

EAST ISLIP UNION FREE SCHOOL DISTRICT  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
JUNE 30, 2020

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**I. INDEPENDENT AUDITOR'S REPORT, MANAGEMENT'S DISCUSSION AND ANALYSIS  
AND BASIC FINANCIAL STATEMENTS**

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1	Management's Discussion and Analysis (Part I of Form 312) and Financial Statements (Part II of Form 312)	

INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
East Islip Union Free School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the East Islip Union Free School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents

*Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the East Islip Union Free School District as of June 30, 2020, and the respective changes in financial position for the year then ended in

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be prepared in accordance with the requirements of GASB Statement No. 34.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2020, on our consideration of the East Islip Union Free School 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 East Islip Union Free School District's internal control over financial reporting or on compliance.

Free School District's internal control over financial reporting or on compliance. That report is an integral part of

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The following is a discussion and analysis of the East Islip Union Free School District's (the District's) financial performance for the fiscal year ended June 30, 2020. 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 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 for the fiscal year ended June 30, 2020.

REDACTED TABLE CONTENT

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

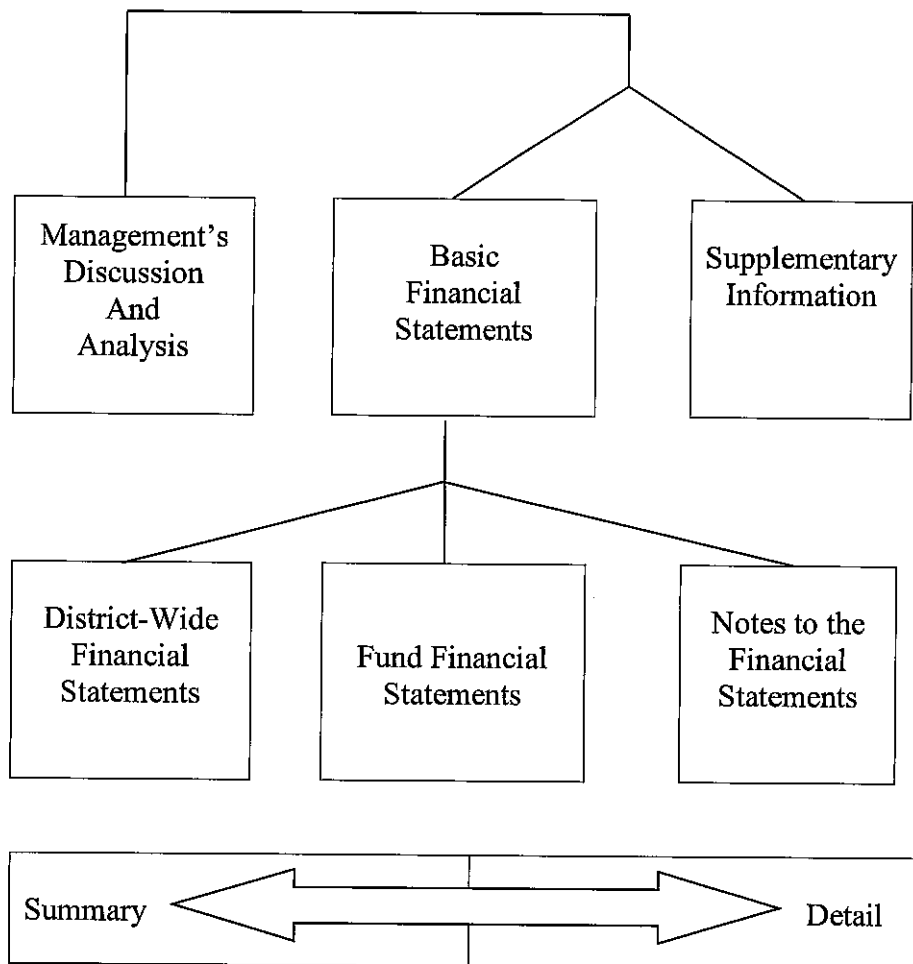
transportation, but also included unforeseen expenses such as personal protective equipment and cleaning of buildings.

**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 the Statement of Financial Position, the Statement of Financial Operations, the Statement of Financial Changes, and the Statement of Financial Assets and Liabilities.

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Organization of the District’s Annual Financial Report



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.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 employee benefits

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 and deferred outflows of resources, and liabilities and deferred inflows of resources. All of the current year's revenues are reported in the Statement of Net Position.

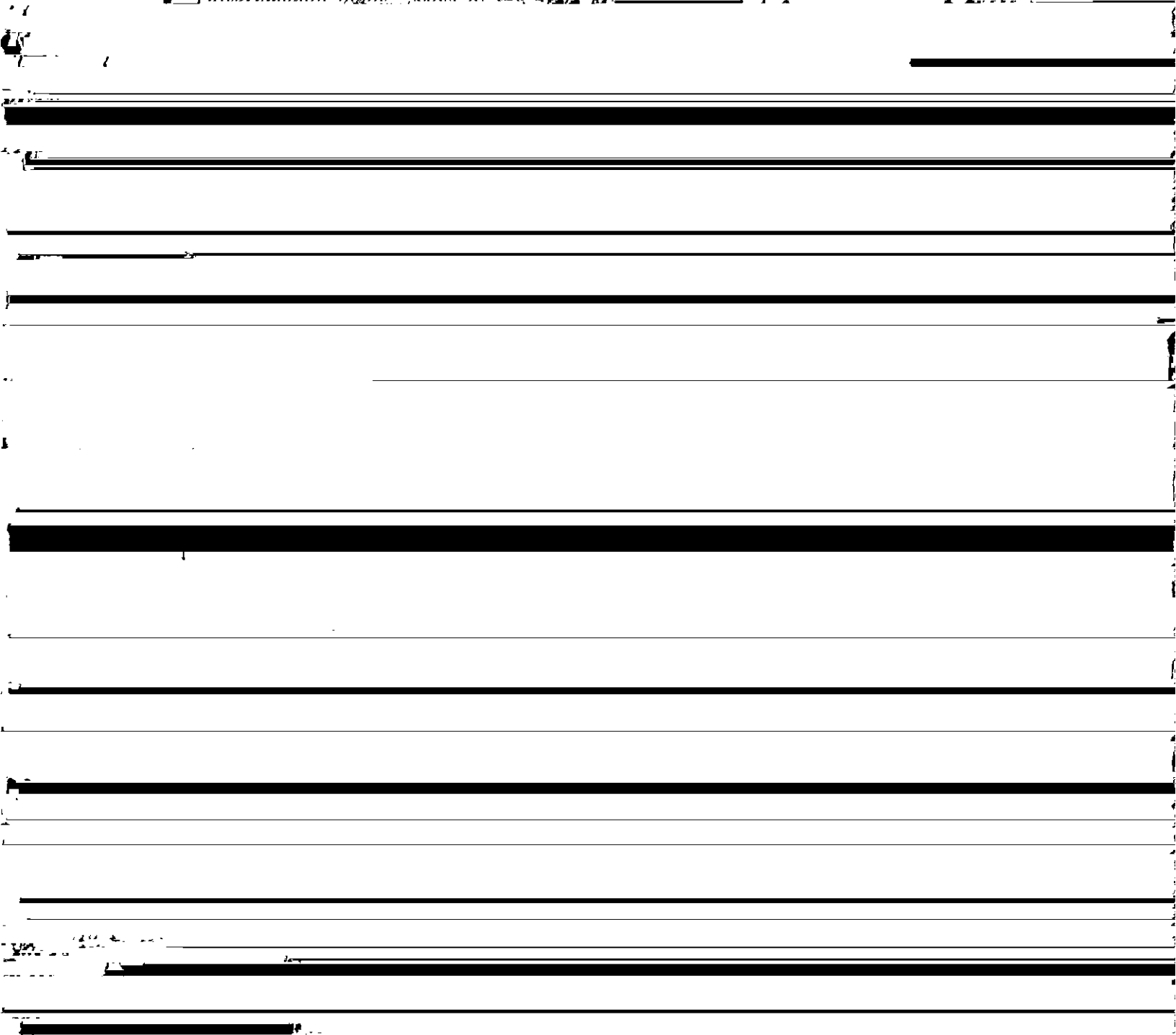
**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 operations of the District are financed through governmental funds.*



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**A. Net Position**

The District's total net position decreased by \$16,727,405 in the fiscal year ended June 30, 2020 as detailed in the table below.

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2020	Fiscal Year 2019	Increase/ (Decrease)	Total Percentage Change
Current and other assets	\$34,276,994	\$41,339,669	(\$7,062,675)	-17.08%
Capital assets, net	92,205,727	70,645,146	21,560,581	30.52%
Net pension asset, proportionate share	7,049,470	4,997,051	2,052,419	41.07%
Total Assets	133,532,191	116,981,866	16,550,325	14.15%
Deferred outflows of resources	122,211,122	74,041,827	48,169,295	

To ta

Assets and Deferred

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Other liabilities increased by \$7,278,439 or 22.21% primarily due to an increase in bond anticipation notes payable and accounts payable, offset by decreases in due to teachers' retirement.

The table content is almost entirely obscured by thick black redaction bars. Only a few thin horizontal lines of the table grid are visible, indicating the presence of multiple rows of data.

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2020 and 2019 are as follows:

~~Change in Net Position~~

**EAST ISLAND UNION FREE SCHOOL DISTRICT**

**MANAGEMENT INFORMATION SYSTEMS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental fund



**EAST ISLIP UNION FREE SCHOOL DISTRICT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**EAST ISLIP UNION FREE SCHOOL DISTRICT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The net increase of \$165,938 in the debt service fund is due to interest income and premium revenue related to the issuance of bond anticipation notes, offset by a transfer to the general fund for debt service payments.

The net decrease in the fund balance of the capital projects fund of \$17,749,855 is due to construction projects in progress, for which permanent financing has not been obtained.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2019-2020 Budget**

The District's general fund original budget for the fiscal year ended June 30, 2020 was \$120,334,922. This amount was increased by encumbrances carried forward from the prior year in the amount of \$145,641 and budget revisions of \$208,341, which resulted in a final budget of \$120,688,904. The majority of the funding came from real property taxes and other tax items

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**B. Long-Term Debt**

At June 30, 2020, the District had total bonds payable, inclusive of premium, of \$7,580,452. The decrease in outstanding debt is due to current year principal payments and amortization of bond premium. A summary of outstanding serial bond debt at June 30, 2020 and 2019 is as follows:

Description	Issue Date	2020	2019	Increase (Decrease)
2010 Refunding serial bonds - Library	5/27/2010	\$1,170,000	\$1,725,000	(\$555,000)
2010 Refunding serial bonds	5/27/2010	1,610,000	3,145,000	(1,535,000)
2011 Refunding serial bonds	7/20/2011	2,325,000	4,540,000	(2,215,000)
2012 Refunding serial bonds	2/22/2012	905,000	1,785,000	(880,000)
2015 Refunding serial bonds	5/7/2015	1,150,000	1,690,000	(540,000)
Unamortized premiums		400,452	515,000	(114,548)



EAST ISLIP UNION FREE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

Exhibit 2

**ASSETS**

Current assets

Cash

Unrestricted

\$12,202,184

Restricted

16,504,692

Receivables

Accounts receivable

377,376

State and federal aid

2,766,383

Due from other governments

1,843,769

Due from fiduciary funds

562,413

Inventories

20,177

Non-current assets

Capital assets

Not being depreciated

13,808,959

Being depreciated, net of accumulated depreciation

78,396,768

Net pension asset - nonparticipating plan - restricted investment

**DEFERRED OUTFLOWS OF RESOURCES**







EAST ISLIP UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS

BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2020

Total Governmental Fund Balances (\$6,061,974)

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

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the district as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets \$156,081,925

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$64,846,677					\$64,846,677
Other tax items - including STAR reimbursement	7,653,331					7,653,331
Charges for services	1,493,628					1,493,628
Use of money and property	589,490			\$97,271		686,761
Sale of property and compensation for loss	434,839					434,839
Miscellaneous	853,670			560,369		1,414,039
Local sources		\$9,235				9,235
State sources	37,731,316	851,283	\$19,765		\$516,180	39,118,544
Federal Sources						

EAST ISLIP UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances (\$14,009,067)

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

Long-Term Revenue and Expense Differences

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

resources used.

Change in compensated absences payable	\$48,442	
Change in claims payable	<u>91,986</u>	140,428

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

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020**

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash - restricted		\$845,641
Accounts receivable		18,615
Due from agency funds	\$9,628	
<b>TOTAL ASSETS</b>	<u>\$9,628</u>	<u>\$864,256</u>
<b>LIABILITIES</b>		
Due to governmental funds		\$562,413
Due to private purpose trust funds		9,628
Extraclassroom activity balance		239,344
Other liabilities		52,871
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>\$864,256</u>
<b>NET POSITION</b>		
Restricted for scholarships	\$9,628	
<b>TOTAL NET POSITION</b>	<u>\$9,628</u>	

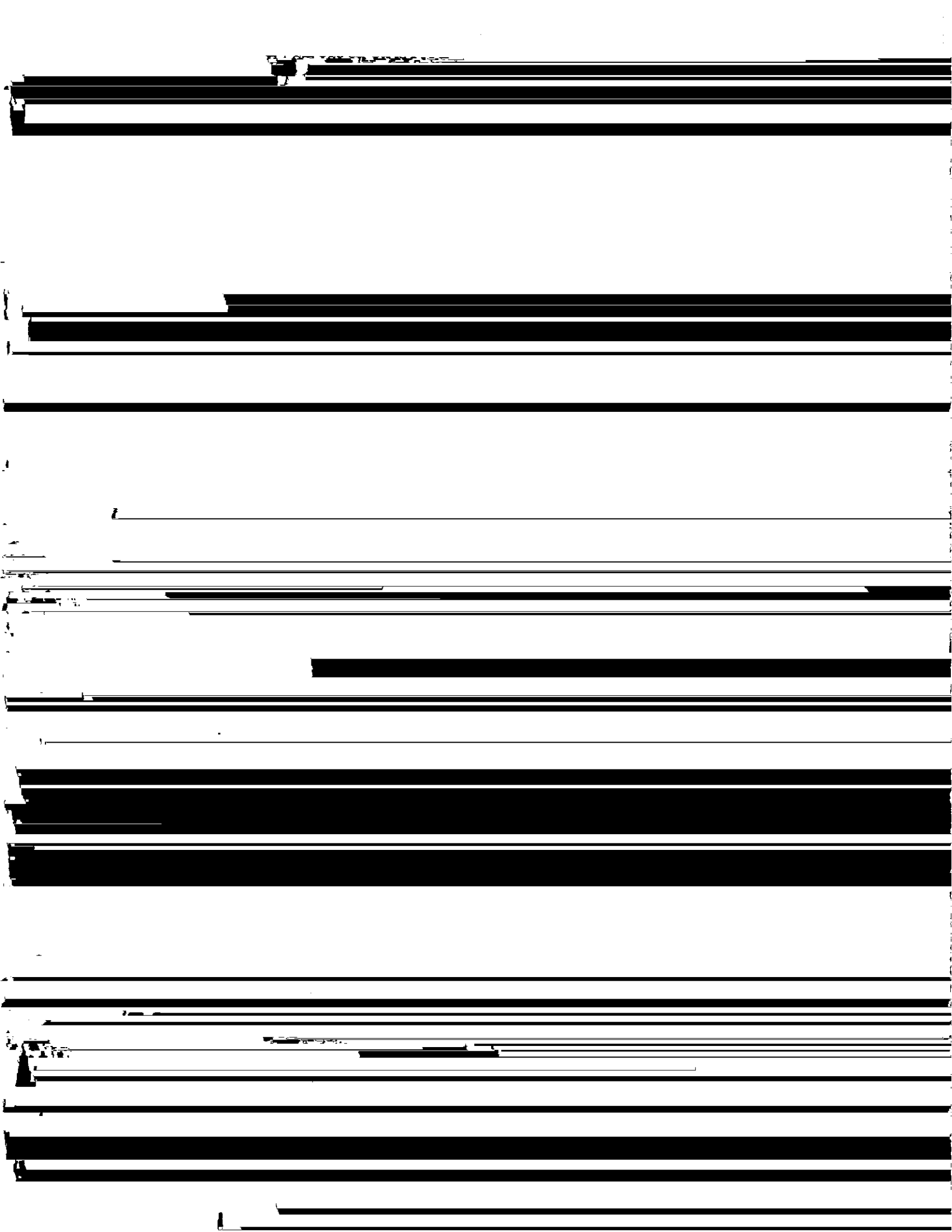
**EAST ISLIP UNION FREE SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Private Purpose Trust Fund</u>
<b>ADDITIONS</b>	
Gifts and contributions	\$6,050
<b>TOTAL ADDITIONS</b>	<u>6,050</u>
<b>DEDUCTIONS</b>	
Scholarships and awards	8,700
<b>TOTAL DEDUCTIONS</b>	<u>8,700</u>
<b>CHANGE IN NET POSITION</b>	(2,650)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>12,278</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$9,628</u></u>

EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

The financial statements of East Islip Union Free School District are prepared in accordance with the accounting principles generally accepted in the United States of America. The financial statements are prepared on the accrual basis of accounting and are prepared in accordance with the accounting principles generally accepted in the United States of America. The financial statements are prepared on the accrual basis of accounting and are prepared in accordance with the accounting principles generally accepted in the United States of America.



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

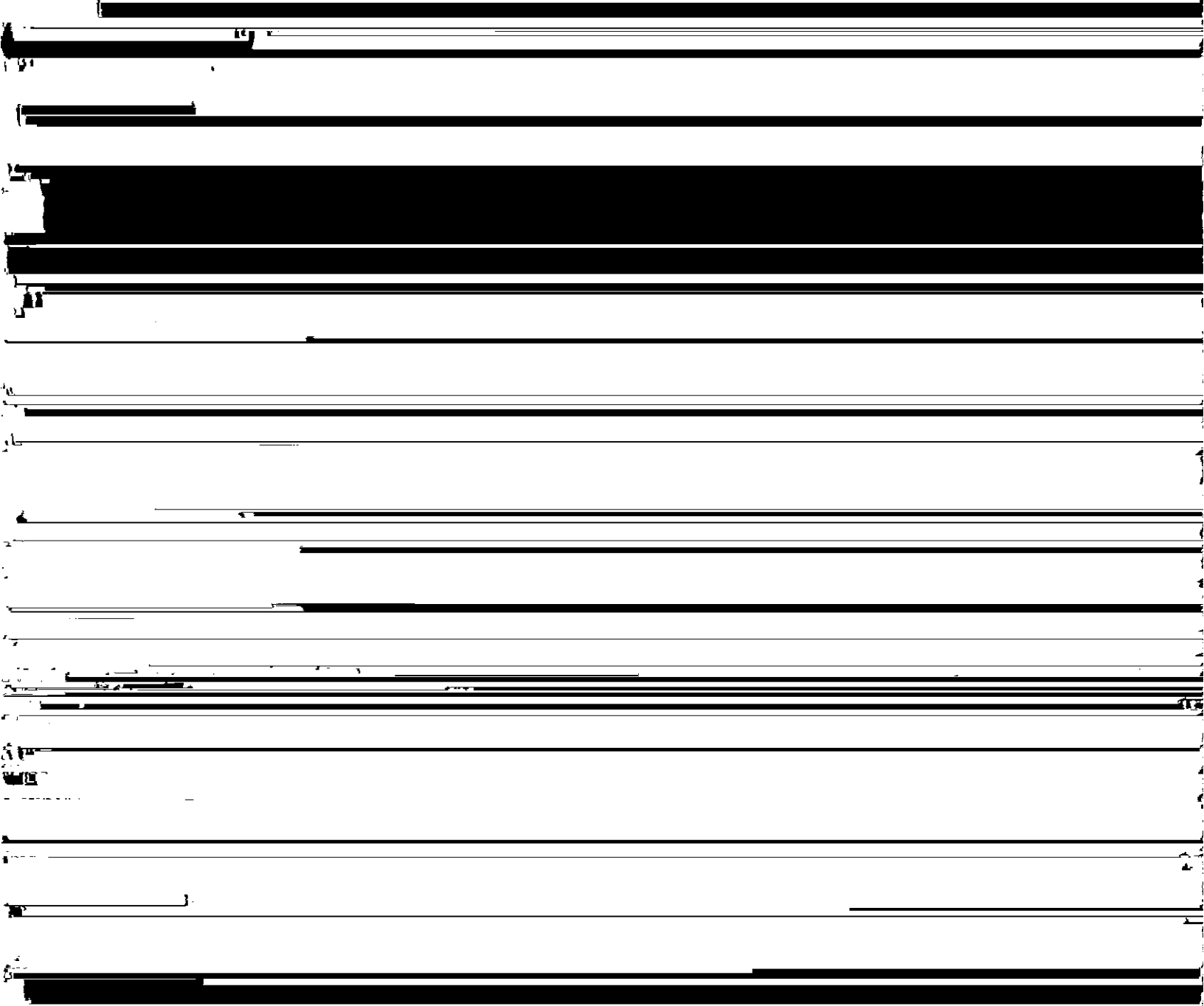
ii) Fund Financial Statements:

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

The District reports the following major governmental funds:

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

**Special Aid Fund:** This fund accounts for the proceeds of special





EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

D) Measurement focus and basis of accounting:

The District-Wide Financial Statements and Fiduciary Fund Financial Statements are

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

**EAST ISLIP UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 expenditure and revenues to provide financing or other services.

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

The governmental funds report all interfund transactions as originally recorded. The governmental funds report all interfund transactions as originally recorded. The governmental funds report all interfund transactions as originally recorded.

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

K) Inventories and prepaid items:

Inventories of food in the school food service fund

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

**P) Other benefits:**

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

District employees may choose to participate in the District's elective deferred compensation plan established under the Internal Revenue Service Code sections 402(b)

EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

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

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

maintained intact. Non-spendable fund balance includes the inventory recorded in the school food service fund of \$20,177.

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

The District has established the following:

Workers' Compensation Reserve

Workers' compensation reserve (GML §6-j), is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of...

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund under restricted fund balance.

Repair Reserve

According to General Municipal Law (GML §6-d), must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund, under restricted fund balance.

Insurance Reserve

Insurance reserve (GML§6-n) is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however the amount accumulated shall not exceed the amount of the annual budget appropriation for the Insurance Reserve.



**EAST ISLIP UNION FREE SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 §2651 of the Education Law. This

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

the result of the District not obtaining permanent financing on capital improvement projects.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the general fund for the previous fiscal year.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

B) Statement of Revenue, Expenditures and Changes in Fund Balances



EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A) Uncollateralized;

B) Collateralized with \_\_\_\_\_

C) Collateralized with \_\_\_\_\_

EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6 STATE AND FEDERAL AID RECEIVABLES

State and federal aid receivable at June 30, 2020 consisted of:

General fund	
Excess cost aid	\$983,670
Homeless aid	216,069
Chapter 47 tuition	54,358
Building aid	119,845
Medicaid	29,768
Total	<u>1,403,710</u>
Special aid fund	
Federal aid	337,644
State aid	739,324
Total	<u>1,076,968</u>
School food service fund	
Federal aid	86,981
State aid	2,611
Total	<u>89,592</u>
Capital projects fund	
Smart schools bond	<u>196,113</u>
Total - all funds	<u>\$2,766,383</u>

The general fund excess cost State aid receivables include \$185,907 of unavailable revenues,

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Due from other governments at June 30, 2020 consisted of the following:

General fund

Tuition and health services	\$34,349
BOCES aid	1,806,636
East Islip Public Library	1,404
Cleary School for the Deaf	1,380
Total Due from other governments	<u>\$1,843,769</u>

The general fund due from other governments for BOCES aid includes \$162,597 of unavailable revenues, which are included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

**NOTE 8 - CAPITAL ASSETS.**

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Depreciation expense was charged to the governmental functions as follows:

General support	\$351,318
Instruction	1,943,957
Food service program	<u>46,842</u>
 Total depreciation expense	 <u><u>\$2,342,117</u></u>

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

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$9,429,777		\$165,895	\$7,667,002



**EAST ISLIP UNION FREE SCHOOL DISTRICT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

	<u>Maturity</u>	<u>Effective Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN	6/26/2020	1.339572%	\$ -	\$ 9,000,000	\$ 9,000,000	\$ -
TAN	6/26/2020	1.357043%	-	10,000,000	10,000,000	-
BAN	10/9/2020	1.317983%	-	13,070,000	-	13,070,000
BAN	10/9/2020	1.317983%	-	7,631,815	-	7,631,815
BAN	7/2/2020	1.532000%	-	<u>5,551,890</u>	-	<u>5,551,890</u>

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

reduction of cash held by the Library which is accounted for in the debt service fund. The Library is holding interest earnings on the bond proceeds to offset future debt service requirements. As of June 30, 2020, the District recorded \$208,035 as cash held by a third party.

**NOTE 12 – LONG-TERM LIABILITIES.**

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long term debt:					
Bonds payable	\$12,885,000		\$5,725,000	\$7,160,000	\$5,975,000
Add: unamortized premium	814,991		394,539	420,452	394,539
	13,699,991	-	6,119,539	7,580,452	6,369,539
Energy performance debt payable	-	\$3,153,150		3,153,150	113,150
Other long-term liabilities:					
Due to other governments	899,700		449,850	449,850	449,850
Claims payable	1,150,729	193,866	285,852	1,058,743	202,708
Compensated absences payable	6,237,103	520,400	577,842	6,188,661	600,000



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	\$113,150	\$146,710	\$259,860
2022	185,000	78,736	263,736
2023	190,000	73,945	263,945
2024	195,000	69,024	264,024
2025	1,065,000	241,000	1,306,000
2026 - 2030	1,065,000	241,000	1,306,000
2031 - 2035	1,210,000	95,701	1,305,701
	<u>\$2,153,150</u>	<u>\$760,380</u>	<u>\$2,913,530</u>

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 14. DUE TO OTHER GOVERNMENTS**

On June 27, 2014, the District received notifications from the New York State Education Department that the District is



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2020	\$3,959,218	\$1,407,780
2019	\$4,809,937	\$1,402,287
2018	\$4,359,734	\$1,469,484

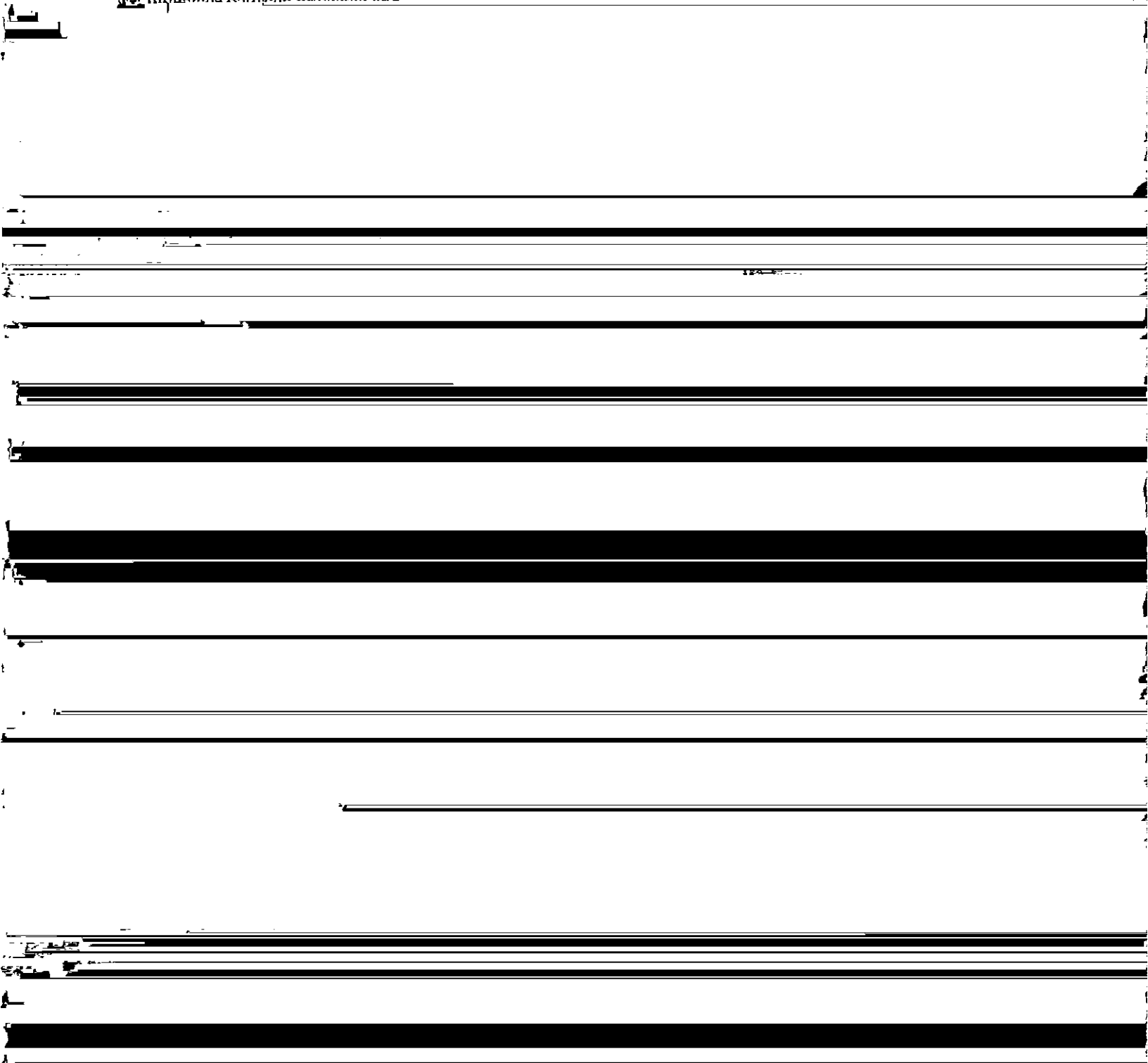
**C) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:**

At June 30, 2020, the District reported the following liability for its proportionate share of

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 422,004	\$ 4,777,246	\$ -	\$ 524,212

Net difference between expected and





**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.80%	7.10%

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2020</u>		<u>June 30, 2019</u>	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	36%	4.05%	33%	6.3%
International equity	14%	6.15%	16%	7.8%
Global equity			4%	7.2%
Private equity	10%	6.75%	8%	9.9%
Absolute return strategies	2%	3.25%		
Opportunistic portfolio	3%	4.65%		
Real assets	3%	5.95%		
Bonds and mortgages	17%	0.75%		
Cash	1%	0.00%		
Inflation-indexed bonds	4%	0.50%		
Domestic fixed income securities			16%	1.3%
Global fixed income securities			2%	0.9%
High-yield fixed income securities			1%	3.6%
Private debt			1%	6.5%
Real estate debt			7%	2.9%
Short-term			1%	0.2%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.5% for ERS, and 2.2% for TRS.



EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

Pay plan to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2020 represent the



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

decreasing to an ultimate rate of 3.84% by 2075 for Medicare Part B reimbursements

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on Pub-2010 Headcount-Weighted table (teachers for TRS group and general employees for ERS group) projected fully generationally using MP-2019.

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

	Total OPEB Liability
Balance at June 30, 2019	\$ 300,679,577
Changes for the fiscal year:	
Service cost	9,263,281
Interest	10,744,701

Differences between expected and actual experience	(42,023,660)
Changes in assumptions or other inputs	65,963,106
Benefit payments	(7,718,609)
Net changes	36,228,819
Balance at June 30, 2020	\$ 336,908,396

There were no significant plan changes since the last valuation.

Changes of assumptions or other inputs includes a decrease in the discount rate from 3.51%

**EAST ISLIP UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

In the governmental fund financial statements deferred inflows of resources at June 30, 2020 consists of that portion of the amount due from New York State for local aid payments, including BOCES aid, which is unavailable. Of the 2019-20 school year aid payments outstanding at June 30, 2020, 20% was effectively withheld by the State in response to its revenue shortfall resulting from the pandemic. The 2019-20 State aid that was withheld totals \$348,504. Deferred inflows also includes \$444,405 for prior year excess cost aid, prior year building aid, homestead aid, and



**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

**EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Fiscal year ended	Total
June 30, 2021	\$6,913
June 20, 2022	3,834
Total lease payments	<u>\$10,747</u>

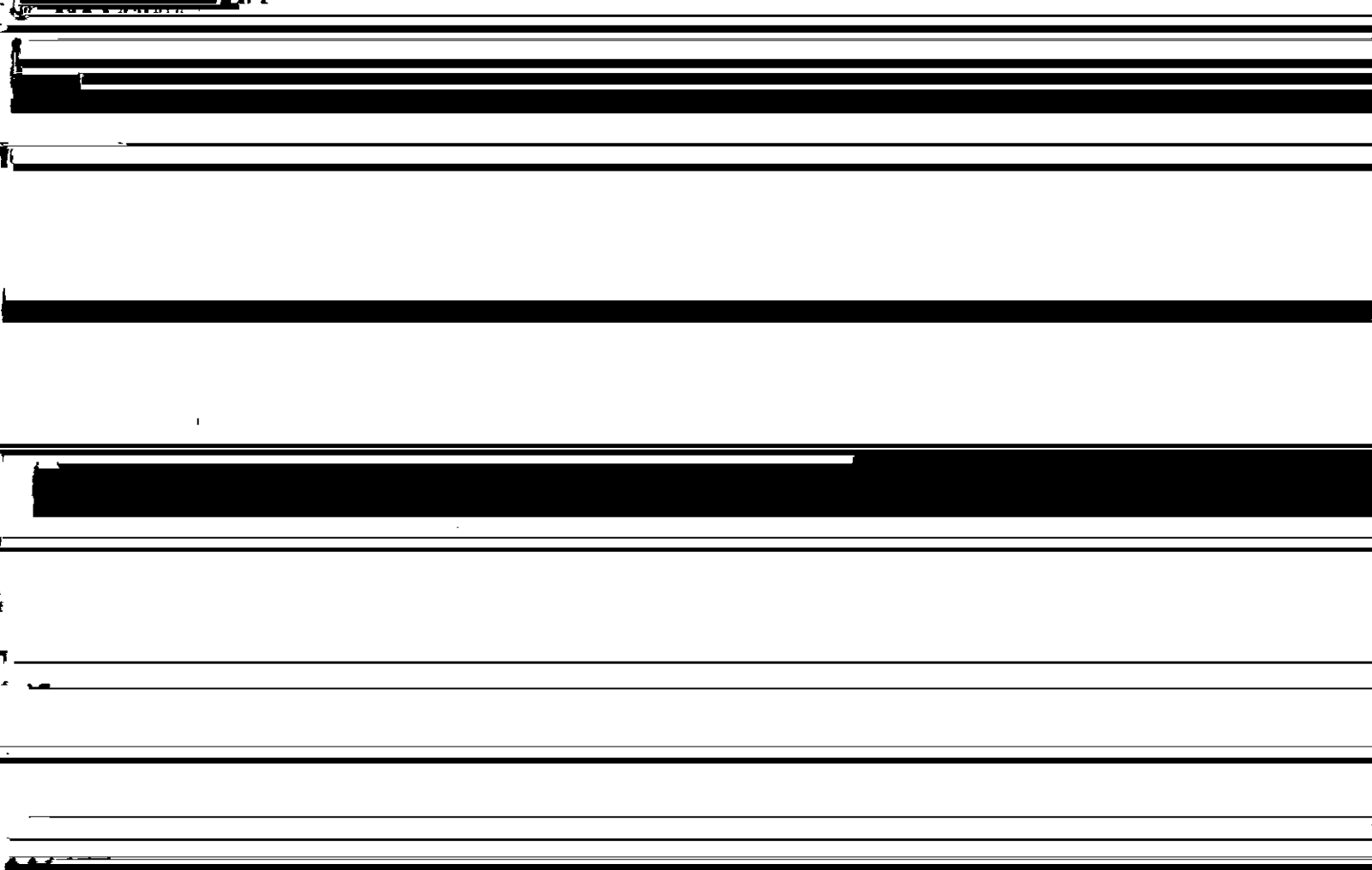
**D) Litigation:**

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

**NOTE 22 – SUBSEQUENT EVENTS:**

The District has evaluated subsequent events through October 6, 2020 which is the date the financial statements were available to be issued. The following significant events were identified:

- A) On July 1, 2020, the District issued a bond anticipation note in the amount of \$29,551,890, which is due July 1, 2021 and has a maturity of \$30,000,000.



**SUPPLEMENTARY INFORMATION**


EAST ISLIP UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL- GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
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Local sources

Real property taxes

962 570 055

964 946 677

964 946 677

135

1



(Continued)



**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DEPARTMENTAL PERFORMANCE**

[Redacted Table Content]

**BUDGET AND ACTUAL- GENERAL FUND**

[Redacted Table Content]

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

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

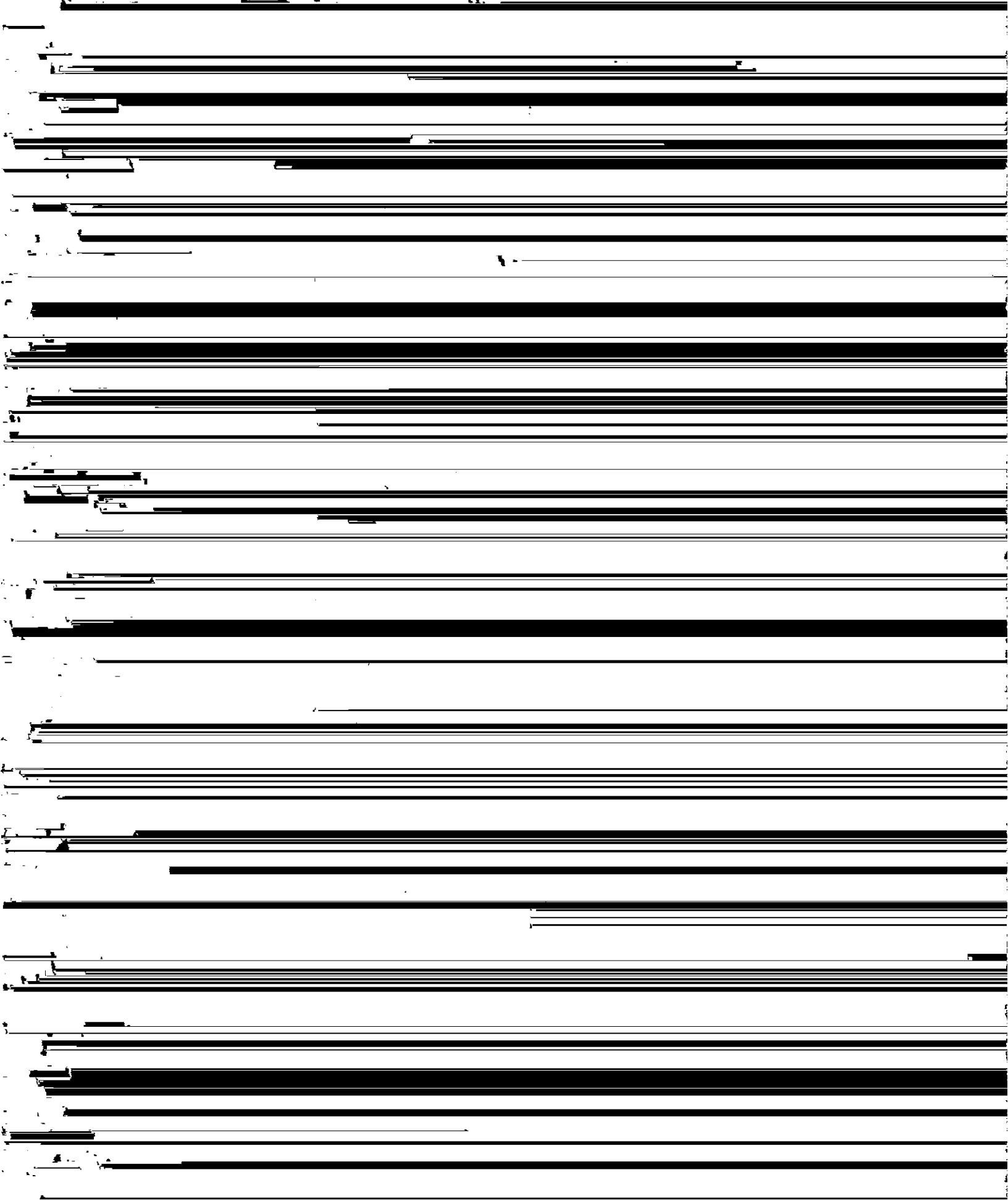
**Notes to Schedule:***Trust Assets*

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

*Changes of Assumptions*

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

The discount rate was 2.51% as of June 30, 2019.







**EAST ISLIP UNION FREE SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET - GENERAL FUND  
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION  
JUNE 30, 2020**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted budget	\$120,334,922
Additions:	
Prior year's encumbrances	<u>145,641</u>
Original budget	120,480,563

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

2020-2021 voter-approved expenditure budget	<u>\$120,505,188</u>
Maximum allowed (4% of 2020-2021 budget)	<u>\$4,820,208</u>

Supplemental Schedule #6

	Fund Balance June 30, 2020
1	\$-
2	1,912
3	4,747
4	1,156
5	186,718
6	186,718
7	335
8	79,746
9	25,518
10	849
11	1,000
12	500
13	141,885
14	1,721,113
15	1,000
16	1,357
17	1,968,262
18	531
19	572
20	11,204
21	103
22	11,204
23	269
24	(186,363) **
25	608
26	(12,760,220) *
27	150
28	695,567
29	000
30	(22,729,015) *
31	487
32	(\$32,813,847)

EAST ISLIP UNION FREE SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

JUNE 30, 2020

Capital assets, net

\$92,205,727

Add:

Deduct:

Short-term energy performance contract debt payable

\$113,150

Long-term energy performance contract debt payable

3,040,000

Less: Unspent energy performance contract proceeds

(695,567)

Short-term energy performance contract debt payable

Robert S. Abrams  
(1926-2014)



R.S. ABRAMS & CO., LLP

Member of the PwC network

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

As part of obtaining reasonable assurance about whether the East Islip Union Free School 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 to provide an independent opinion on the financial statements of the East Islip Union Free School District for the year ended June 30, 2011, and to report on 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.

Robert S. Abrams  
(1926-2014)

 R.S. ABRAMS & CO., LLP

Marianne F. Van Duyn, CDA

October 6, 2020

To the Board of Education

For Ms. Van Duyn, CDA

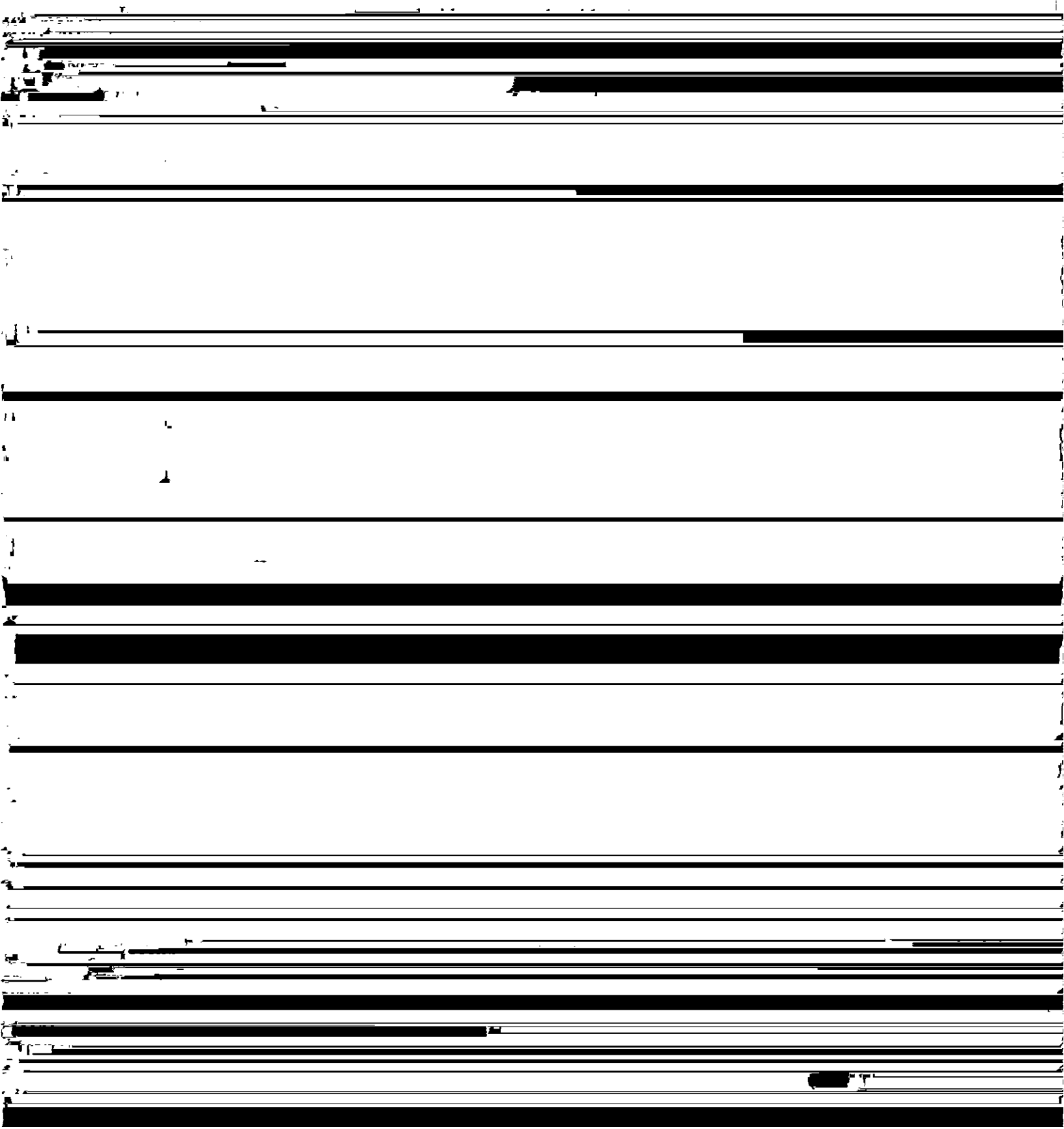
- Compensated Absences Liability – Management's estimate of the liability for

compensated absences is based on historical information regarding employees who have separated from East Islip Union Free School District and their terminal payout amounts, in order to determine the probability and amount of future payouts to employees for vested accumulated sick, vacation and/or leave terminal payouts. We evaluated the key

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 6, 2020.

*Management Consultations with Other Independent Accountants*





Restriction on Use

This information is intended solely for the information and use of the Board of Education, Audit Committee and management of East Islip Union Free School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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

R.S. Abrams & Co., LLP

Year End: June 30, 2020

**Adjusting Journal Entries**  
Date: 7/1/2019 To 6/30/2020

Date	Account No	Name	Debit	Credit
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6/30/2020	3101.100 GF	State Aid-Excess Cost		-9,000.00
6/30/2020	410.00 GF	Due From State and Federal		-19,626.00

To recognize deferred excess cost aid which was received during 19/20, and to write off receivable for 18/19 excess cost in excess of actually received.

6/30/2020	884.00 DS	Reserve for Debt		-165,894.59
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6/30/2020	0740.000 GF			
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6/30/2020	391.04 GF	Due from Trust & Agency	7,098.85	
6/30/2020	489.03 TA	Cosmetology Kits	7,098.85	
6/30/2020	630.00 TA	Due To Other Funds		-7,098.85
6/30/2020	2705.000 GF	Gifts and Donations		-7,098.85

To transfer donation from trust and agency fund to the general fund.

6/30/2020	223.00 DS	Cash W/Fiscal Agent-Library		-50,000.00
6/30/2020	884.00 DS	Reserve for Debt	50,000.00	