

EAST ISLIP UNION FREE SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES WITH**



**EAST ISLIP UNION FREE SCHOOL DISTRICT
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Islip Terrace, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the

Accounting principles generally accepted in the United States of America require that management's discussion

[REDACTED]

[REDACTED]

[REDACTED]

benefits on pages 3 through 12 and 39 through 40, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the

[REDACTED]

**EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Year Ended June 30, 2011**

The East Islip Union Free School District's discussion and analysis of financial performance provides an overall review of the

[REDACTED]

**EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Year Ended June 30, 2011**

(Continued)

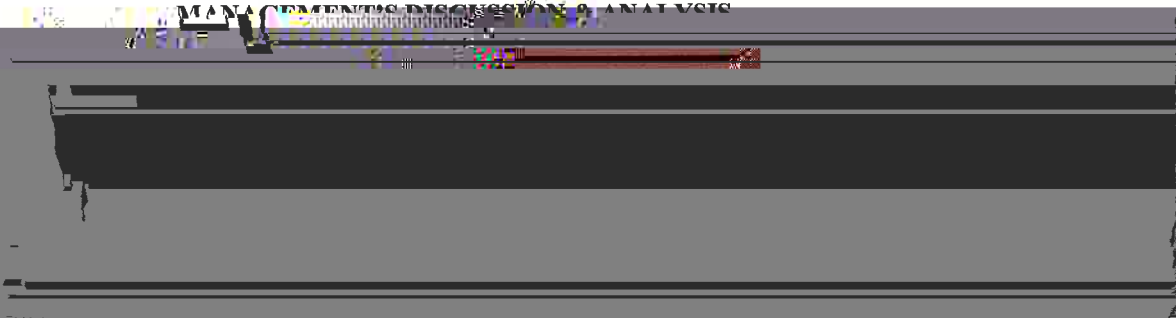
A. District-wide Financial Statements

The District-wide financial statements present the governmental activities of the District and are organized to provide an

two District-wide financial statements - the Statement of Net Assets and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

**EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS**



For the Year Ended June 30, 2011

(Continued)

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

For the Year Ended June 30, 2011

79.2%

Pupil
Transportation
5.1%

General Supp
11.7%

Food Service

Debt Service-
Unallocated

Community



For the Year Ended June 30, 2010

EAST ISLIP UNION FREE SCHOOL DISTRICT

FINANCIAL STATEMENTS

For the Year Ended June 30, 2011

Increase
(Decrease)

(Continued)

\$

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

Total Fund Balance

EAST ISLIP UNION FREE SCHOOL DISTRICT

For the Year Ended June 30, 2011

(Continued)

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2010-2011 Budget

The District's general fund adopted budget for the year ended June 30, 2011, was \$100,801,547. This was an increase of \$1,629,650 or 1.6% from the prior year's adopted budget.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source

MANAGEMENT'S DISCUSSION & ANALYSIS
For the Year Ended June 30, 2011

(Continued)

East Islip's 2010-11 state aid revenues were reduced by approximately \$1.9 million from the prior year. This aid reduction continued into 2011-12 with a further decrease of \$2.1 million when compared to the 2010-11 school year. The major challenges faced by the district in the future include:

- Higher projected health insurance cost increase of 13.6% in January 2012.
- Teacher Retirement System (TRS) contribution rate increase of 28.9% and Employee Retirement System (ERS) contribution rate increase of 16%.

EAST ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2011

Assets

Cash and Cash Equivalents \$ 15,451,957

Receivables 5,125,000

Other Receivables 24,202

Inventory 6,700

Capital Assets Not Being Depreciated 19,570,455

EAST ISLIP UNION FREE SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENSES

For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Grants and Contributions	Changes in Net Assets
General Support	\$ 12,618,925			(12,618,925)
Instruction	85,637,237	684,089	4,841,743	(80,111,405)
Pupil Transportation	5,517,393			(5,517,393)
Community Service	349,883			(349,883)
Debt Service - Unallocated Interest	2,581,129			(2,581,129)
Food Service Program	1,395,073	762,413	372,115	(260,545)
Total Functions/Programs	\$ 108,099,640	\$ 1,446,502	\$ 5,213,858	(101,439,280)
General Revenues				
Real Property Taxes				51,967,276
Other Real Property Tax Items				494,331
School Tax Relief Reimbursement				2,306,708
Use of Money and Property				893,485
Intergovernmental Revenues				614,335
Sales of Property and Compensation for Loss				259,023
				22,376,069

**EAST ISLIP UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2011

		School Lunch	Special Aid	Debt Service	Capital
Assets					
Cash and Cash Equivalents	\$ 10,693,087	\$ 50,068	\$ 103,786	\$ 2,160,225	\$ 4,479,173
		6,700			
	\$ 18,106,135	\$ 527,934	\$ 1,835,914	\$ 1,417,282	\$ 4,604,223

Total Liabilities and Fund Balance

EAST ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General	School Lunch	Special Aid	Debt Service	Capital
Revenues					
			11,418		
	97,406,763		3,511,700		
			431,128		
			4,041,446		
School Tax Relief Reimbursement	8,396,708		(530,246)	(5,814,741)	8,396,708
Charges for Services	684,089				684,089
Other Financing Sources (Uses)	884,412			9,073	893,485
Transfers from Other Funds				614,325	614,325
Transfers to Other Funds					
Total Other Financing Sources (Uses)				275,000	275,000
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources					
Fund Balance, Beginning of Year		518,814		1,187,473	
		\$ 429,819		\$ 1,040,465	
Sale of Property and Compensation for Loss	259,023				259,023
Miscellaneous	885,132				896,550
Interfund Revenues	167,262				167,262
State Aid	32,326,069	24,643	1,257,506		33,608,218
Federal Aid	1,341,961	281,026	2,242,276		3,865,263
Surplus Food		66,446			66,446
School Lunch Sales		762,413			762,413
Total Revenues		1,134,528		623,408	102,675,399
Expenditures					
Instruction	56,585,901		3,610,318		60,196,219
Bus Transportation	5,407,632				5,407,632

EAST JUPITER UNION FREE SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

Net Changes in Fund Balance - Total Governmental Funds \$ (2,249,209)

Capital Outlays to purchase or build capital assets are reported

(2,295,342)

(11,224)

589,679

in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement

EAST ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2011

	Private Purpose Trusts	Agency
Assets		
	\$ 37,675	\$ 3,027,687
	<u>\$ 37,675</u>	<u>\$ 3,027,687</u>
		\$
		<u>\$ 3,027,687</u>
	\$	
Total Liabilities and Net Assets	<u>\$ 37,675</u>	

**EAST ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Year Ended June 30, 2011**

Additions

Gifts and Contributions

Total Additions

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

**EAST ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of East Islip Union Free School District (the "District") have been prepared in conformity with

[REDACTED]

... (GAAP) ... (These policies are described by the

[REDACTED]

**EAST ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

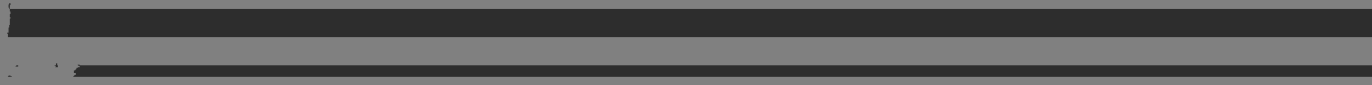


The District's share of BOCES aid amounted to \$897,472. Financial statements for the BOCES are available from the Eastern Suffolk County BOCES' administrative office at 201 Sunrise Highway, Patchogue, New York, 11772.

Basis of Presentation

(a) *District-wide Statements*

The Statement of Net Assets and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to offset internal transactions. Governmental activities



**EAST ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

[REDACTED]

operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

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. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations.

[REDACTED]

EAST ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and assumptions are made in a variety

EAST ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

Deferred Revenue

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition

when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded. Deferred revenues include unamortized bond issuance premium.

Vested Employee Benefits-Compensated Absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

Equity Classifications

(a) District-wide Statements

In the District-wide statements there are three classes of net assets

Invested in capital assets, net of related debt consists of net capital assets (cost less accumulated depreciation)

[REDACTED]

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

The City of District has established the following restricted fund balances:

[REDACTED]

- ***Restricted for Debt Service***

This restriction is used to account for interest and earnings on outstanding obligations and remaining

[REDACTED]

EAST ISLIP UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2011

- *Restricted for Capital Projects*

Present bond proceeds are recorded as restricted fund balance as they are subject to external constraints

contained in the bond document. Interfund transfers from the General Fund for capital projects are also recorded as restricted until the funds are expended. These restricted funds are accounted for in the Capital Projects Fund.

Reserve for Scholarships

Scholarship income is used to pay for tuition, books, and other expenses of students who are recipients of scholarships. The reserve for scholarships is used to pay for the expenses of students who are recipients of scholarships.

**EAST ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

5. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2011, consisted of:

General Fund	
New York State –Excess Cost Aid	\$ 959,450
BOCES Aid	901,773
Chapter 47 Tuition Aid	50,000
School Districts	45,035
Town of Islip- PILOT	225,219
Suffolk County-After School	1,200
Grant-in Aid	100,000
American Recovery and Reinvestment Act Funds	493,527
MTA Payroll Tax	117,886
Medicare Part D Reimbursement	131,430
Special Aid Fund	
Federal and State Grants	
School Lunch Fund	
Federal and State School Lunch Reimbursements	
Debt Service Fund	
East Islip Library-Bond Premium and Interest Earnings	
Total	

6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011, were as follows

	Beginning Balance	Increases	Reclassifications/ Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 2,161,500	\$	\$	\$ 2,161,500
Construction in Progress	24,339,315	<u>252,340</u>	<u>(7,182,700)</u>	17,408,955
	26,500,815	<u>252,340</u>	<u>(7,182,700)</u>	19,570,455
<hr/>				
			83,267,931	
			(187,163)	6,505,726
			6,995,537	89,773,657
<hr/>				
			\$ (1,224)	\$ 76,673,256
<hr/>				
Buildings and Improvements			7,182,700	
<hr/>				
Buildings and Improvements	25,755,393			27,721,188
Equipment and Vehicles	4,705,860		(175,920)	4,040,660

**EAST ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

7. SHORT-TERM DEBT

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

	Mature Date	Interest Rate	Beginning Balance	Issued	Ending Balance
TAN	06/30/11	0.79-1.5%	\$ <u>0</u>	\$ <u>22,000,000</u>	\$ <u>22,000,000</u>

Interest paid on short-term debt for the year was \$271,810.

8. LIBRARY EXPANSION

Bond Issue

On December 6, 2001, the voters of the East Islip Union Free School District (the District) authorized the Board of Education

\$ 5,545,000 \$ 1,215,334 \$ 6,760,334

**EAST ISLIP UNION FREE SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2011**

	Beginning	Increases	Decreases	Ending Balance	Due Within One Year
Serial Bonds Payable	\$ 56,555,000		\$ 4,150,000	\$ 60,705,000	\$ 3,830,000
Other Long-Term Liabilities Post Employment Benefits	13,890,795	9,598,945	4,886,850	18,602,890	

Serial Bonds Payable

56,555,000

\$

4,150,000

4,150,000

\$ 3,830,000

3,830,000

Other Long-Term Liabilities
Post Employment Benefits

13,890,795

9,598,945

4,886,850

18,602,890

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

Prior Year Defeasance

On May 27, 2010, the District issued \$21,610,000 in general obligation bonds with an average interest rate of 3.70% to

advance refund \$21,800,000 of outstanding Series A and Series B serial bonds with an average interest rate of 4.73%. The net proceeds of \$23,246,568 (after premium on obligations net of payment of \$168,532 in underwriting fees, insurance, and other

EAST ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were

\$
\$
\$

Expenditures

\$ 6,472,977 \$ 6,472,977

years were:

2010-2011

NYSERS
1,077,007

\$ 9,460,589
 NYSTRS
 \$ 2,812,877

**EAST ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2011**

\$ 7,138,573 \$ (363,252) \$ 6,775,321

Restricted Fund	Balance at 07/01/10	Additions (Reductions)	Balance at 06/30/11
Workers' Compensation	\$ 1,315,905	\$ 3,948	\$ 1,319,853
Unemployment Insurance	424,440	1,273	425,713
Employee Benefits Accrued Liability	3,465,802	(374,270)	3,091,532
Retirement Contributions	1,898,097	5,694	1,903,791
Insurance	<u>34,329</u>	103	34,432

(c) In addition to \$1,942,900 of fund balance assigned and appropriated to reduce the 2011-12 tax levy, the District has appropriated \$1,726,661 from its restricted reserves to reduce the 2011-12 tax levy. The reserves impacted are Workers'

EAST ISLIP UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	\$ 52,704,736	\$	51,967,276	\$	(96,974)
	456,665		494,331		37,666
	7,756,222		8,396,708		
	636,723		684,089		
	66,408		259,023		
	1,014,515		885,132		
	52,415		167,262		
	33,861,934		32,326,069		
	67,070		1,341,961		
	<u>3,369,179</u>		<u>3,369,179</u>		<u>(3,369,179)</u>
	<u>\$ 101,070,365</u>		<u>\$ 101,254,112</u>		<u>\$ 97,406,263</u>

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Final Budget Variance With
Revenues	\$	\$	\$	\$
Local Sources				
Real Property Taxes		52,064,250	\$	
Other Real Property Tax Items		456,665		
		<u>52,520,915</u>		
		10,644,935		
		<u>63,165,850</u>		
		67,181,107		(3,915,257)
		<u>5,348,039</u>	5,341,200	6,839
		220,722	228,222	(7,500)
		<u>20,847,985</u>	20,665,858	182,127
		593,100	271,810	321,290
		<u>94,939,091</u>	1,104,500	(93,834,591)
Use of Money and Property				
		<u>1,121,274</u>		
		<u>101,070,365</u>	101,054,112	16,253

EAST ISLIP UNION FREE SCHOOL DISTRICT
SCHEDULES OF FUNDING PROGRESS OF OTHER-EMPLOYMENT BENEFITS
For the Year Ended June 30, 2011.

EAST ISLIP UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES-CAPITAL PROJECTS FUND
For the Year Ended June 30, 2011

Budget	Priority	Account	Description	Total	Methods of Financing			Total	Fund Balance June 30, 2011
					Obligations	State Aid	Proceeds of Local Sources		
4			\$	1,574,110	\$		1,574,110	553,	
7				1,165,538			1,165,538	597,	
2				1,005,010			1,005,010	58	
8				50,000			50,000	72	
9				50,000			50,000	89	
7				12,209,464			12,209,464	83	
6				6,507,391			6,507,391	65	
9				17,345,000			17,345,000	39	
5				3,422,			3,422,	15	
8				(570,			(570,	48	
2				29,353,861			29,353,861	89	
3				54,273			54,273	73	
9				42,998	1,686,901		1,686,901	98	
11				73,263			73,263	02	
7				70,313,099	1,686,901		72,000,000	58	
0				251,335			251,335	85	
7				740,640			740,640	85	
				72,491,975	491,975		73,000,000	28	

in Auditor's Report

Form 12

EAST ISLIP UNION FREE SCHOOL DISTRICT
SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES
COMPARED TO ST-3 DATA
For the Year Ended June 30, 2011

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INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT

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CULLEN & DANOWSKI, LLP
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We noted it

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