

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

TAX ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

The Notes will not be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$13,400,000

EAST ISLIP UNION FREE SCHOOL DISTRICT SUFFOLK COUNTY, NEW YORK

GENERAL OBLIGATIONS

\$13,400,000 Tax Anticipation Notes, 2024

(referred to herein as the "Notes")

Dated: November 7, 2024

Due: June 26, 2025

The Notes are general obligations of the East Islip Union Free School District, Suffolk County, New York (the "School District" or "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

At the option of the purchaser, the Notes will be issued in (i) registered certificated form registered in the name of the successful bidder or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser, or about November 7, 2024.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on October 24, 2024 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

October 17, 2024

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

**EAST ISLIP UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

SCHOOL DISTRICT OFFICIALS



2024-2025 BOARD OF EDUCATION

MICHAEL DORGAN
President

STEPHEN RULAND
Vice President

JESSICA CIAMPI
TIMOTHY SASSONE
CHRISTOPHER ZACHRY

* * * * *

PAUL E. MANZO
Superintendent

STEPHEN D. HARRISON
Assistant Superintendent for Business

JESSICA PERTICONE
School District Treasurer



FISCAL ADVISORS & MARKETING, INC.
School District Municipal Advisor


ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

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

TABLE OF CONTENTS

| | <u>Page</u> | | <u>Page</u> |
|---|-------------|--|-------------|
| NATURE OF THE OBLIGATIONS | 1 | SPECIAL PROVISIONS AFFECTING | |
| THE NOTES | 3 | REMEDIES UPON DEFAULT | 27 |
| Description of the Notes..... | 3 | MARKET AND RISK FACTORS | 28 |
| No Optional Redemption..... | 3 | TAX MATTERS | 29 |
| Purpose of Issue | 3 | LEGAL MATTERS | 31 |
| BOOK-ENTRY-ONLY SYSTEM | 3 | CONTINUING DISCLOSURE | 31 |
| Certificated Notes..... | 5 | Historical Continuing Disclosure Compliance..... | 31 |
| THE SCHOOL DISTRICT | 5 | LITIGATION | 31 |
| General Information | 5 | RATINGS | 31 |
| Local Economy | 5 | MUNICIPAL ADVISOR | 32 |
| District Population | 5 | CUSIP IDENTIFICATION NUMBERS | 32 |
| Wealth and Income Indicators..... | 6 | MISCELLANEOUS | 32 |
| Unemployment Rate Statistics..... | 6 | APPENDIX – A | |
| Form of School Government..... | 6 | GENERAL FUND - Balance Sheets | |
| Budgetary Procedures and Recent Budget Votes..... | 6 | APPENDIX – A1 | |
| Investment Policy | 7 | GENERAL FUND – Revenues, Expenditures and | |
| State Aid Revenues | 11 | Changes in Fund Balance | |
| District Facilities | 12 | APPENDIX – A2 | |
| Enrollment Trends..... | 12 | GENERAL FUND – Revenues, Expenditures and | |
| Employees..... | 12 | Changes in Fund Balance - Budget and Actual | |
| Status and Financing of Employee Pension Benefits..... | 13 | APPENDIX – B | |
| Other Post-Employment Benefits..... | 15 | BONDED DEBT SERVICE | |
| Other Information..... | 16 | APPENDIX – B1 | |
| Financial Statements | 16 | CURRENT BONDS OUTSTANDING | |
| The State Comptroller’s Fiscal Stress Monitoring System | 17 | APPENDIX – C | |
| New York State Comptroller Reports of Examination | 17 | 2022-2023 MONTHLY CASH FLOW | |
| TAX INFORMATION | 18 | APPENDIX – C1 | |
| Taxable Valuations..... | 18 | 2023-2024 ESTIMATED MONTHLY CASHFLOW | |
| Tax Rate Per \$1,000 (Assessed)..... | 18 | APPENDIX – D | |
| Tax Levy and Tax Collection Record..... | 18 | MATERIAL EVENT NOTICES | |
| Tax Collection Procedure..... | 18 | APPENDIX – E | |
| Real Property Tax Revenues | 19 | FORM OF BOND COUNSEL’S OPINION | |
| Ten Larger Taxpayers - 2024 for 2024-25 Tax Roll..... | 19 | APPENDIX – F | |
| STAR - School Tax Exemption..... | 19 | AUDITED FINANCIAL STATEMENTS | |
| Additional Tax Information..... | 20 | For the Fiscal Year Ending June 30, 2024 | |
| TAX LEVY LIMITATION LAW | 20 | | |
| STATUS OF INDEBTEDNESS | 22 | | |
| Constitutional Requirements | 22 | | |
| Statutory Procedure..... | 22 | | |
| Debt Outstanding End of Fiscal Year..... | 23 | | |
| Details of Outstanding Indebtedness | 23 | | |
| Debt Statement Summary..... | 24 | | |
| Bonded Debt Service..... | 24 | | |
| Capital Project Plans | 24 | | |
| Operating Lease | 25 | | |
| Tax Anticipation Notes | 26 | | |
| Estimated Overlapping Indebtedness..... | 26 | | |
| Debt Ratios..... | 26 | | |

PREPARED WITH THE ASSISTANCE OF



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

**OFFICIAL STATEMENT
OF THE
EAST ISLIP UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK
RELATING TO
\$13,400,000 Tax Anticipation Notes, 2024**

This Official Statement, which includes the cover page and appendices, has been prepared by the East Islip Union Free School District, Suffolk County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$13,400,000 principal amount of Tax Anticipation Notes, 2024 (the "Notes").

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

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

NATURE OF OBLIGATION

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

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

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

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

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

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

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

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

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

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

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

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

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See “THE NOTES – Nature of the Obligation” and “TAX LEVY LIMITATION LAW” herein.

The Notes will be dated November 7, 2024 and will mature June 26, 2025. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and Section 24.00 of the Local Finance Law, in anticipation of the collection of real property taxes levied or to be levied for School District purposes for the fiscal year of the School District commencing July 1, 2024.

Section 24.00 of the Local Finance Law authorizes the School District to issue tax anticipation notes ten days prior to the commencement of a fiscal year in anticipation of the collection of taxes levied or to be levied for such fiscal year. Such notes may not be issued in an amount in excess of the amount of taxes levied or to be levied which is uncollected at the time of the issuance of the notes, less the amount of previously issued notes issued in anticipation of such taxes. The proceeds of the Notes may be used only for purposes for which the taxes in anticipation of which the Notes are to be issued were levied or are to be levied.

Whenever the principal amount of the Notes equals the amount of taxes remaining uncollected for the fiscal year for which the taxes were or are to be levied, all such uncollected taxes, as thereafter collected, must be set aside in a special bank account to be used only for the payment of the Notes, unless other provision is made by budgetary appropriation for the redemption of the Notes.

The Notes are being issued to provide moneys to meet a cash flow deficit expected to occur during the period the Tax Anticipation Notes are outstanding (See APPENDIX – C and C1 "CASH FLOW"). Such cash flow deficit will result from the fact that the dates fixed by law for the collection of real property taxes do not conform to the expected cash needs of the School District's operating budget.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), Jersey City, NJ, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The East Islip Union Free School District is located in the County of Suffolk, in the Town of Islip, about 45 miles from New York City. The School District has an area of approximately 12.5 square miles and a population currently estimated at 24,455 (U.S. Census Bureau, 2022 estimate).

The School District is served by two major arterial highways, Sunrise Highway and the Southern State Parkway. Rail transportation is provided by the Long Island Railroad. MacArthur Airport, which services many major cities, is situated 10 minutes from the School District. Police protection and public water is provided by the County, while fire protection is provided by volunteer departments. National Grid provides gas and electricity.

Source: District officials.

Local Economy

The District is typically suburban in character with a number of small businesses and retail operations. The Great South Bay, the southern border of the District, provides recreational opportunities in the form of boating, swimming and fishing and commercial activity in the form of boat yards, marinas, restaurants and shell fishing.

Source: District officials.

District Population

The District has an estimated 2022 population of 24,455. (Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates.)

Wealth and Income Indicators

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

| | <u>Per Capita Income</u> | | | <u>Median Family Income</u> | | |
|------------|--------------------------|------------------|------------------|-----------------------------|------------------|------------------|
| | <u>2006-2010</u> | <u>2016-2020</u> | <u>2018-2022</u> | <u>2006-2010</u> | <u>2016-2020</u> | <u>2018-2022</u> |
| Town of: | | | | | | |
| Islip | \$ 30,893 | \$ 40,347 | \$ 46,487 | \$ 89,491 | \$ 119,216 | \$ 138,185 |
| County of: | | | | | | |
| Suffolk | 35,755 | 46,466 | 54,127 | 96,220 | 123,117 | 141,671 |
| State of: | | | | | | |
| New York | 30,948 | 40,898 | 47,173 | 67,405 | 87,270 | 100,846 |

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

Source: U.S. Census Bureau, 2006-2010, 2016-2020 and 2018-2022 American Community Survey data.

Unemployment Rate Statistics

Unemployment statistics are not available for the School District as such. The information set forth below with respect to the Town and County is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the Town or County is necessarily representative of the School District, or vice versa.

| | <u>Annual Average</u> | | | | | | |
|----------------|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
| Town of Islip | 4.4% | 3.7% | 3.5% | 8.4% | 4.6% | 3.2% | 3.4% |
| Suffolk County | 4.4 | 3.8 | 3.6 | 8.1 | 4.6 | 3.1 | 3.4 |
| New York State | 4.6 | 4.1 | 3.8 | 9.9 | 6.9 | 4.3 | 4.2 |

| | <u>2024 Monthly Figures</u> | | | | | | | | | |
|----------------|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Jun</u> | <u>Jul</u> | <u>Aug</u> | <u>Sep</u> | <u>Oct</u> |
| Town of Islip | 3.8% | 4.0% | 3.7% | 3.3% | 3.5% | 3.3% | 4.1% | 4.1% | N/A | N/A |
| Suffolk County | 4.0 | 4.1 | 3.8 | 3.3 | 3.5 | 3.4 | 3.9 | 3.9 | N/A | N/A |
| New York State | 4.3 | 4.5 | 4.2 | 3.9 | 4.2 | 4.3 | 4.9 | 4.9 | N/A | N/A |

Note: Unemployment rates for September and October 2024 are unavailable as of the date of this Official Statement.

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

Form of School Government

The Board of Education, which is the policy-making body of the District, consists of five members with overlapping three year terms. The President and the Vice President are selected by the Board members. The President of the Board is the chief fiscal officer of the District.

Budgetary Procedures and Recent Budget Votes

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the District for the ensuing fiscal year (tentative budget) and distributes that statement not less than seven days prior to the budget hearing and at least fourteen days before the date on which the annual school election is conducted, at which the tentative budget is voted upon. Notice of the annual election is published as required by statute with a first publication not less than forty-five days prior to the day of election.

Pursuant to Chapter 97 of the Laws of 2011 (“Chapter 97”), beginning with the 2012 – 2013 fiscal year, a simple majority vote is needed to approve the proposed budget that does not exceed the tax levy limit. The maximum allowable tax levy is a multi-step formula that each school district must use to calculate its individual “tax levy limit.” In particular, the calculation adjusts a school district’s tax levy to reflect growth in the local tax base (if any) and the rate of inflation or 2 percent (whichever is lower). If the Board of Education adopts a proposed budget which requires a tax levy that is higher than the tax levy limit, then a supermajority (60 percent or more) of the votes will be necessary to pass the budget.

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

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

Recent Budget Vote Results

The budget for the 2023-24 fiscal year was approved by the qualified voters on May 16, 2023 by a vote of 923 to 325. The District’s approved budget for the 2023-24 fiscal year remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011 and calls for a total tax levy increase from the prior year of 1.40% which is below the District tax levy limit of 2.18%.

The budget for the 2024-25 fiscal year was approved by the qualified voters on May 21, 2024 by a vote of 951 to 309. The District’s approved budget for the 2024-25 fiscal year remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011 and calls for a total tax levy increase from the prior year of 1.50% which is below the District tax levy limit of 3.48%.

Investment Policy

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

Consistent with the above statutory limitations, it is the District’s current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian with regular valuations of collateral therefor.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2024-2025 fiscal year, approximately 32.14% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

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

In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

Federal aid received by the State

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules.

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2024-2025 preliminary building aid ratios, the District expects to receive State building aid of approximately 70.0% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history:

School District Fiscal Year (2018-2019): The State 2018-19 Enacted Budget included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately \$859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at \$26.03 billion statewide, a 3.4% increase over the last year. The State 2018-19 Enacted Budget included an increase of \$618 million in Foundation Aid for school districts. Foundation Aid totaled nearly \$17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State 2018-19 Enacted Budget guaranteed that all school districts received an increase in Foundation Aid over their 2017-18 levels. \$50 million of the Foundation Aid increase was “set aside” for certain school districts to fund community schools. The State 2018-19 Enacted Budget fully funded all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of \$240 million was approved for increases in all expense-based aids in 2018-19. The State 2018-19 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected.

School District Fiscal Year (2019-2020): The State 2019-2020 Enacted Budget included a total of \$27.69 billion for School Aid, a year-to-year funding increase of \$956 million or 3.6 percent and will provide additional funding for Foundation Aid of \$338.0 million and \$409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by \$49.99 million to a total of \$250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The State 2019-2020 Enacted Budget increases the minimum community schools funding amount from \$75,000 to \$100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

School district fiscal year (2020-2021): Due to significant State revenue loss as a result of the impact of the COVID-19 pandemic, State aid in the State’s 2020-21 Enacted Budget was 3.7% lower than in the State’s 2019-2020 Enacted Budget, which was approximately \$27.9 billion. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES). With these federal funds, State aid totaled \$27.9 billion in the State’s 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent from the 2019-2020 Enacted Budget. The State’s 2020-21 Enacted Budget also authorized the State’s Budget Director to make periodic adjustments to State aid in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. In December 2020, a second federal stimulus bill was enacted and provided additional funding for schools in the State. As of February 1, 2021, the State Education Department (“SED”) advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the abovereferenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

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

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

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

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

State Aid Litigation

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

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

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

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

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

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of State aid.

| <u>Fiscal Year</u> | <u>Total Revenues</u> ⁽¹⁾ | <u>Total State Aid</u> | <u>Percentage of Total Revenues Consisting of State Aid</u> |
|----------------------|--------------------------------------|------------------------|---|
| 2018-2019 | \$ 114,480,312 | \$ 38,917,959 | 34.00 % |
| 2019-2020 | 113,771,304 | 37,731,316 | 33.16 |
| 2020-2021 | 115,965,685 | 38,608,124 | 33.29 |
| 2021-2022 | 116,315,807 | 39,232,752 | 33.73 |
| 2022-2023 | 120,923,666 | 41,443,664 | 34.27 |
| 2023-2024 | 122,790,812 | 41,391,731 | 33.71 |
| 2024-2025 (Budgeted) | 117,048,843 | 37,619,902 | 32.14 |

⁽¹⁾ General Fund only. Does not include interfund transfers or use of reserve funds.

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

District Facilities

| <u>Name</u> | <u>Type</u> | <u>Year Built</u> | <u>Capacity</u> |
|--|---|-------------------|-----------------|
| Ruth C. Kinney | Elementary | 1967 | 706 |
| Connetquot | Elementary | 1963 | 756 |
| John F. Kennedy | Elementary | 1965 | 784 |
| Timber Point | Elementary | 1959 | 792 |
| Central Office Administration Building | Administration & Early Childhood Center | 1957 | 400 |
| East Islip Middle School | Secondary | 1961 | 1,500 |
| East Islip High School | Secondary | 1972 | <u>2,000</u> |
| Total Capacity: | | | <u>6,938</u> |

Note: The District currently leases classroom space to the Early Childhood Center (ECC) for annual rental income of approximately \$348,806. The District leases space to Eastern Suffolk BOCES at Timber Point for annual rental income of \$20,999. The District leases space to Cleary School for the Deaf at the High School, the Middle School, Connetquot and Ruth C Kinney for annual rental income of approximately \$97,632.

Source: District officials.

Enrollment Trends

| <u>School Year</u> | <u>Actual Enrollment</u> | <u>School Year</u> | <u>Projected Enrollment</u> |
|--------------------|--------------------------|--------------------|-----------------------------|
| 2020-21 | 3,465 | 2025-26 | 3,428 |
| 2021-22 | 3,382 | 2026-27 | 3,428 |
| 2022-23 | 3,459 | 2027-28 | 3,428 |
| 2023-24 | 3,450 | 2028-29 | 3,428 |
| 2024-25 | 3,428 | 2029-30 | 3,428 |

Note: Enrollment projection in future years is based on Western Suffolk BOCES long range planning study.

The District has experienced continued and consistent enrollment decreases. Incoming kindergarten classes have not been large enough to replace outgoing graduating classes. Expectation is for future is for enrollment to remain consistent as decreases have continued to level off in recent years.

Source: District officials.

Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expiration of the various collective bargaining agreements are as follows:

| <u>Number of Employees</u> | <u>Bargaining Unit</u> | <u>Contract Expiration Date</u> |
|----------------------------|---|---------------------------------|
| 349 | East Islip Teachers Assoc. ⁽¹⁾ | June 30, 2027 |
| 61 | East Islip Secretarial Assoc. | June 30, 2026 |
| 53 | Custodians Assoc. | June 30, 2024 ⁽⁵⁾ |
| 23 | Assoc. of School Administrators ⁽²⁾ | June 30, 2025 |
| 131 | East Islip Paraprofessional Assoc. ⁽⁴⁾ | June 30, 2029 |
| 21 | East Islip Teaching Assistants | June 30, 2024 ⁽⁵⁾ |
| 47 | East Islip Security Guards ⁽³⁾ | June 30, 2026 |

- (1) Includes 10 nurses.
- (2) Includes 3 central office & Superintendent.
- (3) Association is comprised mostly of part-time employees.
- (4) Association is comprised of mostly full-time employees.
- (5) Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

The District's payments to the Retirement Systems for the past five fiscal years and the budgeted payments for the 2024-2025 fiscal year are as follows:

| <u>Fiscal Year</u> | <u>ERS</u> | <u>TRS</u> |
|----------------------|--------------|--------------|
| 2019-2020 | \$ 1,407,780 | \$ 3,959,218 |
| 2020-2021 | 1,572,499 | 4,342,091 |
| 2021-2022 | 1,382,455 | 4,558,814 |
| 2022-2023 | 1,244,620 | 4,924,243 |
| 2023-2024 | 1,518,107 | 4,507,125 |
| 2024-2025 (Budgeted) | 1,740,187 | 4,947,221 |

Source: District officials.

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

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

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

| <u>Year</u> | <u>ERS</u> | <u>TRS</u> |
|-------------|------------|------------|
| 2020-21 | 14.6% | 9.53% |
| 2021-22 | 16.2 | 9.80 |
| 2022-23 | 16.1 | 10.29 |
| 2023-24 | 13.1 | 9.76 |
| 2024-25 | 15.2 | 10.11 |

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

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

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

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The District did not participate in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established such a fund, and anticipates that it will fund it \$404,795 for the year ending June 30, 2024.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the District's employees is not subject to the direction of the District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

The State's 2021-2022 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established such a fund, and will fund it for no more than the maximum allowed for the year ended June 30, 2023.

Other Post Employee Benefits

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

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

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

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

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

The District contracted with Capital Region BOCES to calculate its first actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2022 and 2023 fiscal years, by source.

| | <u>July 1, 2022</u> | <u>July 1, 2023</u> |
|--|------------------------------|------------------------------|
| Balance beginning at: | <u>\$ 297,083,814</u> | <u>\$ 310,794,291</u> |
| <u>Changes for the year:</u> | | |
| Service cost | 9,000,965 | 9,382,271 |
| Interest on total OPEB liability | 10,676,561 | 13,008,675 |
| Changes in Benefit Terms | (1,717,269) | - |
| Differences between expected and actual experience | 24,724,496 | 9,655,630 |
| Changes in Assumptions or other inputs | (19,921,551) | (3,860,970) |
| Benefit payments | <u>(9,052,725)</u> | <u>(10,499,283)</u> |
| Net Changes | <u>\$ 13,710,477</u> | <u>\$ 17,686,323</u> |
| | | |
| Balance ending at: | <u>June 30, 2023</u> | <u>June 30, 2024</u> |
| | <u>\$ 310,794,291</u> | <u>\$ 328,480,614</u> |

Source: Audited financial reports of the District. For additional information see “APPENDIX – F” attached hereto. The above table is not audited.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

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

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

Other Information

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2024 and is attached hereto as “APPENDIX – F”. In addition, the State Comptroller’s office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the past five fiscal years of the District are as follows:

| <u>Fiscal Year Ending In</u> | <u>Stress Designation</u> | <u>Fiscal Score</u> |
|------------------------------|---------------------------|---------------------|
| 2023 | No Designation | 0.0 |
| 2022 | No Designation | 0.0 |
| 2021 | No Designation | 20.0 |
| 2020 | No Designation | 6.7 |
| 2019 | No Designation | 0.0 |

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

New York State Comptroller Reports of Examination

The State Comptroller's office released an audit report of the District on May 1, 2020. The purpose of the audit was to determine whether Board and District officials provided adequate oversight and management of the District's budget and financial condition for the period July 1, 2015 through June 30, 2019.

Key Findings:

- The District's general fund balance increased by \$12.9 million (141 percent) from 2015-16 through 2018-19, due to appropriations being overestimated by an average of \$5.1 million (4.7 percent) per year.
- Over the last four completed fiscal years, the District reported unassigned fund balance equal to 4 percent of the ensuing year's appropriations. However, when unused appropriated fund balance is added back, unassigned fund balance exceeds the statutory limit by up to 4.2 percentage points.

Key Recommendations:

- Review the District's financial plan to maintain an unassigned fund balance at a level that complies with the statutory limit.
- Develop and adopt budgets with realistic estimates for revenues, expenditures and unassigned fund balance based on historical data and known trends.
- Discontinue the practice of appropriating fund balance that is not needed or used to fund operations.

The District provided a complete response to the State Comptroller's office on April 16, 2020. A copy of the complete report and response can be obtained from the Office of the State Comptroller website.

The NYS Comptroller's Office, in a letter dated May 28, 2020, notified the District that it had been selected for a 2019-2020 fiscal monitoring desk review. NYSED review noted that all findings in the report were sufficiently addressed and that the 2019-2020 IDEA Grant Program subrecipient monitoring review has concluded and is now closed.

Note: Reference to website implies no warranty of accuracy of information therein

TAX INFORMATION

Taxable Assessed Valuations

| <u>Fiscal Year Ending June 30:</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Total Assessed Valuation | \$ 364,569,127 | \$ 365,699,265 | \$ 366,022,821 | \$ 367,191,426 | \$ 372,873,720 |
| State Equalization Rates | 9.70% | 9.28% | 8.28% | 7.28% | 7.10% |
| Total Taxable Full Valuation | \$ 3,758,444,608 | \$ 3,940,724,838 | \$ 4,420,565,471 | \$ 5,043,838,269 | \$ 5,251,742,535 |

Tax Rates Per \$1,000 (Assessed) ⁽¹⁾

| <u>Fiscal Year Ending June 30:</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| | \$ 197.25 | \$ 199.60 | \$ 201.20 | \$ 203.45 | \$ 203.35 |

⁽¹⁾ Includes public library tax levy and tax rate.

Tax Levy and Tax Collection Record

| <u>Fiscal Year Ending June 30:</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total Tax Levy | \$ 71,910,497 | \$ 72,991,599 | \$ 73,673,245 | \$ 74,704,670 | \$ 75,825,241 |
| Amount Uncollected ⁽¹⁾ | - | - | - | - | - |
| % Uncollected | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

⁽¹⁾ See "Tax Collection Procedure" herein.

Tax Collection Procedure

Real property tax payments are due in two equal installments due January 10 and May 31, with the second half payable without penalty to May 31. Penalties for delinquent tax payments of 1% per month are added until May 31, 5% penalty and 5% interest for June 1-June 30, 5% penalty and 6% interest for July 1-July 31, 5% penalty and 7% interest for August 1-August 31.

The Town of Islip Receiver of Taxes collects all real estate taxes for Town, County and School District purposes on a single tax bill. The Town of Islip Tax Receiver distributes the collected tax money to both the Town and School District prior to distributing the balance collected to the County. The District thereby is assured of 100% tax collections by end of its fiscal year. On June 1 of each year the Town of Islip Tax Receiver turns over uncollected items to the County who continues the collection of returned items. Responsibility for the collecting of unpaid taxes rests with the County. Uncollected tax liens were in the past sold annually to private citizens who in turn foreclosed on the property subject to the lien. The County has discontinued this practice and intends to foreclose on uncollected tax liens after three years.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of Real Property Taxes.

| <u>Fiscal Year</u> | <u>Total Revenues ⁽¹⁾</u> | <u>Total Real Property Tax Levy & Tax Items</u> | <u>Percentage of Total Revenues Consisting of Real Property Tax</u> |
|----------------------|--------------------------------------|---|---|
| 2018-2019 | \$ 114,480,312 | \$ 71,910,056 | 62.81 % |
| 2019-2020 | 113,771,304 | 72,500,008 | 63.72 |
| 2020-2021 | 115,965,685 | 72,505,036 | 65.52 |
| 2021-2022 | 116,315,807 | 73,585,560 | 63.26 |
| 2022-2023 | 120,923,666 | 74,671,033 | 61.75 |
| 2023-2024 | 122,790,812 | 75,825,464 | 61.75 |
| 2024-2025 (Budgeted) | 117,048,843 | 75,825,241 | 64.78 |

⁽¹⁾ General Fund only. Does not include interfund transfers or use of reserve funds.

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

Ten Largest Taxpayers – 2024 Assessment Roll for 2024-25 School District Tax Roll

| <u>Name</u> | <u>Type</u> | <u>Taxable Assessed Valuation</u> |
|---|-------------------------------|-----------------------------------|
| Westbrook LLC | Real Estate Agency | \$ 3,442,000 |
| Long Island Power Authority | Utility | 3,290,551 |
| Levin East Islip | Apartments | 2,800,000 |
| Keyspan Gas East Corporation | Special Franchise | 2,222,958 |
| FK Partners – c/o Stop & Shop | Shopping Center w/ Restaurant | 2,110,900 |
| Long Island Lighting Co. c/o Keyspan Corp | Utility | 1,423,000 |
| Fairfield Bellmore Avenue LLC | Apartments | 1,395,000 |
| Westbrook Green | Apartments | 1,380,000 |
| 300 Montauk LLC | Neighborhood Shopping Center | 1,013,100 |
| 340 East Montauk | Neighborhood Shopping Center | 1,013,100 |

The ten larger taxpayers listed above have a total taxable assessed valuation of \$20,090,609, which represents 5.47% of the 2024-2025 tax base of the District.

The District currently does not have any pending or outstanding tax certioraris that are known or expected to have a material impact on the District.

Source: District Tax Rolls.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

The STAR program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$90,550 or less in 2021-22 and \$92,000 or less in 2022-2023, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$70,700 for the 2021-22 school year and \$74,900 for the 2022-23 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

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

The STAR program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$93,299 or less in 2023-24, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$81,400 for the 2023-24 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

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

| <u>Town of:</u> | <u>Enhanced Exemption</u> | <u>Basic Exemption</u> | <u>Date Certified</u> |
|-----------------|---------------------------|------------------------|-----------------------|
| Islip | \$ 11,280 | \$ 4,030 | 4/9/2024 |

\$4,808,293 of the District’s \$75,692,150 school tax levy for the 2023-2024 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2024.

\$4,808,293 of the District’s \$75,825,241 school tax levy for the 2024-2025 fiscal year is expected to be exempted by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State in January 2025.

For a description of the State’s STAR Aid payment schedule see “THE SCHOOL DISTRICT – State Aid” herein.

Additional Tax Information

Real property located in the District is assessed by the Town.

Senior citizens' exemptions are offered to those who qualify.

The total assessed valuation of the District is estimated to be categorized as follows: Residential-85%, Commercial-8%, Other-7%.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

On February 20, 2013, the New York State United Teachers (“NYSUT”) and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT’s causes of action but granted NYSUT’s motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015, a New York State Supreme Court Justice denied NYSUT’s motion for a preliminary injunction and dismissed all causes of action contained in NYSUT’s second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016, the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution “does not require that equal educational offerings be provided to every student”, and further noted “the legitimate government interest of restraining crippling property tax increases”. An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York’s highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals. See also “State Aid” for a discussion of the New Yorkers for Students’ Educational Rights v. State of New York case which includes a challenge to the supermajority requirements regarding school district property tax increases.

Chapter 20 of the Laws of 2015 (“Chapter 20”) introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District (“MCTD”) received \$130, and eligible taxpayers who resided outside the MCTD received \$185. Credits in 2017-2019 varied based on a taxpayer’s personal income level and STAR tax savings; the program was fully phased in during 2019. Under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district’s compliance with the provisions of the Tax Levy Limitation Law. For taxpayers other than those living in one of the “Big 4” cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the “Big 4” cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law.

While the provisions of Chapter 20 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, and Chapter 20 does provide an incentive for such tax levies to remain with the tax cap limits established by the Tax Levy Limitation Law.

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; and unless substantially level or declining annual debt service is authorized and utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The School District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

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

Statutory Procedure

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

The School District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. This includes voter approval of bond resolutions authorizing the issuance of bonds, and notes in anticipation of the bonds.

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

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

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

Except on rare occasions, the School District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

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

Debt Outstanding End of Fiscal Year

| <u>Fiscal Years Ending June 30th:</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2023</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Bonds | \$ 7,160,000 | \$ 1,185,000 | \$ 24,595,000 | \$ 23,050,000 | \$ 53,190,000 |
| Bond Anticipation Notes | 26,253,705 | 70,076,334 | 41,638,365 | 37,434,277 | 0 |
| Other Debt ⁽¹⁾ | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>2,470,000</u> |
| Total Debt Outstanding | <u>\$ 33,413,705</u> | <u>\$ 71,261,334</u> | <u>\$ 66,233,365</u> | <u>\$ 60,484,277</u> | <u>\$ 55,660,000</u> |

(1) See “Energy Performance Contracts” herein regarding installment purchase contracts, which, while not general obligation debt, does count toward the Districts debt limit

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of October 17, 2024.

| <u>Type of Indebtedness</u> | <u>Maturity</u> | <u>Amount</u> |
|--------------------------------|--------------------|----------------------|
| <u>Bonds</u> | 2024-2035 | \$ 53,190,000 |
| <u>Bond Anticipation Notes</u> | | <u>0</u> |
| | Total Indebtedness | <u>\$ 53,190,000</u> |

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of October 17, 2024:

| | |
|--|-----------------------|
| Full Valuation of Taxable Real Property..... | \$ 5,251,742,535 |
| Debt Limit 10% thereof..... | 525,174,254 |
| <u>Inclusions:</u> | |
| Bonds..... | \$ 53,190,000 |
| Bond Anticipation Notes..... | <u>0</u> |
| Total Inclusions..... | <u>\$ 53,190,000</u> |
| <u>Exclusions:</u> | |
| State Building Aid ⁽¹⁾ | <u>\$ 0</u> |
| Total Exclusions..... | <u>\$ 0</u> |
| Total Net Indebtedness..... | <u>\$ 53,190,000</u> |
| Net Debt-Contracting Margin..... | <u>\$ 471,984,254</u> |

The percent of debt contracting power exhausted is 10.13%

- (1) Based on preliminary 2024-2025 building aid estimates, the District anticipates State Building aid of 70.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.
- (2) Does not include Energy Performance Contract financing which does count toward the District Debt Limit. See “Energy Performance Contracts” herein for further detail.

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

Bonded Debt Service

The District currently does not have bonded indebtedness outstanding. A schedule of the principal on both series of Bonds may be found in “APPENDIX – B” to this Official Statement.

Capital Project Plans

The District received approval from the community on May 17, 2022 to expend \$5,951,633 from the 2015/2016 Capital Reserve Fund established on May 17, 2016 for the purpose of performing the following projects: Electrical Panel Upgrades & Power to support Air Conditioners at East Islip Middle School, Timber Point Elementary School, Connetquot Elementary School, John F. Kennedy Elementary School, Ruth C. Kinney Elementary School, and East Islip High School; Toilet Upgrades at East Islip Middle School, Timber Point Elementary School, Connetquot Elementary School, John F. Kennedy Elementary School, Ruth C. Kinney Elementary School, East Islip High School and District Office & Early Childhood Center; High School Bus Loop and Parking Lot, High School Theatre/Music Suite Renovations, District wide Paving, Concrete Curbs and Sidewalk Replacement at East Islip Middle School, Timber Point Elementary School, Ruth Kinney Elementary School, East Islip High School and District Office & Early Childhood Center; Playground Paving at Ruth C. Kinney Elementary School; all of the foregoing to include all labor, materials, equipment, apparatus and incidental costs related thereto. These improvements did not require borrowing of funds.

The District received approval from the community on May 16, 2023 to expend \$2,000,000 from the 2015/2016 Capital Reserve Fund established on May 17, 2016, for the purpose of performing the following projects: removal and replacement of interior classroom and ancillary doors and hardware at East Islip High School, East Islip Middle School, Ruth Kinney Elementary School, Connetquot Elementary School, John F. Kennedy Elementary School and Timber Point Elementary School; removal and replacement of exterior doors and hardware at the East Islip High School, East Islip Middle School, Ruth Kinney Elementary School, Connetquot Elementary School, John F. Kennedy Elementary School and Timber Point Elementary School; security system upgrades at East Islip High School, East Islip Middle School, Ruth Kinney Elementary School, Connetquot Elementary School, John F. Kennedy Elementary School and Timber Point Elementary School; all of the foregoing to include all labor, materials, equipment, apparatus and incidental costs related thereto. These improvements did not require borrowing of funds.

The District has no other capital projects approved or contemplated at this time.

Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the fiscal year ending June 30, 2024 was \$44,635. The minimum remaining operating lease payments are as follows:

| <u>Fiscal Year Ending</u> | <u>Total</u> | <u>Interest</u> |
|---------------------------|------------------|-----------------|
| 2025 | \$ 21,218 | \$ 105 |
| 2026 | <u>1,011</u> | <u>1</u> |
| Total | <u>\$ 92,279</u> | <u>\$ 106</u> |

Source: District records.

Energy Performance Contracts

On August 22, 2019, the District entered into an Energy Performance Contract (“EPC”) financing with Banc of America Public Capital in the principal amount of \$3,153,150 at an interest rate of 2.590%. The District will make annual principal and interest payments through June 15, 2035, with the option to prepay at any time.

The following is a summary of the payments to be made:

| <u>Fiscal Year Ending</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------|---------------------|-------------------|
| 2025 | 195,000 | 63,973 |
| 2026-2030 | 1,065,000 | 241,000 |
| 2031-2035 | <u>1,210,000</u> | <u>95,701</u> |
| TOTAL | <u>\$ 2,470,000</u> | <u>\$ 400,674</u> |

Energy performance contracts (lease purchases) do not constitute debt for Local Finance Law purposes; however, they are included for purposes of calculating the debt limit of the District.

Source: Audited financial statements of the District attached hereto as “APPENDIX – F”

Tax Anticipation Notes

The following is a history of the District's tax anticipation note borrowings since the 2012-2013 fiscal year.

| <u>Fiscal Year</u> | <u>Amount</u> | <u>Type</u> | <u>Issue Date</u> | <u>Due Date</u> |
|--------------------|---------------|-------------|-------------------|-----------------|
| 2012 - 2013 | \$ 24,000,000 | TAN | 8/3/2012 | 6/28/2013 |
| 2013 - 2014 | 21,000,000 | TAN | 8/1/2013 | 6/27/2014 |
| 2014 - 2015 | 23,000,000 | TAN | 8/1/2014 | 6/27/2015 |
| 2015 - 2016 | 22,000,000 | TAN | 8/27/2015 | 6/30/2016 |
| 2016 - 2017 | 22,000,000 | TAN | 9/8/2016 | 6/29/2017 |
| 2017 - 2018 | 20,000,000 | TAN | 9/21/2017 | 6/29/2018 |
| 2018 - 2019 | 19,000,000 | TAN | 9/26/2018 | 6/28/2019 |
| 2019 - 2020 | 19,000,000 | TAN | 10/9/2019 | 6/26/2020 |
| 2020 - 2021 | 19,000,000 | TAN | 10/8/2020 | 6/29/2021 |
| 2021 - 2022 | 19,000,000 | TAN | 10/21/2021 | 6/29/2022 |
| 2022 - 2023 | 19,000,000 | TAN | 10/31/2022 | 6/29/2023 |
| 2023 - 2024 | 15,500,000 | TAN | 10/31/2023 | 6/27/2024 |
| 2024 - 2025 | 13,400,000 | TAN | 11/7/2024 | 6/26/2025 |

The District has not borrowed for cash flow purposes through the issuance of revenue anticipation notes, budget notes, nor deficiency notes during this same time and has no such current plans.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed as of the close of the 2021 fiscal year of the respective municipalities.

| <u>Municipality</u> | <u>Status of Debt as of</u> | <u>Gross Indebtedness</u> ⁽¹⁾ | <u>Exclusions</u> ⁽²⁾ | <u>Net Indebtedness</u> | <u>District Share</u> | <u>Net Overlapping Indebtedness</u> |
|---------------------|-----------------------------|--|----------------------------------|-------------------------|-----------------------|-------------------------------------|
| County of: | | | | | | |
| Suffolk | 5/31/2024 | \$ 1,231,330,731 ⁽³⁾ | \$ 192,389,062 ⁽³⁾ | \$ 1,038,941,669 | 1.05% | \$ 10,908,888 |
| Town of: | | | | | | |
| Islip | 4/17/2024 | 210,870,000 ⁽³⁾ | 22,265,366 ⁽³⁾ | 188,604,634 | 8.03% | 15,144,952 |
| | | | | | Total: | \$ 26,053,840 |

⁽¹⁾ Bonds and bond anticipation notes as of close of the 2021 fiscal year. Not adjusted to include subsequent bond sales, if any.

⁽²⁾ Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

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

Debt Ratios

The following table sets forth certain ratios relating to the District’s indebtedness as of October 17, 2024:

| | <u>Amount</u> | <u>Per Capita</u> ^(a) | <u>Percentage of Full Value</u> ^(b) |
|---|---------------|--------------------------------------|--|
| Net Indebtedness ^(c) | \$ 53,190,000 | \$2,175.02 | 1.01% |
| Net Indebtedness Plus Net Overlapping Indebtedness ^(d) | 79,243,840 | 3,240.39 | 1.51 |

- (a) The current estimated population of the District is 24,455. (See “THE SCHOOL DISTRICT - Population” herein.)
- (b) The District's full value of taxable real estate for 2024-2025 is \$5,251,742,535. (See “TAX INFORMATION – Taxable Assessed Valuations” herein.)
- (c) See "Debt Statement Summary" herein.
- (d) Estimated net overlapping indebtedness is \$26,053,840. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects. The District anticipates receiving 70.0% of debt service for building projects in the form of building aid.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

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

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

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

MARKET AND RISK FACTORS

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

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

The School District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the School District. In several recent years, the School District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT – State Aid").

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

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

Cybersecurity

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – E”.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the "original issue discount"). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the District or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the respective approving legal opinion of Orrick, Herrington & Sutcliffe LLP Bond Counsel. Bond Counsel’s opinion will be in substantially the form attached hereto as “APPENDIX – E”.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will enter into a Continuing Disclosure Undertaking, descriptions of which are attached hereto as “APPENDIX – D, MATERIAL EVENT NOTICES”.

Historical Continuing Disclosure Compliance

The District is in compliance, in all material respects, within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

LITIGATION

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the School District. The District received a summons citing the Child Victims Act in June 2021. It is too early in the process to determine probability and amount.

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

RATINGS

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) pending the approval of the District, including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District’s Continuing Disclosure Undertakings and supplementation to the final official statement. (See “APPENDIX – D”, attached hereto).

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) has assigned its underlying rating of “AA” with a stable outlook to the Districts outstanding bonds. This rating reflects only the view of S&P and an explanation of the significance of such rating may be obtained from Standard & Poor’s Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

Moody’s Investors Service (“Moody’s”) has assigned an Issuer rating of “Aa3” to the District. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

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

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

The School District's contact information is as follows: Mr. Stephen D. Harrison, Assistant Superintendent for Business, East Islip Union Free School District, Craig B. Gariepy Avenue, Islip Terrace, New York 11752, Phone: 631-224-2020, Telefax: 631-581-8986, Email: sharrison@eischools.org

EAST ISLIP UNION FREE SCHOOL DISTRICT

Dated: October 17, 2024

MICHAEL DORGAN
PRESIDENT OF THE BOARD OF EDUCATION
AND CHIEF FISCAL OFFICER

GENERAL FUND
Balance Sheets

| Fiscal Years Ending June 30: | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| ASSETS | | | | | |
| Unrestricted Cash | \$ 6,974,131 | \$ 2,730,599 | \$ 9,435,711 | \$ 10,508,193 | \$ 13,735,251 |
| Restricted Cash | 14,856,550 | 18,995,444 | 18,316,823 | 20,655,108 | 26,447,196 |
| Taxes Receivable | - | - | - | - | - |
| Accounts Receivable | 374,440 | 153,400 | 52,981 | 218,796 | 210,908 |
| Due from Other Funds | 9,429,777 | 11,448,440 | 6,498,371 | 4,178,215 | 1,558,128 |
| State and Federal Aid Receivable | 1,403,710 | 2,215,311 | 1,539,733 | 3,020,322 | 1,591,341 |
| Due from Other Governments | 1,843,769 | 1,764,343 | 2,850,332 | 2,163,306 | 2,652,819 |
| Leases Receivable | - | - | 857,614 | 337,472 | 129,100 |
| Prepaid Expenditures | - | - | - | - | - |
| Deferred Expenditures | - | - | - | - | - |
| TOTAL ASSETS | \$ 34,882,377 | \$ 37,307,537 | \$ 39,551,565 | \$ 41,081,412 | \$ 46,324,743 |
| LIABILITIES AND FUND EQUITY | | | | | |
| Accounts Payable | \$ 2,371,204 | \$ 1,629,058 | \$ 2,070,920 | \$ 1,764,364 | \$ 3,295,770 |
| Accrued Liabilities | 628,090 | 300,123 | 252,017 | 127,989 | 331,258 |
| Due to Other Funds | - | - | 7,474 | 49,666 | 130,953 |
| Due to Other Governments | 1,063,713 | 1,764,940 | 1,847,223 | 2,081,273 | - |
| Due to Teachers' Retirement System | 4,070,177 | 4,481,632 | 4,761,021 | 5,200,337 | 4,809,676 |
| Due to Employees' Retirement System | 358,625 | 481,394 | 340,630 | 398,335 | 472,036 |
| Other Liabilities | - | - | - | 521,296 | 500,654 |
| Student Deposits | - | 8,880 | 8,894 | 19,101 | - |
| Deferred Revenue | 792,909 | 186,880 | 1,031,594 | 511,452 | 387,152 |
| TOTAL LIABILITIES | 9,284,718 | 8,852,907 | 10,319,773 | 10,673,813 | 9,927,499 |
| FUND EQUITY | | | | | |
| Nonspendable: Inventories | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted: | | | | | |
| Reserved for Worker's Compensation | 1,360,264 | 1,363,766 | 1,367,321 | 1,783,776 | 1,825,080 |
| Reserved for Unemployment | 161,797 | 162,213 | 162,636 | 153,072 | 153,072 |
| Reserved for Retirement Contribution | 3,616,423 | 4,427,792 | 5,211,873 | 6,668,269 | 7,227,563 |
| Reserved for Insurance | 35,488 | 35,580 | 35,673 | 36,168 | 37,013 |
| Reserved for Encumbrances | - | - | - | - | - |
| Reserved - Repair | 1,406,092 | 2,803,409 | 3,813,323 | 3,984,764 | 4,064,916 |
| Reserved for Employee Benefits | 4,240,135 | 4,251,051 | 5,725,997 | 6,001,259 | 6,064,392 |
| Reserved - Capital | 4,036,351 | 5,951,633 | 2,000,000 | 2,027,800 | 7,075,160 |
| Assigned: | | | | | |
| Appropriated Fund Balance | 4,878,947 | 4,429,097 | 5,768,128 | 4,199,636 | 4,907,892 |
| Designated for other government | - | - | - | - | - |
| Unappropriated Fund Balance | 1,041,953 | 188,573 | 156,608 | 522,378 | - |
| Unassigned: Fund Balance | 4,820,209 | 4,841,516 | 4,990,233 | 5,030,477 | 5,042,156 |
| TOTAL FUND EQUITY | 25,597,659 | 28,454,630 | 29,231,792 | 30,407,599 | 36,397,244 |
| TOTAL LIABILITIES and FUND EQUITY | \$ 34,882,377 | \$ 37,307,537 | \$ 39,551,565 | \$ 41,081,412 | \$ 46,324,743 |

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

GENERAL FUND
Revenues, Expenditures and Changes in Fund Balance

| Fiscal Years Ending June 30: | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| REVENUES | | | | | |
| Real Property Taxes | \$ 63,008,337 | \$ 64,846,677 | \$ 65,484,696 | \$ 67,289,024 | \$ 68,220,251 |
| Other Real Property Tax Items & STAR | 8,901,719 | 7,653,331 | 7,020,341 | 6,296,536 | 6,450,782 |
| Charges for Services | 1,844,941 | 1,493,628 | 1,553,133 | 1,673,059 | 1,591,660 |
| Use of Money & Property | 837,237 | 589,490 | 468,314 | 479,041 | 1,476,271 |
| Sale of Property and Compensation for Loss | 57,956 | 434,839 | 382,904 | 282,745 | 171,211 |
| Miscellaneous | 549,810 | 853,670 | 1,281,479 | 894,161 | 1,237,069 |
| Revenues from State Sources | 38,917,959 | 37,731,316 | 38,608,124 | 39,232,752 | 41,443,664 |
| Revenues from Federal Sources | 221,753 | 96,083 | 334,161 | 67,409 | 148,268 |
| Total Revenues | <u>\$ 114,339,712</u> | <u>\$ 113,699,034</u> | <u>\$ 115,133,152</u> | <u>\$ 116,214,727</u> | <u>\$ 120,739,176</u> |
| Other Sources: | | | | | |
| Premiums on Obligations | \$ 140,600 | \$ 72,270 | \$ 832,533 | \$ 101,080 | 184,490 |
| Interfund Transfers | - | 165,895 | - | 2,221,668 | 1,081,348 |
| Total Revenues and Other Sources | <u>114,480,312</u> | <u>113,937,199</u> | <u>115,965,685</u> | <u>118,537,475</u> | <u>122,005,014</u> |
| EXPENDITURES | | | | | |
| General Support | \$ 11,472,667 | \$ 12,575,098 | \$ 13,242,779 | \$ 11,915,487 | \$ 11,712,720 |
| Instruction | 60,108,943 | 59,706,221 | 60,416,235 | 60,854,866 | 63,998,018 |
| Pupil Transportation | 4,529,074 | 3,966,981 | 4,636,241 | 4,819,582 | 4,819,786 |
| Community Services | 433,408 | 447,802 | 469,361 | 531,206 | 628,235 |
| Employee Benefits | 26,458,561 | 25,026,107 | 26,085,511 | 26,730,860 | 28,438,109 |
| Debt Service | 665,241 | 1,036,687 | 1,852,359 | 5,885,436 | 6,607,035 |
| Total Expenditures | <u>\$ 103,667,894</u> | <u>\$ 102,758,896</u> | <u>\$ 106,702,486</u> | <u>\$ 110,737,437</u> | <u>\$ 116,203,903</u> |
| Other Uses: | | | | | |
| Interfund Transfers | 6,546,033 | 7,667,903 | 6,406,228 | 7,022,876 | 4,625,304 |
| Total Expenditures and Other Uses | <u>110,213,927</u> | <u>110,426,799</u> | <u>113,108,714</u> | <u>117,760,313</u> | <u>120,829,207</u> |
| Excess (Deficit) Revenues Over Expenditures | <u>4,266,385</u> | <u>3,510,400</u> | <u>2,856,971</u> | <u>777,162</u> | <u>1,175,807</u> |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | 17,820,874 | 22,087,259 | 25,597,659 | 28,454,630 | 29,231,792 |
| Prior Period Adjustments (net) | - | - | - | - | - |
| Fund Balance - End of Year | <u>\$ 22,087,259</u> | <u>\$ 25,597,659</u> | <u>\$ 28,454,630</u> | <u>\$ 29,231,792</u> | <u>\$ 30,407,599</u> |

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

GENERAL FUND
Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

| Fiscal Years Ending June 30: | 2024 | | | 2025 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | Original Budget | Final Budget | Audited Actual | Adopted Budget |
| REVENUES | | | | |
| Real Property Taxes | \$ 69,248,865 | \$ 69,896,377 | \$ 70,057,595 | \$ 71,016,948 |
| Other Real Property Tax Items & STAR | 6,443,285 | 5,795,773 | 5,767,869 | 4,808,293 |
| Charges for Services | 1,365,000 | 1,365,000 | 1,950,993 | 1,725,000 |
| Use of Money & Property | 851,022 | 851,022 | 1,973,156 | 1,250,700 |
| Sale of Property and Compensation for Loss | - | - | 161,495 | - |
| Miscellaneous | 478,000 | 543,296 | 1,271,968 | 478,000 |
| Revenues from State Sources | 41,313,335 | 41,313,335 | 41,391,731 | 37,619,902 |
| Revenues from Federal Sources | 150,000 | 150,000 | 99,600 | 150,000 |
| Total Revenues | \$ 119,849,507 | \$ 119,914,803 | \$ 122,674,407 | \$ 117,048,843 |
| Other Sources: | | | | |
| Appropriated Fund Balance & Reserves | \$ 4,834,636 | \$ 5,253,969 | \$ - | \$ 8,902,440 |
| Prior Year's Encumbrances | 522,378 | 522,378 | - | - |
| Premium on Obligations | - | - | 116,405 | - |
| Interfund Transfers | 1,077,791 | 1,077,791 | 1,389,792 | 102,656 |
| Total Revenues and Other Sources | 126,284,312 | 126,768,941 | 124,180,604 | 126,053,938 |
| EXPENDITURES | | | | |
| General Support | \$ 14,342,265 | \$ 14,863,514 | \$ 12,799,448 | \$ 13,412,623 |
| Instruction | 65,573,997 | 65,489,705 | 62,594,822 | 65,042,527 |
| Pupil Transportation | 5,913,525 | 5,921,925 | 4,622,350 | 5,629,036 |
| Community Services | 561,275 | 711,275 | 697,727 | 719,584 |
| Employee Benefits | 31,750,367 | 31,750,367 | 29,459,301 | 34,057,025 |
| Debt Service | 5,484,918 | 5,366,594 | 5,351,750 | 4,569,878 |
| Total Expenditures | \$ 123,626,347 | \$ 124,103,380 | \$ 115,525,398 | \$ 123,430,673 |
| Other Uses: | | | | |
| Interfund Transfers | 2,657,968 | 2,665,561 | 2,665,561 | 2,623,265 |
| Total Expenditures and Other Uses | 126,284,312 | 126,768,941 | 118,190,959 | 126,053,938 |
| Excess (Deficit) Revenues Over Expenditures | - | - | 5,989,645 | - |
| FUND BALANCE | | | | |
| Fund Balance - Beginning of Year | - | - | 30,407,599 | - |
| Prior Period Adjustments (net) | - | - | - | - |
| Fund Balance - End of Year | \$ - | \$ - | \$ 36,397,244 | \$ - |

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

APPENDIX - B
East Islip UFSD

BONDED DEBT SERVICE

| Fiscal Year Ending June 30th | Principal of the Bonds | Interest of the Bonds | Total |
|------------------------------------|---------------------------|--------------------------|-------------------------|
| 2025 | \$ 3,170,000 | \$ 2,873,457.64 | \$ 6,043,457.64 |
| 2026 | 3,925,000 | 2,293,700.00 | 6,218,700.00 |
| 2027 | 4,100,000 | 2,122,650.00 | 6,222,650.00 |
| 2028 | 3,935,000 | 1,934,900.00 | 5,869,900.00 |
| 2029 | 4,105,000 | 1,756,050.00 | 5,861,050.00 |
| 2030 | 3,950,000 | 1,569,500.00 | 5,519,500.00 |
| 2031 | 4,125,000 | 1,391,400.00 | 5,516,400.00 |
| 2032 | 4,315,000 | 1,205,250.00 | 5,520,250.00 |
| 2033 | 4,505,000 | 1,010,400.00 | 5,515,400.00 |
| 2034 | 4,715,000 | 806,850.00 | 5,521,850.00 |
| 2035 | 4,900,000 | 593,700.00 | 5,493,700.00 |
| 2036 | 2,680,000 | 372,250.00 | 3,052,250.00 |
| 2037 | 2,430,000 | 238,250.00 | 2,668,250.00 |
| 2038 | 1,255,000 | 116,750.00 | 1,371,750.00 |
| 2039 | 1,080,000 | 54,000.00 | 1,134,000.00 |
| TOTALS | \$ 53,190,000 | \$ 18,339,107.64 | \$ 63,302,857.64 |

Note: Table of indebtedness does not include Energy Performance Contract financing.

CURRENT BONDS OUTSTANDING

| F.Y. ENDING 6/30 | \$12,650,000 | | | \$11,945,000 | | |
|------------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | 2022 SERIES A | | | 2022 | | |
| | 6/15 | 12/15 | 6/15 | 6/15 | 12/15 | 6/15 |
| | Principal | Interest | Interest | Principal | Interest | Interest |
| 2025 | \$ 830,000 | \$ 212,550.00 | \$ 212,550.00 | \$ 785,000 | \$ 204,775.00 | \$ 204,775.00 |
| 2026 | 860,000 | 200,100.00 | 200,100.00 | 800,000 | 193,000.00 | 193,000.00 |
| 2027 | 885,000 | 187,200.00 | 187,200.00 | 840,000 | 177,000.00 | 177,000.00 |
| 2028 | 920,000 | 169,500.00 | 169,500.00 | 870,000 | 160,200.00 | 160,200.00 |
| 2029 | 960,000 | 151,100.00 | 151,100.00 | 910,000 | 142,800.00 | 142,800.00 |
| 2030 | 1,000,000 | 131,900.00 | 131,900.00 | 940,000 | 124,600.00 | 124,600.00 |
| 2031 | 1,035,000 | 111,900.00 | 111,900.00 | 975,000 | 105,800.00 | 105,800.00 |
| 2032 | 1,075,000 | 91,200.00 | 91,200.00 | 1,015,000 | 86,300.00 | 86,300.00 |
| 2033 | 1,115,000 | 69,700.00 | 69,700.00 | 1,055,000 | 66,000.00 | 66,000.00 |
| 2034 | 1,160,000 | 47,400.00 | 47,400.00 | 1,100,000 | 44,900.00 | 44,900.00 |
| 2035 | 1,210,000 | 24,200.00 | 24,200.00 | 1,145,000 | 22,900.00 | 22,900.00 |
| TOTAL | \$ 11,050,000 | \$1,396,750.00 | \$1,396,750.00 | \$ 10,435,000 | \$1,328,275.00 | \$1,328,275.00 |

| F.Y. ENDING 6/30 | \$31,705,000 | | |
|------------------------|----------------------|-----------------------|-----------------------|
| | 2024D DASNY | | |
| | 6/15 | 12/15 | 6/15 |
| | Principal | Interest | Interest |
| 2025 | \$ 1,555,000 | \$1,246,182.64 | \$ 792,625.00 |
| 2026 | 2,265,000 | 753,750.00 | 753,750.00 |
| 2027 | 2,375,000 | 697,125.00 | 697,125.00 |
| 2028 | 2,145,000 | 637,750.00 | 637,750.00 |
| 2029 | 2,235,000 | 584,125.00 | 584,125.00 |
| 2030 | 2,010,000 | 528,250.00 | 528,250.00 |
| 2031 | 2,115,000 | 478,000.00 | 478,000.00 |
| 2032 | 2,225,000 | 425,125.00 | 425,125.00 |
| 2033 | 2,335,000 | 369,500.00 | 369,500.00 |
| 2034 | 2,455,000 | 311,125.00 | 311,125.00 |
| 2035 | 2,545,000 | 249,750.00 | 249,750.00 |
| 2036 | 2,680,000 | 186,125.00 | 186,125.00 |
| 2037 | 2,430,000 | 119,125.00 | 119,125.00 |
| 2038 | 1,255,000 | 58,375.00 | 58,375.00 |
| 2039 | 1,080,000 | 27,000.00 | 27,000.00 |
| TOTAL | \$ 31,705,000 | \$6,671,307.64 | \$6,217,750.00 |

EAST ISLIP SCHOOL DISTRICT
2023-2024 MONTHLY CASH FLOW

| | ACTUAL (000's OMITTED) | | | | | | | | | | | | |
|---------------------------|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| | JUL | AUG | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | TOTAL |
| BALANCE (BEG. OF MONTH) | 27,012 | 23,042 | 18,286 | 16,350 | 23,652 | 15,975 | 16,169 | 52,838 | 43,293 | 51,615 | 44,242 | 47,892 | 27,012 |
| RECEIPTS: | | | | | | | | | | | | | |
| PROPERTY TAXES | 0 | 0 | 0 | 0 | 0 | 792 | 36,381 | 1,425 | 124 | 487 | 8,339 | 22,354 | 69,902 |
| OTHER TAX ITEMS | 0 | 0 | 0 | 0 | 0 | 0 | 4,808 | 0 | 0 | 0 | 0 | 0 | 4,808 |
| PPTY TAXES-LIBRARY | 0 | 0 | 2 | 0 | 0 | 24 | 493 | 0 | 0 | 0 | 493 | 0 | 1,013 |
| STAR PAYMENT | 0 | 0 | 0 | 0 | 0 | 0 | 2,361 | 337 | 337 | 337 | 337 | 337 | 4,048 |
| STATE AID | 1,106 | 896 | 5,831 | 1,085 | 890 | 3,277 | 195 | 181 | 14,870 | 0 | 5,996 | 2,620 | 36,946 |
| OTHER RECEIPTS | 483 | 313 | 225 | 420 | 458 | 280 | 280 | 846 | 543 | 617 | 653 | 496 | 5,614 |
| INTERFUND TRANSFERS | 45 | 219 | 213 | 407 | 343 | 6,959 | 351 | 114 | 1,132 | 798 | 463 | 421 | 11,466 |
| PAYROLL TRANSFERS | 358 | 320 | 1,936 | 2,168 | 3,017 | 1,800 | 2,077 | 2,198 | 2,004 | 2,033 | 3,099 | 4,474 | 25,485 |
| LIBRARY TRX FOR DEBT SVCE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BAN PROCEEDS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TAN PROCEEDS | 0 | 0 | 0 | 15,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,500 |
| TOTAL RECEIPTS | 1,991 | 1,748 | 8,207 | 19,581 | 4,708 | 13,132 | 46,947 | 5,102 | 19,011 | 4,272 | 19,381 | 30,702 | 174,782 |
| BALANCE & RECEIPTS | 29,003 | 24,790 | 26,493 | 35,930 | 28,360 | 29,107 | 63,116 | 57,940 | 62,304 | 55,887 | 63,623 | 78,594 | 201,794 |
| DISBURSEMENTS: | | | | | | | | | | | | | |
| SALARIES | 955 | 829 | 4,491 | 4,922 | 6,782 | 4,467 | 4,567 | 4,973 | 4,401 | 4,523 | 4,599 | 11,359 | 56,868 |
| OPERATING EXPENSES | 3,771 | 4,847 | 3,299 | 4,486 | 3,061 | 5,531 | 3,251 | 6,924 | 3,793 | 3,736 | 7,338 | 1,378 | 51,414 |
| INTERFUND TRANSFERS | 161 | 148 | 300 | 362 | 361 | 330 | 368 | 452 | 323 | 1,013 | 527 | 403 | 4,748 |
| DEBT SERVICE | 0 | 0 | 0 | 0 | 0 | 441 | 0 | 0 | 0 | 0 | 168 | 2,145 | 2,753 |
| TRX TO LIBRARY | 337 | 337 | 337 | 337 | 337 | 339 | 363 | 337 | 337 | 337 | 363 | 339 | 4,103 |
| TRX TO CAPITAL RESERVE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,047 | 5,047 |
| PAYROLL WITHHOLDINGS | 736 | 342 | 1,716 | 2,171 | 1,843 | 1,830 | 1,729 | 1,960 | 1,835 | 2,037 | 2,737 | 4,290 | 23,227 |
| BAN PRINCIPAL/INTEREST | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,506 | 4,506 |
| BUILDING AID REPAYMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TAN PRINCIPAL/INTEREST | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,158 | 16,158 |
| TOTAL DISBURSEMENTS | 5,961 | 6,505 | 10,143 | 12,278 | 12,385 | 12,938 | 10,278 | 14,646 | 10,689 | 11,646 | 15,731 | 45,626 | 168,826 |
| BALANCE (END OF MONTH) | 23,042 | 18,286 | 16,350 | 23,652 | 15,975 | 16,169 | 52,838 | 43,293 | 51,615 | 44,242 | 47,892 | 32,968 | 32,968 |
| BALANCE WITHOUT TAN | 23,042 | 18,286 | 16,350 | 8,152 | 475 | 669 | 37,338 | 27,793 | 36,115 | 28,742 | 32,392 | 32,968 | 32,968 |

EAST ISLIP SCHOOL DISTRICT
2024-2025 MONTHLY CASH FLOW

| | ACTUAL | | PROJECTED (000's OMITTED) | | | | | | | | | | TOTAL |
|---------------------------|--------|--------|------------------------------|--------|---------|----------|----------|--------|--------|--------|--------|--------|---------|
| | JUL | AUG | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | |
| BALANCE (BEG. OF MONTH) | 32,968 | 28,902 | 22,919 | 19,874 | 8,561 | (2,661) | (12,060) | 21,821 | 13,945 | 18,485 | 10,596 | 11,805 | 32,968 |
| RECEIPTS: | | | | | | | | | | | | | |
| PROPERTY TAXES | 0 | 0 | 0 | 0 | 0 | 805 | 36,958 | 1,445 | 122 | 491 | 8,474 | 22,721 | 71,017 |
| OTHER TAX ITEMS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PPTY TAXES-LIBRARY | 0 | 0 | 0 | 0 | 0 | 0 | 2,426 | 347 | 347 | 347 | 347 | 347 | 4,159 |
| STAR PAYMENT | 0 | 0 | 0 | 0 | 0 | 0 | 4,808 | 0 | 0 | 0 | 0 | 0 | 4,808 |
| STATE AID | 1,182 | 985 | 6,441 | 152 | 724 | 3,050 | 152 | 152 | 12,844 | 0 | 4,839 | 2,376 | 32,895 |
| OTHER RECEIPTS | 425 | 351 | 125 | 153 | 236 | 234 | 138 | 614 | 400 | 440 | 234 | 402 | 3,751 |
| INTERFUND TRANSFERS | 405 | 213 | 0 | 0 | 0 | 0 | 221 | 0 | 3 | 0 | 0 | 103 | 945 |
| PAYROLL TRANSFERS | 311 | 326 | 700 | 767 | 1,057 | 696 | 712 | 775 | 686 | 705 | 1,067 | 1,770 | 9,574 |
| LIBRARY TRX FOR DEBT SVCE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BAN PROCEEDS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TAN PROCEEDS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL RECEIPTS | 2,323 | 1,874 | 7,266 | 1,072 | 2,017 | 4,785 | 45,415 | 3,333 | 14,401 | 1,983 | 14,961 | 27,718 | 127,149 |
| BALANCE & RECEIPTS | 35,291 | 30,777 | 30,185 | 20,946 | 10,577 | 2,124 | 33,355 | 25,154 | 28,346 | 20,468 | 25,557 | 39,523 | 160,117 |
| DISBURSEMENTS: | | | | | | | | | | | | | |
| SALARIES | 1,203 | 842 | 4,577 | 5,016 | 6,910 | 4,552 | 4,654 | 5,067 | 4,483 | 4,610 | 6,976 | 11,567 | 60,456 |
| OPERATING EXPENSES | 3,899 | 5,944 | 4,213 | 5,820 | 4,638 | 6,630 | 5,526 | 4,834 | 4,077 | 3,963 | 4,898 | 1,433 | 55,874 |
| INTERFUND TRANSFERS | 231 | 373 | 475 | 436 | 286 | 296 | 295 | 185 | 269 | 247 | 464 | 447 | 4,005 |
| DEBT SERVICE | 0 | 0 | 0 | 0 | 0 | 1,664 | 0 | 0 | 0 | 0 | 0 | 4,639 | 6,302 |
| TRX TO LIBRARY | 347 | 347 | 347 | 347 | 347 | 347 | 347 | 347 | 347 | 347 | 347 | 347 | 4,159 |
| TRX TO CAPITAL RESERVE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PAYROLL WITHHOLDINGS | 710 | 352 | 700 | 767 | 1,057 | 696 | 712 | 775 | 686 | 705 | 1,067 | 1,770 | 9,999 |
| BAN PRINCIPAL/INTEREST | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TAN PRINCIPAL/INTEREST | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL DISBURSEMENTS | 6,389 | 7,857 | 10,312 | 12,386 | 13,239 | 14,184 | 11,534 | 11,209 | 9,861 | 9,872 | 13,752 | 20,202 | 140,796 |
| BALANCE (END OF MONTH) | 28,902 | 22,919 | 19,874 | 8,561 | (2,661) | (12,060) | 21,821 | 13,945 | 18,485 | 10,596 | 11,805 | 19,321 | 19,321 |
| BALANCE WITHOUT TAN | 28,902 | 22,919 | 19,874 | 8,561 | (2,661) | (12,060) | 21,821 | 13,945 | 18,485 | 10,596 | 11,805 | 19,321 | 19,321 |

MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

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

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

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

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

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

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

The School District has agreed to provide, or course to be provided, during the period in which the Notes are outstanding in a timely manner, to EMMA or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed material event notices, if any, on or before the date specified.

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

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

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

FORM OF BOND COUNSEL'S OPINION

November 7, 2024

East Islip Union Free School District
County of Suffolk
State of New York

Re: East Islip Union Free School District, Suffolk County, New York
\$13,400,000 Tax Anticipation Notes, 2024

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$13,400,000 Tax Anticipation Notes, 2024 (the "Obligations"), of the East Islip Union Free School District, Suffolk County, State of New York (the "Obligor"), dated November 7, 2024, in the denomination of \$ _____, bearing interest at the rate of % per annum, payable at maturity, and maturing June 26, 2025.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

(a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, for which the Obligor has validly pledged its faith and credit for the payment thereof. All the taxable real property within the Obligor is subject to the levy of ad valorem taxes to pay the principal and interest on the Obligations subject to applicable statutory limitations. The enforceability (but not the validity) of the Obligations (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State of the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax on individuals. We observe that, interest on the Obligation included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

**EAST ISLIP UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2024

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

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

EAST ISLIP UNION FREE SCHOOL DISTRICT

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report | 1 - 3 |
| Management's Discussion and Analysis | 4 - 17 |
| Basic Financial Statements: | |
| District-Wide Financial Statements: | |
| Statement of Net Position | 18 |
| Statement of Activities | 19 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 20 |
| Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position | 21 |
| Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds | 22 |
| Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities | 23 |
| Statement of Changes in Fiduciary Net Position - Fiduciary Fund | 24 |
| Notes to Financial Statements | 25 - 56 |
| Required Supplementary Information: | |
| Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | 57 |
| Schedule of Changes in the District's Total OPEB Liability and Related Ratios | 58 |
| Schedule of the District's Proportionate Share of the Net Pension Asset/Liability | 59 |
| Schedule of the District's Pension Contributions | 60 |
| Other Supplementary Information: | |
| Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund | 61 |
| Schedule of Project Expenditures - Capital Projects Fund | 62 |
| Net Investment in Capital Assets | 63 |

EAST ISLIP UNION FREE SCHOOL DISTRICT

Table of Contents, Continued

| | <u>Page</u> |
|---|-------------|
| Federal Grant Compliance Audit: | |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 64 - 65 |
| Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance | 66 - 68 |
| Schedule of Expenditures of Federal Awards | 69 |
| Notes to Schedule of Expenditures of Federal Awards | 70 |
| Schedule of Findings and Questioned Costs | 71 |
| Status of Prior Audit Findings | 72 |

* * * * *

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

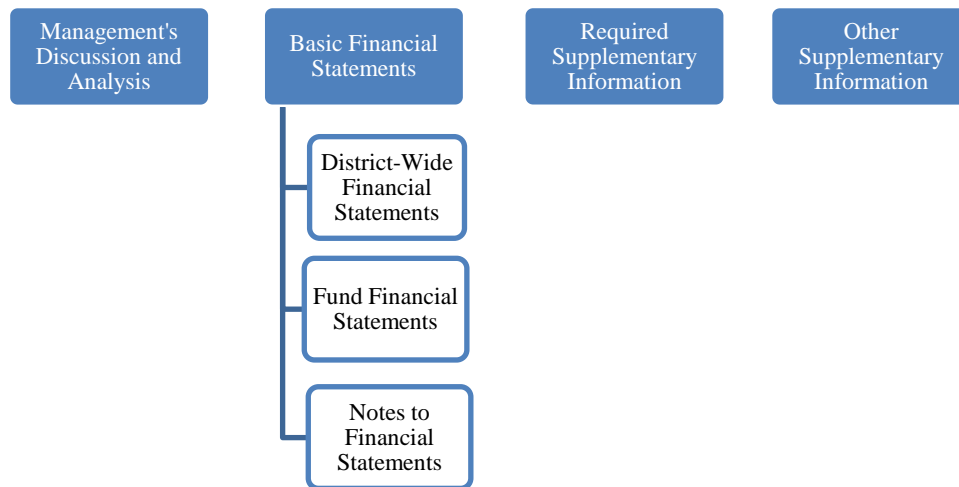
2. OVERVIEW OF THE FINANCIAL STATEMENTS

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"> • Statement of Net Position • Statement of Activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures and Changes in Fund Balance | <ul style="list-style-type: none"> • Statement of Changes in Fiduciary Net Position |
| 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 | 1,954,426 | 2,079,461 | (125,035) |
| 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 | 2,959,261 | 3,052,906 | (93,645) |
| 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> |

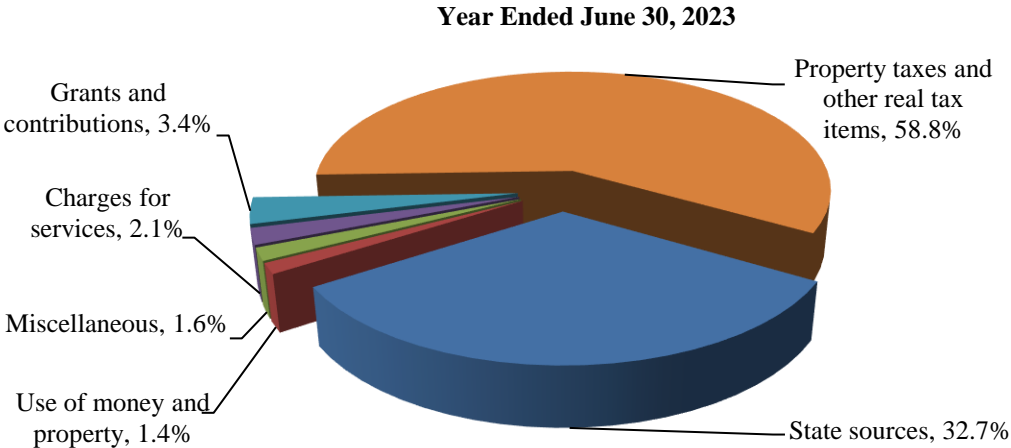
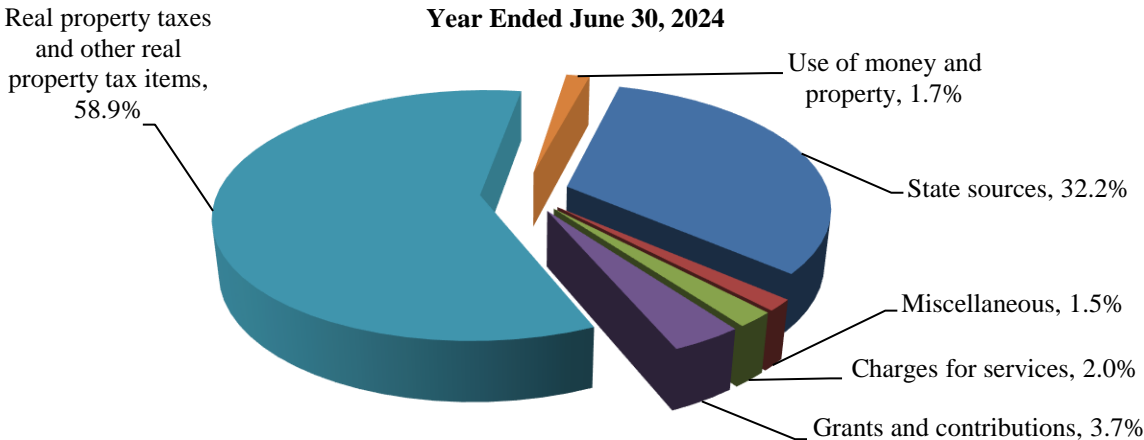
EAST ISLIP UNION FREE SCHOOL DISTRICT
Management’s Discussion and Analysis, Continued

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.

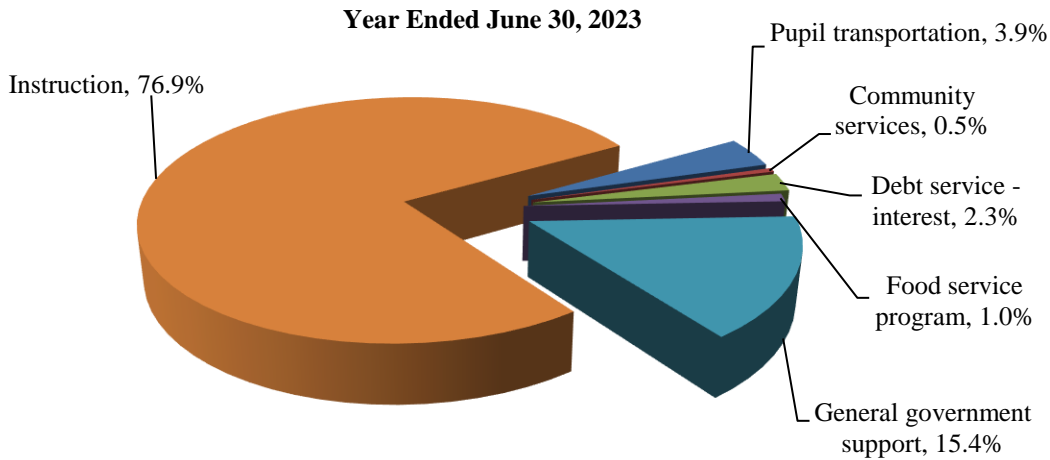
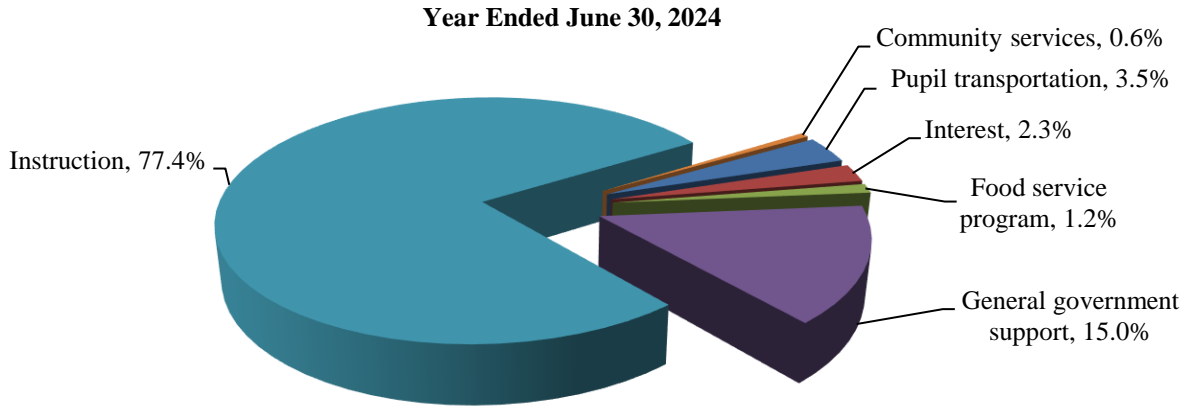
The users of the District's programs financed \$2,498,235 of the cost as shown in charges for services. The federal and state governments subsidized certain programs with operating grants and contributions of \$4,763,374. Most of the District's net costs of \$134,542,722 were financed by District taxpayers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

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> |
|---|------------------------|

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 <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|-------------------|-----------------|----------------|
| 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, <u>2023*</u> | <u>Increase</u> | <u>Decrease</u> | Balance June 30, <u>2024</u> |
|--|-------------------------------------|------------------|--------------------|------------------------------------|
| 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.

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 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 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS 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>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> |
|--|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <u>TRS</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 | \$ 126,053,938 |
| 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 | <u>4,907,892</u> |
| General fund fund balance subject to Section 1318 of Real Property Tax Law | <u><u>\$ 5,042,157</u></u> |
| 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 <u> x </u> No |
| 2. Significant deficiency(ies) identified? | ___ Yes <u> x </u> None reported |
| 3. Noncompliance material to financial statements noted? | ___ Yes <u> x </u> No |

Federal Awards:

- | | |
|--|----------------------------------|
| Internal control over major programs: | |
| 4. Material weakness(es) identified? | ___ Yes <u> x </u> No |
| 5. Significant deficiency(ies) identified? | ___ Yes <u> x </u> 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 <u> x </u> No |
| 7. The District's major programs audited were: | |

| | |
|---------------------------------|--------------------------------|
| <u>Name of Federal Programs</u> | <u>Assisted Listing 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? | <u> x </u> 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.