

**EAST ISLIP UNION WITH INDEPENDENT AUDITOR**

**'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2023**











EAST ISLIP UNION FREE SCHOOL DISTRICT  
0 \$ 1 \$ \* ( 0 ( 1 7 ¶ 6 ' , 6 & 8 6 6 , 2 1 \$ 1 ' \$ 1 \$ / < 6 , 6  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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- o The Governmental Fund Statement ~~describes~~ how basic services such as instruction and support functions were financed in the ~~short~~ term

EAST ISLIP UNION FREE SCHOOL DISTRICT  
0 \$ 1 \$ \* ( 0 ( 1 7 ¶ 6 ' , 6 & 8 6 6 , 2 1 \$ 1 ' \$ 1 \$ / < 6 , 6  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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EAST ISLIP UNION FREE SCHOOL DISTRICT

Exhibit 1

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EAST ISLIP UNION FREE SCHOOL DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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The change in deferred outflows represents amortization of pension related items and the change in the ' L V W U L F W ¶ V F R Q W U L E X W L R Q V X E V H T X H D S W S S W R N R O T E D V X U I and deferred outflows related to the total other post-employment benefits obligation as discussed in Note 15.

Current liabilities decreased by \$,457,047 or 6.69%, primarily due to decrease in accounts payable, accrued liabilities, bond anticipation notes payable, and collections advanced partially offset by increases accrued interest payable G X H W R R W K H U J R Y H U Q P H Q W retirement systems due to employee retirement systems and other liabilities 612 0 cities

EAST ISLIP UNION FREE SCHOOL DISTRICT

Exhibit 1



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FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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Variances between years for the Governmental Fund Financial Statements are not the same as variances between years for the District's L G H ) L Q D Q F L D O 6 W D W H P H Q W V 7 K H ' L V presented on the current financial resources measurement focus and the modified accrual basis of





EAST ISLIP UNION FREE SCHOOL DISTRICT

Exhibit 1



EAST ISLIP UNION FREE SCHOOL DISTRICT  
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

6. CAPITAL ASSETS, INTANGIBLE LEASE ASSETS, AND DEBT ADMINISTRATION

A. Capital Assets and Intangible Lease Assets

The District paid for furniture, equipment, vehicles, and various building additions and renovations during the fiscal year 2023 \$ V X P P D U \ R I W K H ' L V a n d U n t a n g i b l e L e a s e A s s e t s , D O net of accumulated depreciation and accumulated amortization, is as follows

Category	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)
Land	\$ 2,161,500	\$ 2,161,500	\$ -
Construction in progress	1,689,532	215,976	1,473,556
Buildings and improvements	176,849,512	174,218,613	2,630,899
Furniture, equipment and vehic	9,817,795	9,071,493	746,302
Subtotal	190,518,339	185,667,582	4,850,757

The District spent \$,001,252 in the general fund and school food service fund for furniture, equipment and vehicle purchases during the year and \$4,104,455 in the capital projects fund on construction in progress, buildings and improvements, and furniture, equipment, and vehicles. The District also recorded depreciation expense and loss on disposal of \$4,330,265 and amortization expense of \$51,608. See Note 9 to the financial statements for detail.

B. Long-Term Debt

At June 30, 2023, the District had total bonds payable, inclusive of unamortized premium, of \$24,092,350, energy performance contract payable of \$2,665,000, lease liability of \$9,733. The decrease in bonds payable, inclusive of unamortized premium, is due to current year principal payments and amortization expense. 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. O R U H G H W D L O H G L Q I R U P D W - R e c o r d e d i n P r e s e n t e d N o t e 1 2 t o W U L the financial statements.

A summary of outstanding long-term debt at June 30, 2023 and 2022 is as follows:

EAST ISLIP UNION FREE SCHOOL DISTRICT  
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Description	2023	2022	Increase (Decrease)
Bonds payable (net of unamortized premium)	\$ 24,092,350	\$ 25,724,212	\$ (1,631,862)
Energy performance contract payable	2,665,000	2,855,000	(190,000)
Lease liability	69,733	121,048	(51,315)
Total	<u>\$ 26,827,083</u>	<u>\$ 28,700,260</u>	<u>\$ (1,873,177)</u>

7. FACTORS BEARING ON 7 + ( ' , 6 7 5 , & 7 ¶ 6 ) 8 7 8 5 (

A. The general fund budget for the 2023-2024 school year was approved by the voters in the amount of \$25,761,934. This is an increase of \$1,006,222 or 0.81% from the 2022-2023 budget.

B. Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services and the property tax cap which will continue to impact the district.

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This financial report is designed to provide citizens, taxpayers, customers, and investors and

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EAST ISLIP UNION FREE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on bonds payable, energy performance contract debt, and lease liabilities, as well as claims and judgments, compensated absences, pension costs, and other post employment benefits, which are recognized as expenditures to the extent they have matured. Capital assets and intangible lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions of leases with terms greater than one year are reported as other financing sources.

E) Real Property Taxes:

Calendar

Real property taxes are levied annually by the Board no later than October 5 and become due and payable on November 1. The taxes are levied on the basis of the assessed value as of the first day of January of the year in which they are levied. The taxes are levied on the basis of the assessed value as of the first day of January of the year in which they are levied. The taxes are levied on the basis of the assessed value as of the first day of January of the year in which they are levied.

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 first day of July.

F) Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the expense is first charged to restricted net assets, if any, intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.



EAST ISLIP UNION FREE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

In the DistrictWide Financial Statements, eliminations have been made for all interfund receivables and payables between the funds except for those due from or to the fiduciary fund, if applicable

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet based on the right of legal offset.

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, disclosure of contingent items at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety, including computation of lease receivable and the corresponding deferred inflow of resources, lives of capital assets and intangible lease assets liability, ZRUNHUV FRPSHQVDWL payable compensated absence payable net pension asset/liability, total other post employment benefits obligation, and potential contingent liabilities.

I) Cash and Cash Equivalents:

7KH 'LVWULFWV FDK DQG FDK HTXLYDOHQWV FRQLV short term investments with original maturities of three months or less from date of acquisition. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

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

K) Inventory:

Inventory of food in the school lunch fund is recorded at cost on a first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the \*RYHUQPHQW VWDWHG YDOXH ZKLFK DSSUR[LPDWHV consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

A portion of fund balance in the school food service fund has been classified as nonspendable to indicate that inventory does not constitute available spendable resources.

L) Capital Assets:

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and 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 asset 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, 2023, the District has not recorded any such impairment losses.

M) Intangible Lease Assets:

Intangible 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 in the lease or the market rate for similar leases at the inception of the lease.

EAST ISLIP UNION FREE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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N) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reported deferred outflows of resources related to pension and total other post-employment benefits (OPEB) reported in the District-wide Statement of Net Position which are detailed further in Notes 13 and 15, respectively.

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EAST ISLIP UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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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~~ you-go basis.

R) Other Benefits:

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compensation plan established under the Internal Revenue Service Code ~~403(b)~~  
and 457(b).

In addition to providing pension benefits, the District provides ~~post~~ employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision ~~of~~ various employment contracts in effect at the time of UHWLUHPHQW 6XEVDQWLDOO\ DOO RI WKH 'LVWULFW









EAST ISLIP UNION FREE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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Committed fund balance - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, (i.e., the Board of Education). The District has no committed fund balances as of June 30, 2023.

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

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

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

The capital projects fund has a deficit unassigned fund balance of \$33,235,994. The deficit in the capital projects fund is the result of the District not obtaining permanent financing on capital improvement projects. The deficit unassigned fund balance should be eliminated once permanent financing is obtained by the District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can expend in 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 included in the assigned fund balance are also excluded from the 4% limitation.

Fund Balance Classification

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

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

Order of Use of Fund Balance:

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

EAST ISLIP UNION FREE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT -WIDE STATEMENTS:

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

A) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

The difference between the Total Fund Balances of Governmental Funds and the Net Position of Governmental Activities reported in the Statement of Position. The difference primarily results from additional long-term economic focus of the Statement of Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

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

Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when 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:

EAST ISLIP UNION FREE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 ± STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

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

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

Budgets are established and used for individual capital project funds expenditures as authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B) Encumbrances:

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

NOTE 4 ± DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents

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 deposited in Federal Deposit Insurance Company (FDIC) insured commercial banks or



EAST ISLIP UNION FREE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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NOTE 6 - STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2023 consisted of:

General fund	
Excess cost aid	\$ 950,045
General aid	1,805,546
Due from New York State	264,731
Total General Fund	<u>3,020,322</u>
Special aid fund	
Federal aid	907,545
State aid	635,408
Total Special Aid Fund	<u>1,542,953</u>
School food service fund	
Federal reimbursements	41,293
State reimbursements	4,122
Total School Food Service Fund	<u>45,415</u>
Capital projects fund	
State aid - Smart Schools Bond Act	<u>196,113</u>
Total -State and federal aid receivable	<u><u>\$ 4,804,803</u></u>

EAST ISLIP UNION FREE SCHOOL DISTRICT  
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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 IRU WKH ' LVW ULFW \ V O H 530,181 and FHLYDE \$18,287, respectively, for the fiscal year ended June 30, 2023

The following is a summary of the principal and interest requirements DOW X ULW \ IRU WKH ' L lease receivable

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 316,747	\$ 5,767	\$ 322,514
2025	20,725	265	20,990
	<u>\$ 337,472</u>	<u>\$ 6,032</u>	<u>\$ 343,504</u>

District management has deemed the amounts to be fully collectible.

NOTE 9 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS :

A) Capital Assets

Capital asset balances and activity for the year ended June 30, 2023, were as follows:



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	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Intangible lease assets				
Furniture and equipment	\$ 171,492	\$ -	\$ -	\$ 171,492
Total intangible lease assets being amortized	171,492	-	-	171,492
Less accumulated amortization:				
Furniture and equipment	51,608	51,608	-	103,216
Total accumulated amortization	51,608	51,608	-	103,216
 Total intangible lease assets, net	 \$ 119,884	 \$ (51,608)	 \$ -	 \$ 68,276

Amortization expense of \$51,608 was charged to the governmental functions as general support.

NOTE 10 - INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 4,178,215	\$ 49,666	\$ 1,081,348	\$ 4,625,304
Special aid fund	-	1,332,469	133,600	-
School food service fund	49,666	-	49,686	-
Debt service fund	3,116,435	1,691,857	3,571,230	725,180
Capital projects fund	-	4,270,324	2,000,000	1,485,380
Totals	<u>\$ 7,344,316</u>	<u>\$ 7,344,316</u>	<u>\$ 6,835,864</u>	<u>\$ 6,835,864</u>

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 general fund to the capital projects fund to finance capital projects with voter approved use of capital reserve monies. The District transferred from the capital projects fund to the general fund for bond anticipation notes premiums and from the capital projects fund to the debt service fund for bond premiums.

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

NOTE 11 - SHORT-TERM DEBT:

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



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B) Bond Premium



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assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System may be obtained

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 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

)RU (56 WKH &RPSWUROOHU DQQXDOO\ FHUWLILHV WKH payroll annually, which are used in computing the contributions required to be made by HPSOR\HUV WR WKH SHQVLRQ DFFXPXODWLRQ IXQG IRU 'LVWULFW\VLXWLRQ UDWHV IRU (56 for covered payroll was 13.0% for Tiers 3 & 4, 11.1% for Tier 5, and 8.2% for Tier 6.

3XUVXDQW WR \$UWLFOH RI WKH (GXFDWLRQ /DZ WK Board establishes rates annually for TRS. The 'LVWULFW\VLXWLRQ fiscal years ended June 30, 2022 and 2021 for covered payroll were 10.29% and 9.80%, respectively.

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 \HDUV EDVHG RQ FRYHUHG SD\RU IRU WKH 'LVWULFW

	NYSTRS	NYSERS
2023	\$ 4,935,635	\$ 1,246,606
2022	\$ 4,558,814	\$ 1,382,455
2021	\$ 4,364,782	\$ 1,577,444

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

At June 30, 2023, the District reported the following asset for its proportionate share of the net pension asset/liability for each of the Systems. The net pension asset/liability was measured as of March 31, 2023 for ERS and June 30, 2023 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation, with update procedures used to roll forward the total pension asset/(liability). The proportion of the net pension asset/liability was based on a SURMHFWLRQ RI - Work share of contributions to the Systems relative to the

EAST ISLIP UNION FREE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension asset/(liability)	\$ (5,802,057)	\$ (5,038,815)
District's portion of the Plan's total net pension asset/(liability)		

For the fiscal year ended June 30, ~~20~~ the District recognized pension expense of \$2,337,792 for ERS and pension expense of \$6,864,574 for TRS. At June 30, ~~20~~ the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
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District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ended June 30, ~~20~~ Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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	<u>ERS</u>	<u>TRS</u>
Plan year ended:		
2023	\$ -	\$ 4,196,207
2024	1,020,535	2,272,109
2025	(115,032)	(649,979)
2026	1,323,808	12,918,959
2027	1,633,957	1,690,709
Thereafter	-	117,528
	<u>\$ 3,863,268</u>	<u>\$ 20,545,533</u>



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For ERS, the long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

For TRS, the long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

Measurement Date

<u>Asset type</u>	<u>Target Allocation</u>
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The expected real rate of return is net of the long term inflation assumptions of 2.50% for ERS and 2.40% for TRS.

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Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% 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 current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. % DVHG XSRQ WKH DVVXPSWLRQV WKH 6\ V was projected to be available to make all projected 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 asset/(liability).

Sensitivity of the Proportionate Share of the Pension Asset/(Liability) to the Discount Rate Assumption

7KH IROORZLQJ SUHVHQWV WKH 'LVWULFWV SURSRUWL calculated using the discount

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	(Dollars in Thousands)	
	ERS	TRS
	March 31, 2023	June 30, 2022
Measurement date		
Employers' total pension liability	\$ (232,627,259)	\$ (133,883,474)
Plan fiduciary net position	211,183,223	131,964,582
Employers' net pension liability	<u>\$ (21,444,036)</u>	<u>\$ (1,918,892)</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	90.78%	98.57%

Payables to the Pension Plan

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 ends on March 31. Accrued retirement contributions as of June 30, 2023 represent the  
 projected employer contribution for the period of April 2023 through June 30, 2023.  
 EDVHG RQ SDLG (56 ZDJHV PXOWLSOLHG E\ WKH HPSOR\  
 retirement contributions as of June 30, 2023 amounted to \$98,335.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023, are  
 paid to the System in September, October and November 2023 through a state aid intercept,  
 with a balance to be paid by the District, if necessary. Accrued retirement contributions as  
 of June 30, 2023 represent employee and employer contributions for the fiscal year ended  
 June 30, 2023. EDVHG RQ SDLG 756 ZDJHV PXOWLSOLHG E\ WK



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

Fiscal Year ended June 30:	
2024	\$ (372,459)
2025	999,746
2026	(2,648,502)
2027	(11,712,573)
2028	800,495
	\$ (12,933,293)

**NOTE 16 ±RESTRICTED FUND BALANCE ±APPROPRIATED RESERVES**

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2023 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2024:

Unemployment insurance	\$ 55,000
Employee benefit accrued liability	

**NOTE 17 ±ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$199,636 has been appropriated to reduce taxes for the year ending June 30, 2024.

**NOTE 18 ±RESTRICTED FOR CAPITAL RESERVE**

7KH IROORZLQJ LV D VXPPDU\ RI WKH 'LVWULFWU\ UHVWULF

	<u>Capital Reserve</u>
Date Created	2016
Number of Years to Fund	10
Maximum Funding	\$ 20,000,000
<b>General Fund</b>	
Funding Provided	\$ 12,194,905
Interest Earnings	84,631
Use of Reserve	(10,251,736)
Total General Fund	2,027,800
<b>Capital Projects Fund</b>	
Funding Provided	10,251,736
Use of Reserve	(2,876,514)
Total Capital Projects Fund	7,375,222
Balance as of June 30, 2023	\$ 9,403,029

EAST ISLIP UNION FREE SCHOOL DISTRICT  
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NOTE 19 RISK MANAGEMENT:

A) General:

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

B) Risk Retention:

The District has established a 12 Tf ars.





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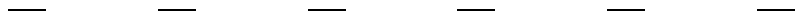
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON A REVIEW OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education  
East Islip Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits established by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the East Islip Union Free School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we conducted an 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our audit was conducted for the purpose of expressing an opinion on the financial statements and was not designed to identify all deficiencies in internal control that might constitute weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies or significant deficiencies that we consider to be material weaknesses or significant deficiencies. However, other deficiencies or significant deficiencies may exist that were not identified.

