2,470,000, and lease liability of \$22,229. The increase in bonds payable, inclusive of unamortized premiums, is due to converting BANs to bonds. The decrease in energy performance contract payable is due to current year principal payments. The decrease in lease liability is due to current year principal payments. More detailed information about the District's long-term debt is presented in note 12 to the financial statements.

A summary of outstanding long-term debt at June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Bonds payable	\$ 57,464,171	24,092,350	33,371,821
Energy performance contract payable	2,470,000	2,665,000	(195,000)
Lease liability	<u>22,229</u>	<u>69,733</u>	<u>(47,504)</u>
Total	<u>\$ 59,956,400</u>	<u>26,827,083</u>	<u>33,129,317</u>

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

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

The general fund budget for the 2024-2025 school year was approved by the voters in the amount of \$126,053,938. This is an increase of 0.2% over the previous year's adapted budget.

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.

**8. CONTACTING THE DISTRICT**

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

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

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Statement of Net Position  
Governmental Activities  
June 30, 2024

<u>Assets</u>	
Current assets:	
Cash and equivalents - unrestricted	\$ 17,343,418
Cash and equivalents - restricted	31,268,838
Receivables:	
Accounts receivable	210,908
State and Federal aid	3,352,236
Due from other governments	2,652,819
Leases	129,100
Inventory	1,938
Total current assets	54,959,257
Capital assets, net	115,653,229
Total assets	170,612,486
<u>Deferred outflows of resources</u>	
Pensions	24,394,544
OPEB	53,767,642
Total deferred outflows of resources	78,162,186
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	4,945,024
Accrued liabilities	334,416
Accrued interest	98,619
Due to teachers' retirement system	4,809,676
Due to employees' retirement system	472,036
Bonds payable	3,478,724
Energy performance contract	195,000
Lease liabilities	21,218
Workers' compensation	312,147
Compensated absences	553,860
Other liabilities	500,654
Unearned - collections in advance	90,653
Total current liabilities	15,812,027
Noncurrent liabilities:	
Bonds payable	53,985,447
Energy performance contract	2,275,000
Lease liabilities	1,011
Workers' compensation	1,101,917
Compensated absences	5,510,532
Total OPEB liability	328,480,614
Net pension liability - teachers' retirement system	2,970,936
Net pension liability - employees' retirement system	3,905,287
Total noncurrent liabilities	398,230,744
Total liabilities	414,042,771
<u>Deferred inflows of resources</u>	
Unearned revenue	129,100
Pensions	3,626,009
OPEB	61,692,748
Total deferred inflows of resources	65,447,857
<u>Net position</u>	
Net investment in capital assets	55,696,829
Restricted:	
Workers' compensation	1,825,080
Unemployment insurance reserve	153,072
Retirement contribution reserve - teachers' retirement system	4,491,822
Retirement contribution reserve - employees' retirement system	2,735,741
Repair reserve	4,064,916
Property loss and liability claims reserve	37,013
Employee benefit accrued liability reserve	6,064,392
Capital reserve	9,708,459
Debt service reserve	1,964,851
Scholarships	8,148
Extraclassroom	224,048
Unrestricted (deficit)	(317,690,327)
Total net position (deficit)	\$ (230,715,956)

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Statement of Activities  
Governmental Activities  
Year ended June 30, 2024

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Net Expense and Changes in Net Position
Functions and programs:				
General government support	\$ 21,254,112	-	-	(21,254,112)
Instruction	110,069,269	1,950,993	3,569,702	(104,548,574)
Pupil transportation	5,002,497	-	176,592	(4,825,905)
Community services	790,776	-	-	(790,776)
Food service program	1,728,416	547,242	1,017,080	(164,094)
Interest	2,959,261	-	-	(2,959,261)
Total functions and programs	\$ 141,804,331	2,498,235	4,763,374	(134,542,722)
General revenue:				
Real property taxes				70,057,595
Other real property tax items				5,767,869
Use of money and property				2,230,354
Sale of property and compensation for loss				161,495
State sources				41,391,731
Medicaid reimbursement				99,600
Miscellaneous				1,693,331
Total general revenue				121,401,975
Change in net position				(13,140,747)
Net position (deficit) at beginning of year, as previously stated				(216,791,449)
Correction of error (note 20)				(783,760)
Net position (deficit) at beginning of year, as restated				(217,575,209)
Net position (deficit) at end of year				\$ (230,715,956)

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Balance Sheet - Governmental Funds  
June 30, 2024

<u>Assets</u>	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Cash and equivalents - unrestricted	\$ 13,735,251	2,713	923,442	-	-	2,682,012	17,343,418
Cash and equivalents - restricted	26,447,196	-	-	232,196	1,956,147	2,633,299	31,268,838
Receivables:							
Accounts receivable	210,908	-	-	-	-	-	210,908
State and Federal aid	1,591,341	1,496,456	68,326	-	-	196,113	3,352,236
Due from other governments	2,652,819	-	-	-	-	-	2,652,819
Due from other funds	1,558,128	-	130,953	-	13,332	-	1,702,413
Lease receivables	129,100	-	-	-	-	-	129,100
Inventory	-	-	1,938	-	-	-	1,938
Total assets	<u>\$ 46,324,743</u>	<u>1,499,169</u>	<u>1,124,659</u>	<u>232,196</u>	<u>1,969,479</u>	<u>5,511,424</u>	<u>56,661,670</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>							
Liabilities:							
Accounts payable	3,295,770	112,755	113,972	-	-	1,422,527	4,945,024
Accrued liabilities	331,258	3,158	-	-	-	-	334,416
Due to other funds	130,953	1,347,464	-	-	4,628	219,368	1,702,413
Due to teachers' retirement system	4,809,676	-	-	-	-	-	4,809,676
Due to employees' retirement system	472,036	-	-	-	-	-	472,036
Other liabilities	500,654	-	-	-	-	-	500,654
Unearned - collections in advance	-	-	90,653	-	-	-	90,653
Total liabilities	<u>9,540,347</u>	<u>1,463,377</u>	<u>204,625</u>	<u>-</u>	<u>4,628</u>	<u>1,641,895</u>	<u>12,854,872</u>
Deferred inflows or resources:							
Leases	129,100	-	-	-	-	-	129,100
Unearned revenue	258,052	35,792	-	-	-	196,113	489,957
Total deferred inflows of resources	<u>387,152</u>	<u>35,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,113</u>	<u>619,057</u>
Fund balances:							
Nonspendable	-	-	1,938	-	-	-	1,938
Restricted:							
Workers' compensation reserve	1,825,080	-	-	-	-	-	1,825,080
Unemployment insurance reserve	153,072	-	-	-	-	-	153,072
Retirement contribution reserve - teachers' retirement system	4,491,822	-	-	-	-	-	4,491,822
Retirement contribution reserve - employees' retirement system	2,735,741	-	-	-	-	-	2,735,741
Repair reserve	4,064,916	-	-	-	-	-	4,064,916
Property loss and liability claims reserve	37,013	-	-	-	-	-	37,013
Employee benefit accrued liability reserve	6,064,392	-	-	-	-	-	6,064,392
Capital reserve	7,075,160	-	-	-	-	2,633,299	9,708,459
Debt service reserve	-	-	-	-	1,964,851	-	1,964,851
Scholarships	-	-	-	8,148	-	-	8,148
Extraclassroom	-	-	-	224,048	-	-	224,048
Assigned	4,907,892	-	918,096	-	-	1,040,117	6,866,105
Unassigned	5,042,156	-	-	-	-	-	5,042,156
Total fund balances	<u>36,397,244</u>	<u>-</u>	<u>920,034</u>	<u>232,196</u>	<u>1,964,851</u>	<u>3,673,416</u>	<u>43,187,741</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 46,324,743</u>	<u>1,499,169</u>	<u>1,124,659</u>	<u>232,196</u>	<u>1,969,479</u>	<u>5,511,424</u>	<u>56,661,670</u>

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2024

Total governmental fund balances	\$ 43,187,741
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
The assets consist of:	
Land and construction in progress	8,710,614
Capital assets - net of depreciation /amortization	106,942,615
Certain revenue will be collected after year end and is deferred in the governmental funds but recognized in the statement of activities.	
	489,957
Some deferred inflows and outflows are not reported in governmental governmental funds. These consist of the following:	
Deferred outflows of resources - pensions	24,394,544
Deferred inflows of resources - pensions	(3,626,009)
Deferred outflows of resources - OPEB	53,767,642
Deferred inflows of resources - OPEB	(61,692,748)
Long-term liabilities that are not due and payable in the current period are not reported in the funds:	
Accrued interest	(98,619)
Bonds payable	(57,464,171)
Energy performance contract	(2,470,000)
Lease liabilities	(22,229)
Workers' compensation	(1,414,064)
Compensated absences	(6,064,392)
Net pension liability - teachers' retirement system	(2,970,936)
Net pension liability - employees' retirement system	(3,905,287)
Total OPEB liability	<u>(328,480,614)</u>
Total net position at end of year	<u>\$ (230,715,956)</u>

See accompanying notes to financial statements.



EAST ISLIP UNION FREE SCHOOL DISTRICT  
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds  
Year ended June 30, 2024

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenue:							
Real property taxes	\$ 70,057,595	-	-	-	-	-	70,057,595
Other real property tax items	5,767,869	-	-	-	-	-	5,767,869
Charges for services	1,950,993	-	-	-	-	-	1,950,993
Use of money and property	1,973,156	-	20,810	-	236,388	-	2,230,354
Sale of property and compensation for loss	161,495	-	-	-	-	-	161,495
State sources	41,391,731	1,288,908	204,080	-	-	-	42,884,719
Federal sources	99,600	2,337,522	692,374	-	-	-	3,129,496
Miscellaneous	1,271,968	-	-	421,363	-	-	1,693,331
Surplus food	-	-	120,626	-	-	-	120,626
Food sales	-	-	547,242	-	-	-	547,242
Total revenue	<u>122,674,407</u>	<u>3,626,430</u>	<u>1,585,132</u>	<u>421,363</u>	<u>236,388</u>	<u>-</u>	<u>128,543,720</u>
Expenditures:							
General government support	12,799,448	-	-	-	419,999	-	13,219,447
Instruction	62,594,822	3,506,235	-	479,743	-	-	66,580,800
Pupil transportation	4,622,350	176,592	-	-	-	-	4,798,942
Community services	697,727	-	-	-	-	-	697,727
Cost of food sales	-	-	1,692,648	-	-	-	1,692,648
Employee benefits	29,459,301	145,142	-	-	-	-	29,604,443
Debt service:							
Principal	3,063,853	-	-	-	1,565,000	-	4,628,853
Interest	2,287,897	-	-	-	881,600	-	3,169,497
Capital outlay	-	-	-	-	-	6,822,298	6,822,298
Total expenditures	<u>115,525,398</u>	<u>3,827,969</u>	<u>1,692,648</u>	<u>479,743</u>	<u>2,866,599</u>	<u>6,822,298</u>	<u>131,214,655</u>
Excess (deficiency) of revenue over expenditures	<u>7,149,009</u>	<u>(201,539)</u>	<u>(107,516)</u>	<u>(58,380)</u>	<u>(2,630,211)</u>	<u>(6,822,298)</u>	<u>(2,670,935)</u>
Other financing sources (uses):							
BANs redeemed from appropriations	-	-	-	-	-	2,821,349	2,821,349
Proceeds from issuance of debt	-	-	-	-	-	31,705,000	31,705,000
Premiums on obligations	116,405	-	-	-	3,327,927	-	3,444,332
Transfers in	1,389,792	201,539	17,422	-	2,446,600	2,907,928	6,963,281
Transfers out	<u>(2,665,561)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,219,929)</u>	<u>(1,077,791)</u>	<u>(6,963,281)</u>
Total other financing sources (uses)	<u>(1,159,364)</u>	<u>201,539</u>	<u>17,422</u>	<u>-</u>	<u>2,554,598</u>	<u>36,356,486</u>	<u>37,970,681</u>
Changes in fund balances	5,989,645	-	(90,094)	(58,380)	(75,613)	29,534,188	35,299,746
Fund balances (deficit) at beginning of year	<u>30,407,599</u>	<u>-</u>	<u>1,010,128</u>	<u>290,576</u>	<u>2,040,464</u>	<u>(25,860,772)</u>	<u>7,887,995</u>
Fund balances (deficit) at end of year	<u>\$ 36,397,244</u>	<u>-</u>	<u>920,034</u>	<u>232,196</u>	<u>1,964,851</u>	<u>3,673,416</u>	<u>43,187,741</u>

See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Reconciliation of the Statement of Revenue, Expenditures and  
Changes in Fund Balances - Governmental Funds to the Statement of Activities  
Year ended June, 30 2024

Net change in fund balances \$ 35,299,746

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since the capital outlay includes amounts under the capitalization threshold.

Additions of capital assets	7,697,960
Depreciation	(5,154,250)
Disposals	(13,933)

Changes in amounts collected after year end and deferred in the governmental funds but recognized in the statement of activities.	119,864
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Repayment of bonds, capital leases, energy performance contract, and installment debt, principal is an expenditures in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Proceeds from issuance of debt	(31,705,000)
Premiums on obligations	(3,327,927)
Principal paid on bonds payable	1,565,000
Principal paid on energy performance contract	195,000
Principal paid on leases	47,504
Accrued interest	(2,275)
Amortization of premiums on bonds payable	96,106

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Workers' compensation	(207,538)
Compensated absences	(63,281)
Net pension liability - teachers' retirement system	2,067,879
Net pension liability - employees' retirement system	1,896,770
Deferred outflows of resources - pensions	(7,937,366)
Deferred inflows of resources - pensions	(1,036,870)
Total OPEB liability	(17,686,323)
Deferred outflows of resources - OPEB	(16,600,216)
Deferred inflows of resources - OPEB	21,608,403

Change in net position of governmental activities	<u>\$ (13,140,747)</u>
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See accompanying notes to financial statements.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
Year ended June 30, 2024

	<u>Custodial Fund</u>
Additions:	
Real property taxes	\$ 4,051,859
Other real property tax items	<u>50,738</u>
Total additions	<u>4,102,597</u>
Deductions - payments to library	<u>4,102,597</u>
Change in net fiduciary position	-
Fiduciary net position at beginning of year	<u>-</u>
Fiduciary net position at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

# EAST ISLIP UNION FREE SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2024

### (1) Summary of Significant Accounting Policies

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

#### (a) Reporting Entity

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. The District does not have any reportable component units or other organizational entities for the year ended June 30, 2024.

#### (b) Joint Venture

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

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

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Joint Venture, Continued

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

(c) Basis of Presentation

(i) District-Wide Statements

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

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

(ii) Fund Financial Statements

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

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

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(ii) Fund Financial Statements, Continued

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

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

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

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

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

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

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

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

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

(d) Measurement Focus and Basis of Accounting

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

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus and Basis of Accounting, Continued

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

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

(e) Property Taxes

(i) Calendar

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

(ii) Enforcement

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

(f) Restricted Resources

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

(g) Interfund Transactions

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

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

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Interfund Transactions, Continued

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

(h) Estimates

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

(i) Fair Value Measurement

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

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

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



EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Cash and Equivalents

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

(k) Receivables

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

(l) Inventory

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

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

(m) Capital Assets

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

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

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

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2024, the District has not recorded any such impairment losses.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(n) Lease Assets

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

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

(o) Deferred Outflows of Resources and Inflows of Resources

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

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

(p) Vested Employee Benefits - Compensated Absences

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

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

## EAST ISLIP UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

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

##### (p) Vested Employee Benefits - Compensated Absences, Continued

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

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

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

##### (q) Other Benefits

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

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

##### (r) Short-Term Debt

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

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

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

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Accrued Liabilities and Long-Term Obligations

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

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

(t) Equity Classifications

(i) District-Wide Statements

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

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

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

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

(ii) Fund Statements

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

Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance consists of inventory recorded in the school food service fund of \$1,938.

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

## EAST ISLIP UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

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

##### (t) Equity Classifications, Continued

##### (ii) Fund Statements, Continued

##### Workers' Compensation

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

##### Unemployment Insurance

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

##### Retirement Contributions

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

##### Repair Reserve

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

##### Property Loss and Liability Claims

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

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(t) Equity Classifications, Continued

(ii) Fund Statements, Continued

Employee Benefit Accrued Liability

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

Capital

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

Debt Service

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

Scholarships

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

Extraclassroom Activities

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

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(t) Equity Classifications, Continued

(ii) Fund Statements, Continued

Restricted fund balance at June 30, 2024 includes the following:

General Fund:

Workers' compensation	\$ 1,825,080
Unemployment insurance	153,072
Retirement contribution	7,227,563
Repairs	4,064,916
Property loss and liability claims	37,013
Employee benefit accrued liability	6,064,392
Capital	<u>7,075,160</u>
Total General Fund	26,447,196
Miscellaneous Special Revenue Fund	232,196
Debt Service Fund	1,964,851
Capital Projects Fund	<u>2,633,299</u>
Total restricted fund balance	<u>\$ 31,277,542</u>

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority. The District has no committed fund balances at June 30, 2024.

Assigned - Includes amounts that are constrained by the District to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance and amounted to \$668,149. Additionally, the District assigned \$4,239,743 of general fund fund balance to reduce the tax levy for the ensuing fiscal year budget.

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

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

(u) Subsequent Events

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

## EAST ISLIP UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

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

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

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

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

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

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

###### Long-term Revenue and Expense Differences

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

###### Capital Related Differences

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

###### Long-term Debt Transaction Differences

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



## EAST ISLIP UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

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

##### (a) Budgetary Data

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 approve 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. No budget revisions occurred during the fiscal year.

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

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

##### (b) Encumbrances

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

## EAST ISLIP UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (4) Deposits with Financial Institutions and Investments

##### (a) Cash

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

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

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

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

Restricted cash represents cash and equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$1,825,080 for workers' compensation, \$153,072 for unemployment insurance, \$7,227,563 for retirement contributions, \$4,064,916 for repairs, \$37,013 for insurance claims, \$6,064,392 for employee benefit accrued liability, \$9,708,459 for capital improvements, \$1,956,147 for debt service, \$8,148 for scholarships, and \$224,048 for extraclassroom activities.

##### (b) Investments

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

#### (5) Participation in BOCES

During the year ended June 30, 2024, the District was billed \$8,054,379 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,286,718. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Education Services James Hines Administration Center, 201 Sunrise Highway, Patchogue, New York 11772.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(6) Receivables

Federal and state aid receivable at June 30, 2024 consisted of the following:

<u>General Fund</u>	
Excess cost aid	\$ 1,063,703
General aid	<u>527,638</u>
Total General Fund	<u>1,591,341</u>
<u>Special Aid Fund</u>	
New York State aid	1,002,059
Federal aid	<u>494,397</u>
Total Special Aid Fund	<u>1,496,456</u>
<u>School Food Service Fund</u>	
New York State reimbursements	24,546
Federal reimbursements	<u>43,780</u>
Total School Food Service Fund	<u>68,326</u>
<u>Capital Projects Fund</u>	
New York State aid - Smart Schools Bond Act	<u>196,113</u>
Total - All Funds	<u>\$ 3,352,236</u>

The general fund excess cost aid and general aid receivables include \$173,980 of unavailable state revenue. The capital projects fund smart schools bond act receivable includes \$196,113 of unavailable state revenue. District management has deemed these amounts to be fully collectible.

(7) Due from Other Governments

Due from other governments in the general fund at June 30, 2024 consisted of the following:

Tuition billings	\$ 366,101
BOCES aid	<u>2,286,718</u>
Total due from other governments	<u>\$ 2,652,819</u>

District management has deemed these amounts to be fully collectible.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(8) Lease Receivable

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

Principal and interest payments received for the District's lease receivable amounted to \$423,176 and \$9,064, respectively, for the year ended June 30, 2024.

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

Year Ended June 30,	Principal	Interest	Total
2025	\$ <u>129,100</u>	<u>1,617</u>	<u>130,717</u>

District management has deemed the amounts to be fully collectible.

(9) Capital Assets

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

	Balance June 30, 2023*	Increase	Decrease	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 2,161,500	-	-	2,161,500
Construction in progress	<u>2,439,360</u>	<u>6,731,217</u>	<u>(2,621,463)</u>	<u>6,549,114</u>
Total capital assets not being depreciated or amortized	<u>4,600,860</u>	<u>6,731,217</u>	<u>(2,621,463)</u>	<u>8,710,614</u>
Capital assets being depreciated:				
Buildings and improvements	176,794,386	2,621,463	(36,338)	179,379,511
Furniture, equipment and vehicles	9,600,141	966,743	(3,775,239)	6,791,645
Right-to-use assets	<u>171,492</u>	<u>-</u>	<u>-</u>	<u>171,492</u>
Total capital assets being depreciated and amortized	<u>186,566,019</u>	<u>3,588,206</u>	<u>(3,811,577)</u>	<u>186,342,648</u>

\* Restated as described in note 20.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(9) Capital Assets, Continued

	Balance June 30, <u>2023*</u>	<u>Increase</u>	<u>Decrease</u>	Balance June 30, <u>2024</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	\$ (70,798,301)	(4,644,506)	36,338	(75,406,469)
Furniture, equipment and vehicles	(7,141,910)	(458,136)	3,761,306	(3,838,740)
Right-to-use assets	<u>(103,216)</u>	<u>(51,608)</u>	<u>-</u>	<u>(154,824)</u>
Total accumulated depreciation and amortized	<u>(78,043,427)</u>	<u>(5,154,250)</u>	<u>3,797,644</u>	<u>(79,400,033)</u>
Total capital assets, being depreciated and amortized, net	<u>108,522,592</u>	<u>(1,566,044)</u>	<u>(13,933)</u>	<u>106,942,615</u>
Capital assets, net	\$ <u>113,123,452</u>	<u>5,165,173</u>	<u>(2,635,396)</u>	<u>115,653,229</u>

\* Restated as described in note 20.

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

General government support	\$ 2,644,400
Instruction	2,462,736
Pupil transportation	11,346
Food service program	<u>35,768</u>
Total depreciation and amortization expense	\$ <u>5,154,250</u>

(10) Interfund Transactions

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 1,558,128	130,953	1,389,792	2,665,561
Special aid fund	-	1,347,464	201,539	-
School food service fund	130,953	-	17,422	-
Debt service fund	13,332	4,628	2,446,600	3,219,929
Capital projects fund	<u>-</u>	<u>219,368</u>	<u>2,907,928</u>	<u>1,077,791</u>
Total	\$ <u>1,702,413</u>	<u>1,702,413</u>	<u>6,963,281</u>	<u>6,963,281</u>

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 eliminate negative student account balances. The District typically transfers from the general fund to the debt service fund to pay down debt. The District transferred from the capital projects fund to the general fund for unexpended balances on general fund projects that have been completed and returned to the general fund. The District transferred from the debt service fund to capital fund the premium, net of fiscal agent fees, on bonds issued used to reduce the amount of the borrowing and satisfy outstanding BAN balances.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(10) Interfund Transactions, Continued

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

(11) Short-Term Debt

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN	6/27/24	4.11%	\$ -	15,500,000	15,500,000	-
BAN	6/26/23	3.68%	<u>37,434,277</u>	-	<u>37,434,277</u>	-
			<u>\$ 37,434,277</u>	<u>15,500,000</u>	<u>52,934,277</u>	-

Interest expense, net of premium amounting to \$726,686, on short-term debt for the year was \$2,218,001.

(12) Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2024, are as follows:

	<u>Beginning Balance</u>	<u>Issued/ Increases</u>	<u>Redeemed/ Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Long-term debt:						
Bonds payable	\$ 23,050,000	31,705,000	(1,565,000)	53,190,000	3,170,000	50,020,000
Unamortized bond premium	<u>1,042,350</u>	<u>3,327,927</u>	<u>(96,106)</u>	<u>4,274,171</u>	<u>308,724</u>	<u>3,965,447</u>
Total long-term debt	24,092,350	35,032,927	(1,661,106)	57,464,171	3,478,724	53,985,447
Other long-term liabilities:						
Energy performance contract	2,665,000	-	(195,000)	2,470,000	195,000	2,275,000
Lease liability	69,733	-	(47,504)	22,229	21,218	1,011
Workers' compensation	1,206,526	207,538	-	1,414,064	312,147	1,101,917
Compensated absences	6,001,111	63,281	-	6,064,392	553,860	5,510,532
Net pension liability - TRS	5,038,815	-	(2,067,879)	2,970,936	-	2,970,936
Net pension liability - ERS	5,802,057	-	(1,896,770)	3,905,287	-	3,905,287
Total OPEB liability	<u>310,794,291</u>	<u>17,686,323</u>	<u>-</u>	<u>328,480,614</u>	<u>-</u>	<u>328,480,614</u>
Total long-term liabilities	\$ <u>355,669,883</u>	<u>52,990,069</u>	<u>(5,868,259)</u>	<u>402,791,693</u>	<u>4,560,949</u>	<u>398,230,744</u>

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

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(12) Long-term Liabilities, Continued

(a) Bonds Payable

Bonds payable is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2024</u>
2022 Series A bonds	6/27/22	6/15/35	3.00% - 4.00%	\$ 11,050,000
2022 Series B bonds	6/27/22	6/15/35	3.00% - 4.00%	10,435,000
2024 Series D bonds	6/18/24	6/15/39	5.00%	<u>31,705,000</u>
				<u>\$ 53,190,000</u>

Interest for the year ended June 30, 2024 was composed of the following:

Interest paid on:		
Serial bonds		\$ 881,600
TAN		533,458
BAN		1,684,542
Energy performance contract		69,024
Leases		<u>873</u>
Total interest paid		3,169,497
Plus - Interest accrued in the current year		98,619
Less - Interest accrued in the prior year		(96,344)
Amortization of deferred premiums on bonds and TAN		<u>(212,511)</u>
Total expense		<u>\$ 2,959,261</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,170,000	2,873,458	6,043,458
2026	3,925,000	2,293,700	6,218,700
2027	4,100,000	2,122,650	6,222,650
2028	3,935,000	1,934,900	5,869,900
2029	4,105,000	1,756,050	5,861,050
2030 - 2034	21,610,000	5,983,400	27,593,400
2035 - 3039	<u>12,345,000</u>	<u>1,374,950</u>	<u>13,719,950</u>
	<u>\$ 53,190,000</u>	<u>18,339,108</u>	<u>71,529,108</u>

The original issue premiums on bonds have been deferred and recorded as a liability on the District-Wide financial statements. The premiums are being amortized using the straight-line method over the remaining time to maturity of the bonds. The current year amortization is \$96,106 and is included as a reduction to interest expense on the Statement of Activities.

EAST ISLIP UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(12) Long-term Liabilities, Continued

(a) Bonds Payable, Continued

Original premiums on bonds payable	\$ 4,457,139
Less accumulated amortization	<u>(182,968)</u>
Premiums on bonds payable	\$ <u>4,274,171</u>

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

(b) Energy Performance Contract Payable

Existing energy performance contracts are comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Energy Performance Contract	8/22/19	6/15/35	2.59%	\$ <u>2,470,000</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 195,000	63,973	258,973
2026	200,000	58,923	258,923
2027	210,000	53,743	263,743
2028	210,000	48,304	258,304
2029	220,000	42,865	262,865
2030 - 2034	1,180,000	126,263	1,306,263
2035	<u>255,000</u>	<u>6,604</u>	<u>261,604</u>
	\$ <u>2,470,000</u>	<u>400,675</u>	<u>2,870,675</u>

(c) Lease Liability

Existing capital lease obligations are comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Multi-functional Printers Lease	5/1/2020	4/30/2025	2.16%-3.15%	\$ 17,182
Mail folder/inserter	11/2/2020	11/1/2025	0.3%	<u>5,047</u>
				\$ <u>22,229</u>



EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(12) Long-term Liabilities, Continued

(c) Lease Liability, Continued

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

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 21,218	105	21,323
2026	<u>1,011</u>	<u>1</u>	<u>1,012</u>
	\$ <u>22,229</u>	<u>106</u>	<u>22,335</u>

(13) Pension Obligations

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. Benefits are established under the provision of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(13) Pension Obligations, Continued

(a) Plan Descriptions and Benefits Provided, Continued

Employees' Retirement System (ERS), Continued

that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/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.

The systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

At June 30, 2024, the District reported the following liabilities for its proportionate shares of the net pension liability for each of TRS and ERS. The net pension liabilities were measured as of March 31, 2024 for ERS and June 30, 2023 for TRS. The total pension liabilities used to calculate each net pension liabilities was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to TRS and ERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2023	June 30, 2022
Measurement date	March 31, 2024	June 30, 2023
Net pension liability	\$ 3,905,287	2,970,936
District's proportion of the Plan's net pension liability	0.0265232%	0.259791%
Change in proportionate share	(0.0005335)	(0.002799)

For the year ended June 30, 2024, the District's recognized pension expense of \$1,986,639 for ERS and \$8,905,834 for TRS in the Statement of Activities. At June 30, 2024 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(13) Pension Obligations, Continued

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

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 1,257,890	7,203,730	106,487	17,803
Changes of assumptions	1,476,501	6,396,337	-	1,394,047
Net difference between projected and actual investment earnings on pension plan investments	-	1,518,684	1,907,712	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	630,652	931,588	69,029	130,931
District's contributions subsequent to the measurement date	<u>472,036</u>	<u>4,507,126</u>	<u>-</u>	<u>-</u>
Total	\$ <u>3,837,079</u>	<u>20,557,465</u>	<u>2,083,228</u>	<u>1,542,781</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ (488,341)	1,553,250
2026	921,045	(1,339,281)
2027	1,225,919	12,084,410
2028	(376,808)	975,206
2029	-	773,923
Thereafter	<u>-</u>	<u>460,050</u>
	\$ <u>1,281,815</u>	<u>14,507,558</u>

(c) 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  
Notes to Financial Statements, Continued

(13) Pension Obligations, Continued  
(c) Actuarial Assumptions, Continued

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2023	June 30, 2022
Measurement date	March 31, 2024	June 30, 2023
Investment rate of return (net of investment expense, including inflation)	5.90%	6.95%
Salary scale	4.40%	1.95% - 5.18%
Cost of living adjustments	1.5% annually	1.3% annually
Inflation rate	2.90%	2.40%

For ERS, demographic assumptions used in the April 1, 2023 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2022. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries Scale MP-2021. For TRS, annuitant and active mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. The demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(13) Pension Obligations, Continued

(c) Actuarial Assumptions, Continued

	<u>ERS</u>		<u>TRS</u>	
	Long-term expected real rate of <u>of return*</u>	Target allocation	Long-term expected real rate <u>of return*</u>	Target allocation
Asset class:				
Domestic equity	4.00%	32%	6.80%	33%
International equity	6.65%	15%	7.60%	15%
Real estate equity	4.60%	9%	6.30%	11%
Global equity	-	-	7.20%	4%
Domestic fixed income	-	-	2.20%	16%
Global bonds	-	-	1.60%	2%
High-yield bonds	-	-	4.40%	1%
Real estate debt	-	-	3.20%	6%
Private equity	7.25%	10%	10.10%	9%
Private debt	-	-	6.00%	2%
Real assets	5.79%	3%	-	-
Fixed income	1.50%	23%	-	-
Opportunistic/ARS portfolio	5.25%	3%	-	-
Credit	5.40%	4%	-	-
Cash	0.25%	<u>1%</u>	0.30%	<u>1%</u>
		<u>100%</u>		<u>100%</u>

\* For ERS, the real rates of return are net of a long-term inflation assumption of 2.9%. For TRS, the real rates of return are net of pension plan investment expenses and long-term inflation expectations.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% 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 determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(13) Pension Obligations, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liabilities to the Discount Rate Assumption

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

ERS	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability (asset)	\$ <u>12,278,621</u>	<u>3,905,287</u>	<u>(3,088,184)</u>
 TRS	 1% Decrease (5.95%)	 Current Discount (6.95%)	 1% Increase (7.95%)
Employer's proportionate share of the net pension liability (asset)	\$ <u>45,248,865</u>	<u>2,970,936</u>	<u>(32,586,631)</u>

(f) Pension Plan Fiduciary Net Position

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

	(Dollars in Millions)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Employers' total pension liability	\$ (240,697)	(138,365)
Plan net position	<u>225,973</u>	<u>137,221</u>
Employers' net pension liability	\$ <u>(14,724)</u>	<u>(1,114)</u>
Ratio of plan net position to the employers' total pension liability	93.88%	99.20%

(g) Contributions to the Pension Plans

ERS employer contributions are paid annually based on the system's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$472,036. This amount has been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to ERS for the year ended June 30, 2024 were \$1,518,107.

## EAST ISLIP UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (13) Pension Obligations, Continued

##### (g) Contributions to the Pension Plans, Continued

TRS employer and employee contributions for the year ended June 30, 2024 are paid to the system in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS system. Accrued employer retirement contributions to TRS as of June 30, 2024 amounted to \$4,809,676 including employees' share. The accrued contributions have been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2024 were \$4,507,125.

#### (14) Pension Plans - Other

##### (a) Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2024, totaled \$36,552 and \$2,648,557, 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, 2024 totaled \$399,858.

#### (15) Other Postemployment Benefits (OPEB)

##### (a) Plan Description and Benefits

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

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

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(15) Other Postemployment Benefits (OPEB), Continued

(b) Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Active employees	599
Inactive employees or beneficiaries currently receiving benefits	<u>543</u>
	<u>1,142</u>

(c) Total OPEB Liability

The District's total OPEB liability of \$328,480,614 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2022.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
	ERS - 3.3% - 8.8%
	TRS - 2.2% - 12.3%
Discount rate	4.21%
Healthcare cost trend rates	5.94% for 2024, decreasing to 4.14% by 2076

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

(e) Changes in the Total OPEB Liability

Total OPEB liability as of July 1, 2023	\$ <u>310,794,291</u>
Changes for the year:	
Service cost	9,382,271
Interest	13,008,675
Differences between expected and actual experience	9,655,630
Changes of assumptions	(3,860,970)
Benefit payments	<u>(10,499,283)</u>
Total changes	<u>(17,686,323)</u>
Total OPEB liability as of June 30, 2024	\$ <u>328,480,614</u>



EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(15) Other Postemployment Benefits (OPEB), Continued

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.21%) or 1-percentage point higher (5.21%) than the current discount rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB liability	\$ <u>381,972,476</u>	<u>328,480,614</u>	<u>285,371,665</u>

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

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ <u>276,339,995</u>	<u>328,480,614</u>	<u>395,204,102</u>

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$23,177,419. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,946,842	7,003,945
Changes of assumptions	<u>26,820,800</u>	<u>54,688,803</u>
Total	\$ <u>53,767,642</u>	<u>61,692,748</u>

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

<u>Year ending</u>	
2025	\$ 2,158,678
2026	(1,489,570)
2027	(10,553,641)
2028	<u>1,959,427</u>
	\$ <u>(7,925,106)</u>

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(16) Risk Management

(a) General Information

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

(b) Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for incurred claims and incurred but not recorded (IBNR) based on a liability evaluation done in August of 2024. As of June 30, 2024, the District has recorded potential workers' compensation claims (losses incurred but not paid) and incurred but not reported claims for a total liability of \$1,414,064. The District has a workers' compensation reserve balance of \$1,825,080. Claims activity is summarized below:

	<u>2024</u>	<u>2023</u>
Unpaid claims at beginning of fiscal year	\$ 1,206,526	1,309,376
Incurred claims and claim adjustment expenses	471,679	382,233
Claims payments	<u>(264,141)</u>	<u>(485,083)</u>
Unpaid claims at year end	\$ <u>1,414,064</u>	<u>1,206,526</u>

(c) Public Entity Risk Pool

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

(17) Tax Abatements

The Town of Islip Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 898-b, 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 \$935,959 for these programs. The District received PILOT payments totaling \$935,959 for these programs during the fiscal year.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(18) Commitments and Contingencies

(a) Grants

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

(b) Litigation

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

(19) Future Implementations of GASB Pronouncements

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncement are not known at this time.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

(20) Correction of Error

During the year ended June 30, 2024, the District determined that its capital assets were previously misstated. This resulted in a need to restate the prior balances at June 30, 2023 as follows:

Net position (deficit) at beginning of year, as previously stated	\$ (216,791,449)
Correction of error:	
Construction in progress	749,828
Buildings and improvements	(55,126)
Furniture and equipment	(217,654)
Accumulated depreciation:	
Buildings and improvements	(10,926,382)
Furniture and equipment	<u>9,665,574</u>
Total correction of error	<u>(783,760)</u>
Net position (deficit) at beginning of year, as restated	\$ <u>(217,575,209)</u>

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of Revenue, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund  
Year ended June 30, 2024

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Budgetary Actual
Revenue:					
Real property taxes	\$ 69,248,865	69,896,377	70,057,595	-	161,218
Other real property tax items	6,443,285	5,795,773	5,767,869	-	(27,904)
Charges for services	1,365,000	1,365,000	1,950,993	-	585,993
Use of money and property	851,022	851,022	1,973,156	-	1,122,134
Sale of property and compensation for loss	-	-	161,495	-	161,495
State sources	41,313,335	41,313,335	41,391,731	-	78,396
Federal sources	150,000	150,000	99,600	-	(50,400)
Miscellaneous	478,000	543,296	1,271,968	-	728,672
Total revenue	<u>119,849,507</u>	<u>119,914,803</u>	<u>122,674,407</u>	<u>-</u>	<u>2,759,604</u>
Other financing sources:					
Premiums on obligations	-	-	116,405	-	116,405
Transfers in	1,077,791	1,077,791	1,389,792	-	312,001
Total other financing sources	<u>1,077,791</u>	<u>1,077,791</u>	<u>1,506,197</u>	<u>-</u>	<u>428,406</u>
Total revenue and other financing sources	120,927,298	120,992,594	<u>124,180,604</u>	<u>-</u>	<u>3,188,010</u>
Appropriated fund balance	4,199,636	4,606,308			
Prior year encumbrance	522,378	522,378			
Appropriated reserves	635,000	647,661			
	<u>\$ 126,284,312</u>	<u>126,768,941</u>			
Expenditures:					
General government support	14,342,265	14,863,514	12,799,448	597,356	1,466,710
Instruction	65,573,997	65,489,705	62,594,822	70,793	2,824,090
Pupil transportation	5,913,525	5,921,925	4,622,350	-	1,299,575
Community services	561,275	711,275	697,727	-	13,548
Employee benefits	31,750,367	31,750,367	29,459,301	-	2,291,066
Debt service:					
Principal	3,164,277	3,063,853	3,063,853	-	-
Interest	2,320,638	2,302,741	2,287,897	-	14,844
Total expenditures	123,626,344	124,103,380	115,525,398	668,149	7,909,833
Other financing uses - transfers out	2,657,968	2,665,561	2,665,561	-	-
Total expenditures and other financing uses	<u>\$ 126,284,312</u>	<u>126,768,941</u>	<u>118,190,959</u>	<u>668,149</u>	<u>7,909,833</u>
Change in fund balance			5,989,645		
Fund balance at beginning of year			<u>30,407,599</u>		
Fund balance at end of year			<u>\$ 36,397,244</u>		

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 9,382,271	9,000,965	12,991,842	12,363,607	9,263,281	5,924,002	6,186,519
Interest on total OPEB liability	13,008,675	10,676,561	7,955,022	7,630,938	10,744,701	9,464,151	8,712,641
Changes of benefit terms	-	(1,717,269)	-	(5,971,012)	-	-	-
Differences between expected and actual experience	9,655,630	24,724,496	876,294	5,570,164	(42,023,660)	1,777,889	-
Changes of assumptions	(3,860,970)	(19,921,551)	(75,954,672)	10,836,767	65,963,106	48,858,770	(12,338,713)
Benefit payments	<u>(10,499,283)</u>	<u>(9,052,725)</u>	<u>(8,118,406)</u>	<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	17,686,323	13,710,477	(62,249,920)	22,425,338	36,228,819	58,153,674	(4,248,352)
Total OPEB liability - beginning	<u>310,794,291</u>	<u>297,083,814</u>	<u>359,333,734</u>	<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>\$ 328,480,614</u>	<u>310,794,291</u>	<u>297,083,814</u>	<u>359,333,734</u>	<u>336,908,396</u>	<u>300,679,577</u>	<u>242,525,903</u>
Covered payroll	53,210,386	52,059,892	56,553,383	52,377,148	57,549,964	52,972,099	57,205,253
Total OPEB liability as a percentage of covered payroll	617.32%	596.99%	525.32%	686.05%	585.42%	567.62%	423.96%

Notes to schedule:

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

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
4.21%	4.13%	3.54%	2.16%	2.21%	3.51%	3.87%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available. There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability  
Year ended June 30, 2024

<u>TRS</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset/liability	0.259791%	0.262590%	0.269840%	0.263277%	0.271341%	0.276345%	0.291083%	0.303942%	0.309179%	0.311094%
The District's proportionate share of the net pension asset (liability)	\$ (2,970,936)	(5,038,815)	46,760,628	7,275,054	7,049,470	4,997,051	2,212,516	(3,255,341)	32,009,960	34,653,912
The District's covered payroll	\$ 46,179,570	46,518,511	45,800,443	44,686,439	45,291,305	44,487,081	46,126,988	48,869,334	46,573,119	44,726,276
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	6.43%	10.83%	102.10%	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 liability	99.20%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.0%	110.5%	111.5%
<u>ERS</u>										
The District's proportion of the net pension asset/liability	0.0265232%	0.0270567%	0.0271441%	0.0259563%	0.0270778%	0.0277286%	0.0293811%	0.0299397%	0.0304990%	0.0313363%
The District's proportionate share of the net pension asset (liability)	\$ (3,905,287)	(5,802,057)	2,218,920	(25,846)	(7,170,354)	(1,964,657)	(948,260)	(2,813,200)	(4,895,177)	(1,058,619)
The District's covered payroll	\$ 10,353,426	10,355,317	10,399,572	9,683,003	10,097,066	9,931,891	9,590,696	9,305,729	9,305,729	9,226,637
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	37.72%	56.03%	21.34%	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 liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of the District's Pension Contributions  
Year ended June 30, 2024

<u>TRS</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,507,125	4,935,635	4,558,814	4,364,782	3,959,218	4,809,937	4,359,734	5,406,083	6,214,874	8,115,100
Contribution in relation to the contractually required contribution	<u>4,507,125</u>	<u>4,935,635</u>	<u>4,558,814</u>	<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>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	<u>\$ 46,179,570</u>	<u>49,608,020</u>	<u>46,518,511</u>	<u>45,800,443</u>	<u>44,686,439</u>	<u>45,291,305</u>	<u>44,487,081</u>	<u>46,126,988</u>	<u>48,869,334</u>	<u>46,573,119</u>
Contribution as a percentage of covered payroll	9.76%	9.95%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	12.72%	17.42%
<u>ERS</u>										
Contractually required contribution	\$ 1,518,107	1,246,606	1,382,455	1,577,444	1,407,780	1,402,287	1,469,484	1,356,791	1,593,557	1,851,487
Contribution in relation to the contractually required contribution	<u>1,518,107</u>	<u>1,246,606</u>	<u>1,382,455</u>	<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>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	<u>\$ 10,353,426</u>	<u>10,472,227</u>	<u>10,050,826</u>	<u>9,848,761</u>	<u>9,868,377</u>	<u>10,050,373</u>	<u>9,686,164</u>	<u>9,382,402</u>	<u>9,311,464</u>	<u>9,226,637</u>
Contribution as a percentage of covered payroll	14.66%	11.90%	13.75%	16.02%	14.27%	13.95%	15.17%	14.46%	17.11%	20.07%

EAST ISLIP UNION FREE SCHOOL DISTRICT  
 Other Supplementary Information  
 Schedule of Change from Adopted Budget to Final Budget and  
 the Real Property Tax Limit - General Fund  
 Year ended June 30, 2024

Change from adopted budget to final budget:

Original budget	\$ 125,761,934
Add prior year's encumbrances	<u>522,378</u>
Adopted budget	126,284,312
Budget revisions	<u>484,629</u>
Final budget	<u><u>\$ 126,768,941</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2024-2025 voter approved expenditure budget	<u>\$ 126,053,938</u>
Maximum allowed 4% of 2024-2025 budget	<u><u>5,042,158</u></u>

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

Unrestricted fund balance:

Appropriated fund balance	\$ 4,239,743
Encumbrances	668,149
Unassigned fund balance	<u>5,042,157</u>

Total unrestricted fund balance 9,950,049

Less:

Appropriated fund balance	4,239,743
Encumbrances	<u>668,149</u>

Total adjustments 4,907,892

General fund fund balance subject to Section 1318  
 of Real Property Tax Law \$ 5,042,157

Actual percentage 4.00%

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



EAST ISLIP UNION FREE SCHOOL DISTRICT  
Other Supplementary Information  
Schedule of Project Expenditures - Capital Projects Fund  
Year ended June 30, 2024

Project Title	Original Appropriation	Revised Appropriation	Expenditures				Unexpended Balance	Methods of Financing				Fund Balance June 30, 2024
			Prior Years	Current Year	Operating Transfers Out	Total		Proceeds of Obligations	Grant Aid	Local Sources	Total	
Technology Equipment for:												
2019-20 General Fund Transfer	\$ 1,771,400	1,771,400	1,289,909	-	481,491	1,771,400	-	-	-	1,771,400	1,771,400	-
2020-21 General Fund Transfer	481,400	481,400	32,629	-	448,771	481,400	-	-	-	481,400	481,400	-
2021-22 General Fund Transfer	<u>282,400</u>	<u>282,400</u>	<u>146,075</u>	<u>-</u>	<u>136,325</u>	<u>282,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,400</u>	<u>282,400</u>	<u>-</u>
	2,535,200	2,535,200	1,468,613	-	1,066,587	2,535,200	-	-	-	2,535,200	2,535,200	-
Timber Point Playground	116,000	112,572	101,368	-	11,204	112,572	-	-	-	112,572	112,572	-
Smart Schools Bond Act	3,332,894	3,332,894	1,021,632	-	-	1,021,632	2,311,262	-	825,519	-	825,519	(196,113)
May 2018 Bond proposition and Capital Reserve	59,996,334	59,996,334	56,679,729	2,080,376	-	58,760,105	1,236,229	49,379,277	-	10,617,057	59,996,334	1,236,229
2015-16 Capital Reserve - approved 5/17/22	5,951,633	5,951,633	574,102	3,597,137	-	4,171,239	1,780,394	-	-	5,951,633	5,951,633	1,780,394
2015-16 Capital Reserve - approved 5/16/23	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,309</u>	<u>1,144,785</u>	<u>-</u>	<u>1,147,094</u>	<u>852,906</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>852,906</u>
Total	\$ <u>73,932,061</u>	<u>73,928,633</u>	<u>59,847,753</u>	<u>6,822,298</u>	<u>1,077,791</u>	<u>67,747,842</u>	<u>6,180,791</u>	<u>49,379,277</u>	<u>825,519</u>	<u>21,216,462</u>	<u>71,421,258</u>	<u>3,673,416</u>

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Other Supplementary Information  
Net Investment in Capital Assets  
June 30, 2024

Capital assets, net		\$ 115,653,229
Deduct:		
Bonds payable	\$ 57,464,171	
Energy performance contract	2,470,000	
Lease liability	<u>22,229</u>	<u>59,956,400</u>
Net investment in capital assets		<u>\$ 55,696,829</u>

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Federal Grant Compliance Audit  
June 30, 2024

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

The Board of Education  
East Islip Union Free School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Islip Union Free School District (the District), as of and for the year ended June 30, 2024, and the related notes to financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 7, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 7, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education  
East Islip Union Free School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Islip Union Free School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal program for the year ended June 30, 2024. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

## Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal program.

## Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*EFPR Group, CPAs, PLLC*

Williamsville, New York  
October 7, 2024



EAST ISLIP UNION FREE SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2024

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>				
Passed-through New York State Education Department - Child Nutrition Cluster:				
Non-cash Assistance (Food Distribution)	10.555	N/A	\$ 120,626	-
National School Lunch Program	10.555	N/A	657,593	-
School Breakfast Program	10.553	N/A	<u>34,781</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>813,000</u>	<u>-</u>
<u>U.S. Department of Education</u>				
Passed-through New York State Education Department:				
Special Education Cluster:				
Special Education Grants to States	84.027	0032-24-0919	913,025	-
COVID-19 Special Education Grants to States	84.027	5532-22-0919	18,256	-
Special Education Preschool Grants	84.173	0033-24-0919	85,494	-
COVID-19 Special Education Preschool Grants	84.173	5533-22-0919	<u>1,910</u>	<u>-</u>
Total Special Education Cluster			<u>1,018,685</u>	<u>-</u>
Title I Grants to Local Educational Agencies	84.010	0021-23-3120	136,400	-
Title I Grants to Local Educational Agencies	84.010	0021-24-3120	<u>122,622</u>	<u>-</u>
Total Title I Grants to Local Educational Agencies			<u>259,022</u>	<u>-</u>
Supporting Effective Instruction State Grant	84.367	0147-23-3120	29,848	-
Supporting Effective Instruction State Grant	84.367	0147-24-3120	<u>27,394</u>	<u>-</u>
Total Supporting Effective Instruction State Grant			<u>57,242</u>	<u>-</u>
Student Support and Academic Enrichment Program	84.424	0204-23-3120	11,800	-
Student Support and Academic Enrichment Program	84.424	0204-24-3120	<u>2,013</u>	<u>-</u>
Total Student Support and Academic Enrichment Program			<u>13,813</u>	<u>-</u>
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Fund	84.425C	5896-21-3120	268,287	-
Elementary and Secondary School Emergency Fund	84.425D	5891-21-3120	(3,802)	-
Elementary and Secondary School Emergency Fund	84.425U	5870-24-9077	415,800	-
Elementary and Secondary School Emergency Fund	84.425U	5880-21-3120	259,112	-
Elementary and Secondary School Emergency Fund	84.425U	5882-21-3120	39,476	-
Elementary and Secondary School Emergency Fund	84.425U	5883-21-3120	<u>9,887</u>	<u>-</u>
Total COVID-19 Education Stabilization Fund			<u>988,760</u>	<u>-</u>
Total U.S. Department of Education			<u>2,337,522</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 3,150,522</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2024

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the schedule) presents the activity of federal award programs administered by the District, which is described in note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the Uniform Guidance.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in the schedule are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

(2) Subrecipients

No amounts were provided to subrecipients.

(3) Nonmonetary Federal Program

The District is the recipient of a federal award program (Assistance Listing No. 10.555) that does not result in cash receipts or disbursements termed a "nonmonetary program." During the year ended June 30, 2024, the District used \$120,626 worth of food commodities as reported in the schedule.

(4) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The District does not use the 10% de minimis election.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2024

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- Type of auditors' report issued on whether the basic financial statement audited were prepared in accordance with GAAP: Unmodified
- Internal control over financial reporting:
1. Material weakness(es) identified? \_\_\_\_\_ Yes  No
  2. Significant deficiency(ies) identified? \_\_\_\_\_ Yes  None reported
  3. Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  No

Federal Awards:

- Internal control over major programs:
4. Material weakness(es) identified? \_\_\_\_\_ Yes  No
  5. Significant deficiency(ies) identified? \_\_\_\_\_ Yes  None reported

- Type of auditors' report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? \_\_\_\_\_ Yes  No

7. The District's major programs audited were: Assisted Listing
- | <u>Name of Federal Programs</u> | <u>Number</u> |
|---------------------------------|---------------|
| Child Nutrition Cluster:        |               |
| School Breakfast Program        | 10.553        |
| National School Lunch Program   | 10.555        |

8. Dollar threshold used to distinguish between Type A and Type B programs. \$750,000
9. Auditee qualified as low-risk auditee?  Yes \_\_\_\_\_ No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
Status of Prior Audit Findings  
Year ended June 30, 2024

There were no audit findings for the year ended June 30, 2023.