PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE | **BOND ANTICIPATION NOTES**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

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

$37,434,277

EAST ISLIP UNION FREE SCHOOL DISTRICT

SUFFOLK COUNTY, NEW YORK

GENERAL OBLIGATIONS

$37,434,277 Bond Anticipation Notes, 2023 (Renewals)

(referred to herein as the "Notes")

Dated: June 26, 2023 | **Due: June 26, 2024**

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

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

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

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of $5,000 or integral multiples thereof, except for a necessary odd denomination which is or includes $9,277. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon on with the purchaser, or about June 26, 2023.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on June 8, 2023 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

June 2, 2023

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

EAST ISLIP UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2022-2023 BOARD OF EDUCATION

CHRISTOPHER ZACHRY
President

MICHAEL DORGAN
Vice President

WILLIAM CARPLUK
STEPHEN RULAND
TIMOTHY SASSONE

* * * * * * * * * * *

PAUL E. MANZO
Superintendent

STEPHEN D. HARRISON
Assistant Superintendent for Business

JESSICA PERTICONE
School District Treasurer

FISCAL ADVISORS & MARKETING, INC.
School District Municipal Advisor

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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OFFICIAL STATEMENT

OF THE

EAST ISLIP UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

RELATING TO

$37,434,277 Bond Anticipation Notes, 2023 (Renewals)

This Official Statement, which includes the cover page and appendices, has been prepared by the East Islip Union Free School District, Suffolk County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $37,434,277 principal amount of Bond Anticipation Notes, 2023 (Renewals) (the "Notes").

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

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "STATE AID" and "MARKET AND RISK FACTORS - COVID-19" herein.

NATURE OF OBLIGATION

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

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

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

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

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

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

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

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

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

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

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

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

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THE NOTES

Description of the Notes

The Notes are general obligations of the School District, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF THE OBLIGATIONS" and "TAX LEVY LIMITATION LAW" herein.

The Notes will be dated June 26, 2023 and will mature June 26, 2024 The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) registered certificated form registered in the name of the purchaser, in denominations of $5,000 each or multiples thereof, except for a necessary odd denomination which is or includes $9,277, as may be determined by the successful bidder or (ii) at the option of the purchaser, in book-entry-only form, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

On May 15, 2018, the qualified voters of the District approved a proposition authorizing the construction of improvements to school facilities at a maximum estimated cost of $59,996,334, with such cost being funded with $2,000,000 from the District's existing Capital Reserve Fund and the balance of such cost, not in excess of $57,996,334, through the issuance of the District's serial bonds. The Notes are being issued pursuant to a bond resolution duly adopted by the Board of Education on June 14, 2018.

The proceeds of the Notes, along with $4,204,088 available funds of the District, will partially redeem and renew $41,638,365 bond anticipation notes maturing on June 27, 2023.

BOOK-ENTRY-ONLY SYSTEM

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

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

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial

Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof, except for a necessary odd denomination which is or includes $9,277, as may be determined by the successful bidder. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The East Islip Union Free School District is located in the County of Suffolk, in the Town of Islip, about 45 miles from New York City. The School District has an area of approximately 12.5 square miles and a population currently estimated at 23,725 (U.S. Census Bureau, 2021 estimate).

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

Source: District officials.

Local Economy

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

Source: District officials.

District Population

The District has an estimated 2021 population of 23,725. (Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2010	2017-2021	2000	2010	2017-2021
Town of:						
Islip	$ 23,699	$ 30,893	$ 42,716	$ 70,451	$ 89,491	$ 127,723
County of:						
Suffolk	26,577	35,755	49,404	72,112	96,220	130,575
State of:						
New York	23,389	30,948	43,208	51,691	67,405	92,731

Note: 2018-2022 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2017-2021 American Community Survey data.

Unemployment Rate Statistics

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

	Annual Average						
	2016	2017	2018	2019	2020	2021	2022
Town of Islip	4.5%	4.4%	3.7%	3.5%	8.4%	4.6%	3.2%
Suffolk County	4.4	4.4	3.8	3.6	8.1	4.6	3.1
New York State	4.9	4.6	4.1	3.8	9.9	6.9	4.3

	2023 Monthly Figures					
	Jan	Feb	Mar	Apr	May	June
Town of Islip	3.7%	3.5%	3.1%	2.4%	N/A	N/A
Suffolk County	3.7	3.5	3.1	2.4	N/A	N/A
New York State	4.6	4.5	4.0	3.7	N/A	N/A

Note: Unemployment rates for May and June 2023 are unavailable as of the date of this Official Statement.

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

Form of School Government

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

Budgetary Procedures and Recent Budget Votes

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

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

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

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

Recent Budget Vote Results

The budget for the 2022-23 fiscal year was approved by the qualified voters on May 17, 2022 by a vote of 1,582 to 733. The approved budget for the 2022-23 fiscal year called for a tax levy increase of 0.93%, which was equal to the District's maximum allowable tax levy increase of 0.93% for the 2022-23 fiscal year

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

Investment Policy

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

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

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2023-2024 fiscal year, approximately 34.47% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

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

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

Federal aid received by the State

President Biden has signed into law the American Rescue Plan, a $1.9 trillion COVID-19 relief package that includes $350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional $1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The District has been allocated $1,937,475 under the American Rescue Plan (ARP) and $3,300,510 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). The District has received $922,792 ARP funds and $2,606,455 CRRSA funds to date.

The State receives a substantial amount of federal aid for other health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2022-2023 preliminary building aid ratios, the District expects to receive State building aid of approximately 70.0% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

As mentioned in the District's financials for the fiscal year ending June 30, 2014, the District has been notified by the New York State Education Department that the District is subject to building aid recapture in the amount of $2,249,247. The District has received approval to pay this amount over five years, beginning in June 2017. As of June 30, 2021, the District made its final 5th payment.

State aid history:

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

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

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

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

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

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

State Aid Litigation

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

After further litigation, on appeal in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive $5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011. (See both "*School district fiscal year (2022-2023)*" and the following paragraphs herein.)

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date. However, see the following paragraph regarding the anticipated phase-in.

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

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

State Aid Revenues

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

Fiscal Year	Total Revenues [(1)]	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2017-2018	$ 113,614,893	$ 38,386,239	33.79%
2018-2019	114,480,312	38,917,959	34.00
2019-2020	113,771,304	37,731,316	33.16
2020-2021	115,965,685	38,608,124	33.29
2021-2022	116,315,807	39,232,752	33.73
2022-2023 (Budgeted)	118,987,584	41,539,129	34.91
2022-2023 (Unaudited)	120,517,571	41,346,540	34.31
2023-2024 (Budgeted)	119,849,507	41,313,335	34.47

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

Source: Audited financial statements for the 2017-2018 through 2021-2022 fiscal years and the adopted budgets for the 2022-2023 and 2023-2024 fiscal years. 2022-2023 unaudited projections are based upon certain current assumptions and estimates and the audited results may vary therefrom. This table is not audited.

District Facilities

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

Note: The District currently leases classroom space in a portion of the Early Childhood Center (ECC) for annual rental income of approximately $291,484 The District leases space to Eastern Suffolk BOCES at Timber Point for annual rental income of $20,184. The District leases space to Cleary School for the Deaf at the High School, the Middle School, Connetquot and Ruth C Kinney for annual rental income of approximately $101,088.

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2018-19	3,698	2023-24	3,402
2019-20	3,583	2024-25	3,362
2020-21	3,465	2025-26	3,322
2021-22	3,382	2026-27	3,282
2022-23	3,459	2027-28	3,242

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

The District has experienced continued and consistent enrollment decreases. Incoming kindergarten classes have not been large enough to replace outgoing graduating classes. Expectation is for future enrollment decreases to continue but at a slower pace. In addition, current enrollment figures have been impacted by COVID-19 pandemic due to transfers from public to private schools. Future projected enrollment has been adjusted by Western BOCES due to this trend.

Source: District officials.

Employees

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

Number of Employees	Bargaining Unit	Contract Expiration Date
355	East Islip Teachers Assoc. (1)	June 30, 2027
64	East Islip Secretarial Assoc.	June 30, 2026
52	Custodians Assoc.	June 30, 2024
23	Assoc. of School Administrators (2)	June 30, 2025
112	East Islip Paraprofessional Assoc. (4)	June 30, 2024
24	East Islip Teaching Assistants	June 30, 2024
46	East Islip Security Guards (3)	June 30, 2026

(1) Includes 10 nurses.
(2) Includes 3 central office.
(3) Association is comprised mostly of part-time employees.
(4) Association is comprised of mostly full-time employees

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

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

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

The District's payments to the Retirement Systems for the past five fiscal years and the budgeted payments for the 2022-2023 and 2023-2024 fiscal year are as follows:

Fiscal Year	ERS	TRS
2017-2018	$ 1,466,290	$ 4,349,223
2018-2019	1,402,287	4,797,870
2019-2020	1,407,780	3,959,218
2020-2021	1,572,499	4,342,091
2021-2022	1,382,455	4,558,814
2022-2023 (Budgeted)	1,440,901	5,053,135
2023-2024 (Budgeted)	1,467,349	4,611,399

Source: District officials.

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

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

A chart of average ERS and TRS rates as a percent of payroll (2020 to 2024) is shown below:

Year	ERS	TRS
2019-20	14.6%	8.86%
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	16.1	10.29
2023-24	13.1	9.76*

* Estimated. Final contribution rate to be adopted at the July 26, 2023 TRS retirement board meeting.

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

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

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

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

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

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

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

Other Post Employee Benefits

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

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

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires District's to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

The District contracted with Capital Region BOCES to calculate its first actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2021 and 2022 fiscal years, by source.

Balance beginning at:	July 1, 2020	July 1, 2021
	$ 336,908,396	$ 359,333,734
Changes for the year:		
Service cost	12,363,607	12,991,842
Interest on total OPEB liability	7,630,938	7,955,022
Changes in Benefit Terms	(5,971,012)	-
Differences between expected and actual experience	5,570,164	876,294
Changes in Assumptions or other inputs	10,836,767	(75,954,672)
Benefit payments	(8,005,126)	(8,118,406)
Net Changes	$ 22,425,338	$ (62,249,920)
Balance ending at:	**June 30, 2021**	**June 30, 2022**
	$ 359,333,734	**$ 297,083,814**

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

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

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

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

Other Information

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

The District has complied with the procedure for the publication of the Estoppel Notice with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2022 and is attached hereto as "APPENDIX – E". In addition, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

Unaudited Results for Fiscal Year Ending June 30, 2023

The District expects to end the fiscal year ending June 30, 2023 with an unassigned fund balance of $5,030,477.

Summary unaudited information for the General Fund for the period ending June 30, 2023 is as follows:

Revenues:	$120,517,571
Expenditures:	(121,572,901)
Excess (Deficit) Revenues Over Expenditures:	$(1,055,330)
Total Fund Balance at June 30, 2022:	$29,231,792
Total Estimated Fund Balance at June 30, 2023:	$30,174,663

The audited report for the fiscal year ending June 30, 2023 is expected to be available on or about October 13 2023.

Note: These projections are based upon certain current assumptions and estimates and the audited results may vary therefrom. On May 16, 2023 the District received approval from the community to expend $2,000,000 from the 2015-2016 Capital Reserve Fund. The District subsequently transferred the $2,000,000 from the General Fund to the Capital Projects fund, which is included in the above noted expenditures.

Source: District officials.

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

Fiscal Year Ending In	Stress Designation	Fiscal Score
2022	No Designation	0.0
2021	No Designation	20.0
2020	No Designation	6.7
2019	No Designation	0.0
2018	No Designation	0.0

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

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

New York State Comptroller Reports of Examination

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

Key Findings:

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

Key Recommendations:

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

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

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2019	2020	2021	2022	2023
Total Assessed Valuation	$ 359,256,877	$ 360,890,618	$ 364,569,127	$ 365,699,265	$ 366,022,821
State Equalization Rates	12.12%	11.35%	10.77%	9.70%	9.28%
Total Taxable Full Valuation	$ 2,964,165,652	$ 3,179,653,022	$ 3,385,042,962	$ 3,770,095,515	$ 3,944,211,433

Tax Rates Per $1,000 (Assessed) (1)

Fiscal Year Ending June 30:	2019	2020	2021	2022	2023
	$ 209.76	$ 200.94	$ 197.25	$ 199.60	$ 201.20

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

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2019	2020	2021	2022	2023
Total Tax Levy	$ 71,339,779	$ 71,910,497	$ 71,910,497	$ 72,991,599	$ 73,673,245
Amount Uncollected (1)	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

(1) See "Tax Collection Procedure" herein.

Tax Collection Procedure

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

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

Real Property Tax Revenues

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

Fiscal Year	Total Revenues [1]	Total Real Property Tax Levy & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2017-2018	$ 113,614,893	$ 71,407,611	62.85
2018-2019	114,480,312	71,910,056	62.81
2019-2020	113,771,304	72,500,008	63.72
2020-2021	115,965,685	72,505,036	65.52
2021-2022	116,315,807	73,585,560	63.26
2022-2023 (Budgeted)	118,987,584	74,613,433	62.71
2022-2023 (Unaudited)	120,517,571	74,661,737	61.95
2023-2024 (Budgeted)	119,849,507	75,692,150	63.16

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

Source: Audited financial statements for the 2017-2018 through 2021-2022 fiscal years and the adopted budgets for the 2022-2023 and 2023-2024 fiscal years. This table is not audited. 2022-2023 unaudited projections are based upon certain current assumptions and estimates and the audited results may vary therefrom.

Ten Largest Taxpayers – 2022 Assessment Roll for 2022-23 School District Tax Roll

Name	Type	Taxable Assessed Valuation
Westbrook LLC	Real Estate Agency	$ 3,512,000
Long Island Power Authority	Utility	3,392,783
Levin East Islip	Apartments	2,800,000
FK Partners – c/o Stop & Shop	Shopping Center w/ Restaurant	2,110,900
Keyspan Gas East Corporation	Special Franchise	2,004,848
Westbrook Village	Apartments	1,638,500
Westbrook Green	Apartments	1,512,000
Long Island Lighting Co. c/o Keyspan Corp	Utility	1,423,000
Fairfield Bellmore Avenue LLC	Apartments	1,395,000
300 Montauk LLC	Neighborhood Shopping Center	1,013,100

The ten larger taxpayers listed above have a total taxable assessed valuation of $20,802,131, which represents 5.68% of the 2022-2023 tax base of the District.

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

Source: District Tax Rolls.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $90,550 or less in 2021-22 or $92,050 or less in 2022-23, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $70,700 for the 2021-22 school year and the first $74,900 for the 2022-23 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of $250,000 ($500,000 in the case of a STAR credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence.

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

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

Town of:	Enhanced Exemption	Basic Exemption	Date Certified
Islip	$ 11,990	$ 4,450	4/6/2023

$5,462,292 of the District's $74,613,433 school tax levy for 2022-23 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2023.

$5,455,805 of the District's $75,692,150 school tax levy for the 2023-2024 fiscal year is expected to be exempted by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State in January 2024.

For a description of the State's STAR Aid payment schedule see "THE SCHOOL DISTRICT – State Aid" herein.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

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

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

(1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication, or

(3) Such obligations are authorized in violation of the provisions of the Constitution.

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

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2018	2019	2020	2021	2022
Bonds	$ 18,360,000	$ 12,885,000	$ 7,160,000	$ 1,185,000	$ 24,595,000
Bond Anticipation Notes	15,432,500	20,932,859	26,253,705	70,076,334	41,638,365
Other Debt	0	0	0	0	0
Total Debt Outstanding	$ 33,792,500	$ 33,817,859	$ 33,413,705	$ 71,261,334	$ 66,233,365

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 2, 2023.

Type of Indebtedness	Maturity		Amount
Bonds	2023-2035		$ 24,595,000
Tax Anticipation Notes	June 29, 2023		19,000,000 (1)
Bond Anticipation Notes			
Capital Project – 2018 Referendum	June 27, 2023		41,638,365 (2)
		Total Indebtedness	$ 85,233,365

(1) To be repaid at maturity with available funds of the District.

(2) The proceeds of the Notes, along with $4,204,088 available funds of the District, will partially redeem and renew $41,638,365 bond anticipation notes maturing on June 27, 2023.

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 2, 2023:

Full Valuation of Taxable Real Property			$ 3,944,211,433
Debt Limit 10% thereof			394,211,143
Inclusions:			
Bonds	$ 24,595,000		
Bond Anticipation Notes	4,204,088		
Principal of the Notes	37,434,277		
Total Inclusions		$ 66,233,365	
Exclusions:			
State Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 66,233,365
Net Debt-Contracting Margin			$ 327,977,778
The percent of debt contracting power exhausted is			16.80%

[1] Based on preliminary 2023-2024 building aid estimates, the District anticipates State Building aid of 70.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: Tax anticipation or revenue anticipation notes are not included in the computation of the net indebtedness of the District.

Bonded Debt Service

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

Capital Project Plans

On May 15, 2018, District voters approved a capital project in the amount of $59,996,334 of which up to $57,996,334 will be bonded with the remaining $2,000,000 to be funded by a Capital Reserve. It is anticipated that construction will be done in two phases, with Phase 1 commenced in fall 2018. On October 26, 2018, the District issued $7,666,815 bond anticipation notes as the first borrowing against said authorization which financed a portion of Phase 1 of the project. The District issued $7,631,815 bond anticipation renewal notes on October 9, 2019, which along with $35,000 available funds of the District, redeemed $7,666,815 bond anticipation notes which matured on October 10, 2019. On October 8, 2020, the District issued $7,486,815 bond anticipation notes, which along with $145,000 available funds of the District, redeemed $7,631,815 bond anticipation notes which matured on October 9, 2020. On June 28, 2021, the District issued $7,131,815 bond anticipation notes which along with $355,000 available funds of the District, redeemed $7,486,815 bond anticipation notes which matured on June 29, 2021.

On July 2, 2019, the District issued $5,551,890 bond anticipation notes as the second borrowing against said authorization. On July 1, 2020, the District issued $29,551,890 bond anticipation notes which provided $24,000,000 new monies for the project and renewed $5,551,890 bond anticipation notes in full on July 1, 2020. On June 28, 2021, the District issued $29,456,890 bond anticipation notes which along with $95,000 available funds of the District renewed $29,551,890 bond anticipation notes which matured on July 1, 2021 and provided $20,717,629 new monies for the aforementioned purpose.

The District issued Series B Bonds on June 28, 2022 along with $643,705 available funds, that permanently financed $12,588,705 bond anticipation notes that matured on June 28, 2022. The District issued bond anticipation notes along with $3,079,264 available funds, redeemed and renewed $44,717,629 bond anticipation notes that matured June 28, 2022. The $41,638,365 bond anticipation notes will mature on June 27, 2023. The proceeds of the Notes, along with $4,204,088 available funds of the District, will partially redeem and renew $41,638,365 bond anticipation notes maturing on June 27, 2023 for the aforementioned purpose.

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

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

Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the fiscal year ending June 30, 2022 was $81,068. The minimum remaining operating lease payments are as follows:

Fiscal Year Ending		Total
2023		$ 76,205
2024		76,205
2025		16,074
	Total	$ 168,484

Source: District records.

Energy Performance Contracts

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

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

Fiscal Year Ending	Principal	Interest
2023	$ 190,000	$ 73,945
2024	195,000	69,024
2025	195,000	63,973
2026-2030	1,065,000	241,000
2031-2035	1,210,000	95,701
TOTAL	$ 2,855,000	$ 543,643

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

Source: Audited financial statements of the District attached hereto as "APPENDIX – E"

Tax Anticipation Notes

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

Fiscal Year	Amount	Type	Issue Date	Due Date
2012 - 2013	$ 24,000,000	TAN	8/3/2012	6/28/2013
2013 - 2014	21,000,000	TAN	8/1/2013	6/27/2014
2014 - 2015	23,000,000	TAN	8/1/2014	6/27/2015
2015 - 2016	22,000,000	TAN	8/27/2015	6/30/2016
2016 - 2017	22,000,000	TAN	9/8/2016	6/29/2017
2017 - 2018	20,000,000	TAN	9/21/2017	6/29/2018
2018 - 2019	19,000,000	TAN	9/26/2018	6/28/2019
2019 - 2020	19,000,000	TAN	10/9/2019	6/26/2020
2020 - 2021	19,000,000	TAN	10/8/2020	6/29/2021
2021 - 2022	19,000,000	TAN	10/21/2021	6/29/2022
2022 - 2023	19,000,000	TAN	10/31/2022	6/29/2023

The District has not borrowed for cash flow purposes through the issuance of revenue anticipation notes during this same time and has no such current plans.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Net Overlapping Indebtedness
County of:						
Suffolk	12/31/2021	$ 1,781,213,411	$ -	$ 1,781,213,411	1.05%	$ 18,702,741
Town of:						
Islip	12/31/2021	185,313,897	-	185,313,897	8.03%	14,880,706
					Total:	$ 33,583,447

(1) Bonds and bond anticipation notes as of close of the 2021 fiscal year. Not adjusted to include subsequent bond sales, if any.
(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Note: The 2022 Comptroller’s Special Report is currently unavailable as of the date of this Official Statement.

Source: Comptroller’s Special Report on Municipal Affairs for Local Finance Years Ended in 2021.

Debt Ratios

The following table sets forth certain ratios relating to the District’s indebtedness as of June 2, 2023:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness[c]	$ 66,233,365	$ 2,791.71	1.68%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	99,816,812	4,207.24	2.53

(a) The current estimated population of the District is 23,725. (See “THE SCHOOL DISTRICT - Population” herein.)
(b) The District's full value of taxable real estate for 2022-2023 is $3,944,211,433. (See “TAX INFORMATION – Taxable Assessed Valuations” herein.)
(c) See "Debt Statement Summary" herein.
(d) Estimated net overlapping indebtedness is $33,583,447. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

Cybersecurity

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – D".

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

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

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

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

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

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

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

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

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the respective approving legal opinioN of Orrick, Herrington & Sutcliffe LLP Bond Counsel. Bond Counsel's opinion will be in substantially the forms attached hereto as "APPENDIX – D".

CONTINUING DISCLOSURE

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

Historical Continuing Disclosure Compliance

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

LITIGATION

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

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

RATINGS

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

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

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

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

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

EAST ISLIP UNION FREE SCHOOL DISTRICT

Dated: June 2, 2023

CHRISTOPHER ZACHRY
PRESIDENT OF THE BOARD OF EDUCATION
AND CHIEF FISCAL OFFICER

GENERAL FUND
Balance Sheets

Fiscal Years Ending June 30:	2018	2019	2020	2021	2022
ASSETS					
Unrestricted Cash	$ 11,867,825	$ 13,416,821	$ 6,974,131	$ 2,730,599	$ 9,435,711
Restricted Cash	11,091,404	12,063,459	14,856,550	18,995,444	18,316,823
Taxes Receivable	-	10,368	-	-	-
Accounts Receivable	433,135	246,638	374,440	153,400	52,981
Due from Other Funds	1,909,442	1,853,819	9,429,777	11,448,440	6,498,371
State and Federal Aid Receivable	2,767,426	1,415,515	1,403,710	2,215,311	1,539,733
Due from Other Governments	191,291	2,489,013	1,843,769	1,764,343	2,850,332
Leases Receivable	-	-	-	-	857,614
Prepaid Expenditures	-	-	-	-	-
Deferred Expenditures	-	-	-	-	-
TOTAL ASSETS	$ 28,260,523	$ 31,495,633	$ 34,882,377	$ 37,307,537	$ 39,551,565
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 2,322,186	$ 1,273,229	$ 2,371,204	$ 1,629,058	$ 2,070,920
Accrued Liabilities	453,240	508,708	628,090	300,123	252,017
Due to Other Funds	2,358,302	-	-	-	7,474
Due to Other Governments	143,984	1,968,856	1,063,713	1,764,940	1,847,223
Due to Teachers' Retirement System	4,442,581	4,895,347	4,070,177	4,481,632	4,761,021
Due to Employees' Retirement System	389,165	391,421	358,625	481,394	340,630
Student Deposits	-	-	-	8,880	8,894
Deferred Revenue	330,191	370,813	792,909	186,880	1,031,594
TOTAL LIABILITIES	10,439,649	9,408,374	9,284,718	8,852,907	10,319,773
FUND EQUITY					
Nonspendable: Inventories	$ -	$ -	$ -	$ -	$ -
Restricted:					
Reserved for Worker's Compensation	1,350,553	1,355,905	1,360,264	1,363,766	1,367,321
Reserved for Unemployment	395,461	161,278	161,797	162,213	162,636
Reserved for Retirement Contribution	1,948,072	2,859,360	3,616,423	4,427,792	5,211,873
Reserved for Insurance	35,234	35,374	35,488	35,580	35,673
Reserved for Encumbrances	-	-	-	-	-
Reserved - Repair	-	401,585	1,406,092	2,803,409	3,813,323
Reserved for Employee Benefits	3,308,698	4,226,544	4,240,135	4,251,051	5,725,997
Reserved - Capital	2,012,480	3,023,413	4,036,351	5,951,633	2,000,000
Assigned:					
Appropriated Fund Balance	3,675,035	5,064,766	4,878,947	4,429,097	5,768,128
Designated for other government	1,349,549	449,850	-	-	-
Unappropriated Fund Balance	412,086	145,641	1,041,953	188,573	156,608
Unassigned: Fund Balance	3,333,706	4,363,543	4,820,209	4,841,516	4,990,233
TOTAL FUND EQUITY	17,820,874	22,087,259	25,597,659	28,454,630	29,231,792
TOTAL LIABILITIES and FUND EQUITY	$ 28,260,523	$ 31,495,633	$ 34,882,377	$ 37,307,537	$ 39,551,565

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

GENERAL FUND
Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2018	2019	2020	2021	2022
REVENUES					
Real Property Taxes	$ 62,031,014	$ 63,008,337	$ 64,846,677	$ 65,484,696	$ 67,289,024
Other Real Property Tax Items & STAR	9,376,597	8,901,719	7,653,331	7,020,341	6,296,536
Charges for Services	2,006,741	1,844,941	1,493,628	1,553,133	1,673,059
Use of Money & Property	830,142	837,237	589,490	468,314	479,041
Sale of Property and Compensation for Loss	163,905	57,956	434,839	382,904	282,745
Miscellaneous	772,368	549,810	853,670	1,281,479	894,161
Revenues from State Sources	38,386,239	38,917,959	37,731,316	38,608,124	39,232,752
Revenues from Federal Sources	47,887	221,753	96,083	334,161	67,409
Total Revenues	$ 113,614,893	$ 114,339,712	$ 113,699,034	$ 115,133,152	$ 116,214,727
Other Sources:					
Premiums on Obligations	$ -	$ 140,600	$ 72,270	$ 832,533	$ 101,080
Interfund Transfers	-	-	165,895	-	2,221,668
Total Revenues and Other Sources	113,614,893	114,480,312	113,937,199	115,965,685	118,537,475
EXPENDITURES					
General Support	$ 11,302,032	$ 11,472,667	$ 12,575,098	$ 13,242,779	$ 11,915,487
Instruction	59,422,471	60,108,943	59,706,221	60,416,235	60,854,866
Pupil Transportation	4,901,557	4,529,074	3,966,981	4,636,241	4,819,582
Community Services	410,817	433,408	447,802	469,361	531,206
Employee Benefits	25,686,831	26,458,561	25,026,107	26,085,511	26,730,860
Debt Service	311,439	665,241	1,036,687	1,852,359	5,885,436
Total Expenditures	$ 102,035,147	$ 103,667,894	$ 102,758,896	$ 106,702,486	$ 110,737,437
Other Uses:					
Interfund Transfers	8,139,837	6,546,033	7,667,903	6,406,228	7,022,876
Total Expenditures and Other Uses	110,174,984	110,213,927	110,426,799	113,108,714	117,760,313
Excess (Deficit) Revenues Over Expenditures	3,439,909	4,266,385	3,510,400	2,856,971	777,162
FUND BALANCE					
Fund Balance - Beginning of Year	14,380,965	17,820,874	22,087,259	25,597,659	28,454,630
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 17,820,874	$ 22,087,259	$ 25,597,659	$ 28,454,630	$ 29,231,792

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

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

Fiscal Years Ending June 30:	2022			2023	2024
	Original Budget	Final Budget	Audited Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	$ 66,962,775	$ 67,289,024	$ 67,289,024	$ 68,127,920	$ 69,248,865
Other Real Property Tax Items & STAR	6,642,615	6,316,366	6,296,536	6,485,513	6,443,285
Charges for Services	1,662,150	1,662,150	1,673,059	1,526,000	1,365,000
Use of Money & Property	830,700	830,700	479,041	706,022	851,022
Sale of Property and Compensation for Loss	-	-	282,745	-	-
Miscellaneous	403,000	404,745	894,161	478,000	478,000
Revenues from State Sources	39,440,511	39,440,511	39,232,752	41,514,129	41,313,335
Revenues from Federal Sources	100,000	100,000	67,409	150,000	150,000
Total Revenues	$ 116,041,751	$ 116,043,496	$ 116,214,727	$ 118,987,584	$ 119,849,507
Other Sources:					
Premium on Obligations	$ -	$ -	$ 101,080	$ -	$ -
Interfund Transfers	433,867	433,867	2,221,668	-	1,077,791
Total Revenues and Other Sources	116,475,618	116,477,363	118,537,475	118,987,584	120,927,298
EXPENDITURES					
General Support	$ 13,288,983	$ 13,331,564	$ 11,915,487	$ 13,844,478	$ 13,961,730
Instruction	63,564,081	64,289,171	60,854,866	65,103,618	65,432,154
Pupil Transportation	5,801,466	5,721,291	4,819,582	5,681,045	5,913,525
Community Services	450,973	537,448	531,206	513,864	561,275
Employee Benefits	28,533,020	28,258,814	26,730,860	30,028,935	31,750,367
Debt Service	7,621,162	7,125,634	5,885,436	6,753,519	5,484,918
Total Expenditures	$ 119,259,685	$ 119,263,922	$ 110,737,437	$ 121,925,459	$ 123,103,969
Other Uses:					
Interfund Transfers	1,966,798	7,915,939	7,022,876	2,830,253	2,657,968
Total Expenditures and Other Uses	121,226,483	127,179,861	117,760,313	124,755,712	125,761,934
Excess (Deficit) Revenues Over Expenditures	(4,750,865)	(10,702,498)	777,162	(5,768,128)	(4,834,636)
FUND BALANCE					
Fund Balance - Beginning of Year	4,750,865	10,702,498	28,454,630	5,768,128	4,834,636
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 29,231,792	$ -	$ -

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

APPENDIX - B
East Islip UFSD

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal of the Bonds	Interest of the Bonds	Total
2023	$ 1,545,000	$ 897,018.33	$ 2,442,018.33
2024	1,565,000	881,600.00	2,446,600.00
2025	1,615,000	834,650.00	2,449,650.00
2026	1,660,000	786,200.00	2,446,200.00
2027	1,725,000	728,400.00	2,453,400.00
2028	1,790,000	659,400.00	2,449,400.00
2029	1,870,000	587,800.00	2,457,800.00
2030	1,940,000	513,000.00	2,453,000.00
2031	2,010,000	435,400.00	2,445,400.00
2032	2,090,000	355,000.00	2,445,000.00
2033	2,170,000	271,400.00	2,441,400.00
2034	2,260,000	184,600.00	2,444,600.00
2035	2,355,000	94,200.00	2,449,200.00
TOTALS	$ 24,595,000	$ 7,228,668.33	$ 31,823,668.33

Note: Table of indebtedness does not include Energy Performance Contracts.

APPENDIX - B1
East Islip UFSD

CURRENT BONDS OUTSTANDING

F.Y. ENDING 6/30	$12,650,000 2022 SERIES A 6/15 Principal	12/15 Interest	6/15 Interest	$11,945,000 2022 6/15 Principal	12/15 Interest	6/15 Interest
2023	$ 795,000	$ 220,780.00	$ 236,550.00	$ 750,000	$ 212,263.33	$ 227,425.00
2024	805,000	224,625.00	224,625.00	760,000	216,175.00	216,175.00
2025	830,000	212,550.00	212,550.00	785,000	204,775.00	204,775.00
2026	860,000	200,100.00	200,100.00	800,000	193,000.00	193,000.00
2027	885,000	187,200.00	187,200.00	840,000	177,000.00	177,000.00
2028	920,000	169,500.00	169,500.00	870,000	160,200.00	160,200.00
2029	960,000	151,100.00	151,100.00	910,000	142,800.00	142,800.00
2030	1,000,000	131,900.00	131,900.00	940,000	124,600.00	124,600.00
2031	1,035,000	111,900.00	111,900.00	975,000	105,800.00	105,800.00
2032	1,075,000	91,200.00	91,200.00	1,015,000	86,300.00	86,300.00
2033	1,115,000	69,700.00	69,700.00	1,055,000	66,000.00	66,000.00
2034	1,160,000	47,400.00	47,400.00	1,100,000	44,900.00	44,900.00
2035	1,210,000	24,200.00	24,200.00	1,145,000	22,900.00	22,900.00
TOTAL	$ 12,650,000	$1,842,155.00	$1,857,925.00	$ 11,945,000	$1,756,713.33	$1,771,875.00

MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the securities, unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the Notes

(g) modifications to rights of security holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the securities

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the School District

(m) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

(o) incurrence of a "financial obligation" (as defined by the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect noteholders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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

FORM OF BOND COUNSEL'S OPINION

June 26, 2023

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

Re: East Islip Union Free School District, Suffolk County, New York
$37,434,277 Bond Anticipation Notes, 2023 (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $37,434,277 Bond Anticipation Notes, 2023 (Renewals) (the "Obligations"), of the East Islip Union Free School District, Suffolk County, State of New York (the "Obligor"), dated June 26, 2023, in the denomination of $_________, bearing interest at the rate of % per annum, payable at maturity, and maturing June 26, 2024.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

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

In our opinion:

(a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, for which the Obligor has validly pledged its faith and credit for the payment thereof. All the taxable real property within the Obligor is subject to the levy of ad valorem taxes to pay the principal and interest on the Obligations without limitation as to rate or amount. The enforceability (but not the validity) of the Obligations (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State of the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

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

(c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax on individuals. We observe that, for tax years beginning after December 31, 2022, interest on the Obligation included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX - E

EAST ISLIP UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2022

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

EAST ISLIP UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2022

EAST ISLIP UNION FREE SCHOOL DISTRICT

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Robert S. Abrams *(1926–2014)*

R.S. ABRAMS & CO., LLP
Accountants & Consultants for Over 75 years

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA
Brendan Nelson, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
East Islip Union Free School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the East Islip Union Free School District (the "District") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the District, as of June 30, 2022, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension asset/(liability), the schedule of District's contributions, and schedule of changes in District's total other post-employment benefits liability and related ratios on pages 1 through 15 and 61 through 65, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 12, 2022

EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The East Islip Union Free School District's (the "District") discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- On May 17, 2022 the District's residents authorized the proposed 2022-2023 budget in the amount of $124,755,712. The 2022-2023 budget is supported by a real property tax levy of $73,673,246, which was an increase of $681,647, or 0.93% over the 2021-2022 real property tax levy.
- The District's expenses for the year, as reflected in the District-Wide Financial Statements, totaled $120,389,278. Of this amount, $9,720,564 was offset by program charges for services and operating grants and contributions. General revenues of $115,334,009 amount to 92.23% of total revenues.
- The District's total net deficit, as reflected in the District-Wide Financial Statements, decreased by $4,665,295 from the prior year. This was due to an excess of revenues over expenditures based on the accrual basis of accounting.
- The District's fund balance in the general fund, as reflected in the Fund Financial Statements increased by $777,162, based on the modified accrual basis of accounting.
- Actual revenues and other financing sources in the general fund were over budget by $2,060,112, while actual expenditures, other financing uses and encumbrances were under budget by $9,262,940, resulting in a total favorable budget variance of $11,323,052.
- The District appropriated $5,768,128 of fund balance toward the 2022-2023 budget to limit the tax levy increase, and reduce the burden on District taxpayers.
- The District adopted GASB Statement No. 87, *Leases*, in July of 2021, which resulted in the restatement of opening balances to non-current assets, long-term liabilities, and deferred inflows of resources. This restatement had no net effect on the District's prior year net position. See Note 22 to the financial statements for additional information.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.

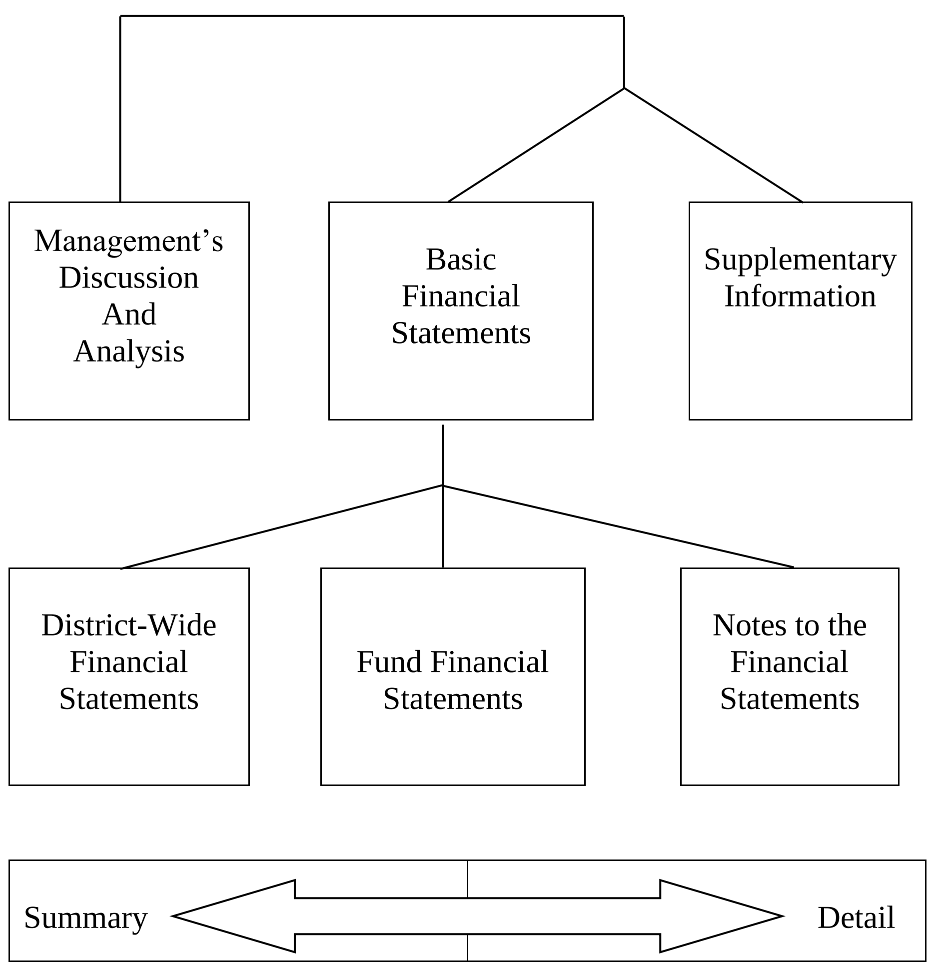
EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.

- *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others.

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. The following table shows how the various parts of this annual report are arranged and related to one another.

Organization of the District's Annual Financial Report



EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The table below summarizes the major features of the District's basic financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as property taxes collected on behalf of another local government
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources and liability /deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

A. District-Wide Financial Statements

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

The two District-Wide Statements report the District's net position and how they have changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the financial health or position of the District.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase, finance, or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation and amortization are not calculated as it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term debt are all accounted for in account groups and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation and amortization to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
    - *Net investment* in capital assets;
    - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation:
    - *Unrestricted net position* is net position that does not meet any of the above restrictions.

B. Fund Financial Statements

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds*: Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional schedules explain the relationship (or differences) between them. In summary, the Government Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school food service fund, miscellaneous special revenue fund, debt service and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

- *Fiduciary fund*: The District is the trustee or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Non-current assets, long-term liabilities and deferred inflows of resources for 2021 have been restated to reflect the implementation of GASB Statement No. 87, *Leases*. See Note 22 to the financial statements for further information.

	As Restated 2021	As Reported 2021	Increase (Decrease)
Non-current assets	$102,227,395	$100,649,063	$1,578,332
Long-term liabilities	378,574,440	378,402,948	171,492
Deferred inflows of resources	46,250,621	44,843,781	1,406,840

EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2022	As Restated Fiscal Year 2021	Increase/ (Decrease)	Total Percentage Change
Current and other assets	$ 56,907,379	$ 108,625,915	$ (51,718,536)	(47.61%)
Non-current assets	114,040,992	102,227,395	11,813,597	11.56%
Net pension asset, proportionate share	48,979,548	-	48,979,548	100.00%
Total Assets	219,927,919	210,853,310	9,074,609	4.30%
Deferred outflows of resources	102,696,842	122,059,568	(19,362,726)	(15.86%)
Total Assets and Deferred Outflows of Resources	322,624,761	332,912,878	(10,288,117)	(3.09%)
Current and other liabilities	51,679,668	124,191,647	(72,511,979)	(58.39%)
Long-term liabilities	333,679,946	378,574,440	(44,894,494)	(11.86%)
Total Liabilities	385,359,614	502,766,087	(117,406,473)	(23.35%)
Deferred inflows of resources	148,703,682	46,250,621	102,453,061	221.52%
Net Position (Deficit)				
Net investment in capital assets	43,339,663	54,177,122	(10,837,459)	(20.00%)
Restricted	19,410,019	20,215,171	(805,152)	(3.98%)
Unrestricted (Deficit)	(274,188,217)	(290,496,123)	16,307,906	(5.61%)
Total Net Position (Deficit)	$ (211,438,535)	$ (216,103,830)	$ 4,665,295	(2.16%)

Current and other assets decreased $51,718,536 or 47.61% primarily due to a decrease in cash in the capital projects fund due to a decrease in bond anticipation notes. Non-current assets increased by $11,813,597 or 11.56% due to current year capital additions, partially offset by current year depreciation and amortization. The net pension assets – proportionate share increased by $48,979,548 as compared to the prior year. This was a result of the actuarial valuations provided by the State. These were reported as net pension liabilities in the prior year.

The changes in deferred outflows represent amortization of the deferred charge from advance refunding as discussed in Note 14, amortization of pension related items and the change in the District's contribution subsequent to measurement date for pensions, as discussed in Note 15, and deferred outflows related to the total other post-employment benefits obligation as discussed in Note 17.

Current and other liabilities decreased by $72,511,979 or 58.39% primarily due to decreases in accounts payable, accrued liabilities, due to employees' retirement system, and bond anticipation notes payable, offset by increases in due to other governments, due to teachers' retirement system, and collections in advance. Long-term liabilities decreased by $44,894,494 or 11.86% primarily due to decreases in total other post-employment benefits, energy performance contract payable, net pension liability – proportionate share – TRS, and net pension liability – proportionate share – employees' retirement system (ERS), partially offset by increases in bonds payable, claims payable, and compensated absences payable.

The changes in deferred inflows represent amortization of pension related items, as discussed in Note 15, and the amortization of deferred inflows related to the total other post-employment benefits obligation as discussed in Note 17.

The net investment in capital assets relates to the investment in capital assets (at cost) and intangible lease assets (at the present value of future lease payments remaining on the lease term) such as land, construction in progress, buildings and improvements, and furniture and equipment, net of depreciation, amortization, and related debt. This number decreased from the prior year by $10,837,459 due to the increase in bonds payable and the current year's depreciation and amortization expense, partially offset by capital asset and intangible asset additions and a reduction in energy performance contract payable.

The decrease of $805,152 in restricted net position refers to the change in the District's reserves: workers' compensation, unemployment insurance, retirement contribution (ERS and TRS), repair, insurance, employee benefit accrued liability, as well as amounts restricted for scholarships and debt service.

The unrestricted net deficit in the amount of $274,188,217 relates to the balance of the District's net position. This number does not include the District's reserves, which are classified as restricted net position or amounts restricted for scholarships and debt service. This deficit decreased by $16,307,906 or 5.61% from the prior year primarily due to the decrease of the unfunded OPEB liability, and increase in the net pension asset for TRS and ERS.

The overall net deficit decreased by $4,665,295 or 2.16%.

EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022 and 2021 are as follows:

Change in Net Position from Operating Results

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Total Percentage Change
Revenues				
Program revenues				
Charges for services	$ 2,266,133	$ 1,762,240	$ 503,893	28.59%
Operating grants and contributions	7,454,431	3,015,817	4,438,614	147.18%
Capital grants and contributions	-	60,000	(60,000)	(100.00%)
General revenues				
Real property taxes and other tax items	73,585,560	72,505,037	1,080,523	1.49%
State sources	39,210,952	38,451,095	759,857	1.98%
Use of money and property	504,781	530,517	(25,736)	(4.85%)
Other	2,032,716	3,660,557	(1,627,841)	(44.47%)
Total revenues	125,054,573	119,985,263	5,069,310	4.22%
Expenses				
General support	19,438,287	26,579,857	(7,141,570)	(26.87%)
Instruction	92,724,875	103,532,931	(10,808,056)	(10.44%)
Pupil transportation	5,049,343	4,912,284	137,059	2.79%
Community service	562,017	511,648	50,369	9.84%
Debt service-interest	917,423	1,156,952	(239,529)	(20.70%)
Food service program	1,697,333	947,550	749,783	79.13%
Total expenses	120,389,278	137,641,222	(17,251,944)	(12.53%)
Increase (decrease) in net position	$ 4,665,295	$ (17,655,959)	$ 22,321,254	(126.42%)

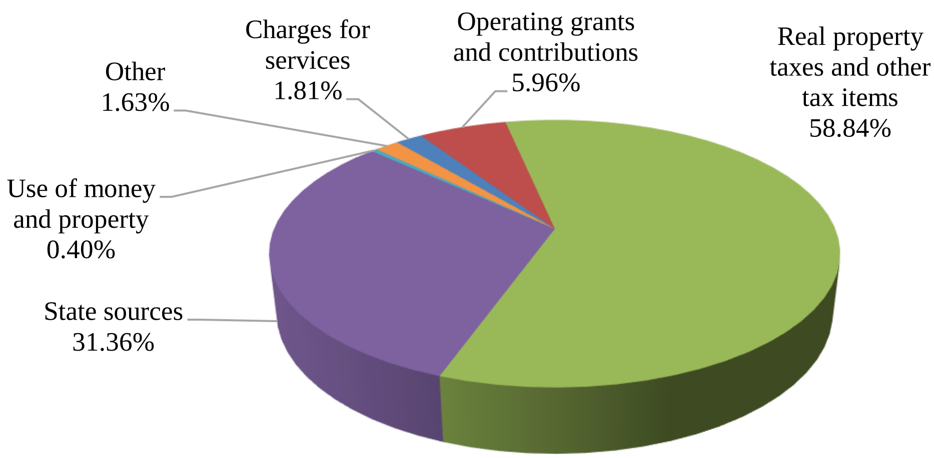
Information for 2021 was not restated because the information necessary was not readily available. The cumulative effect of applying the change in accounting principle is shown as an adjustment to beginning net position. See Note 22 for more information.

The District's fiscal year 2022 revenues totaled $125,054,573. Real property taxes and other tax items, and state sources accounted for most of the District's revenue by contributing 58.84% and 31.36%, respectively of total revenue. The remainder came from charges for services, operating grants and contributions, use of money and property, and other miscellaneous sources.

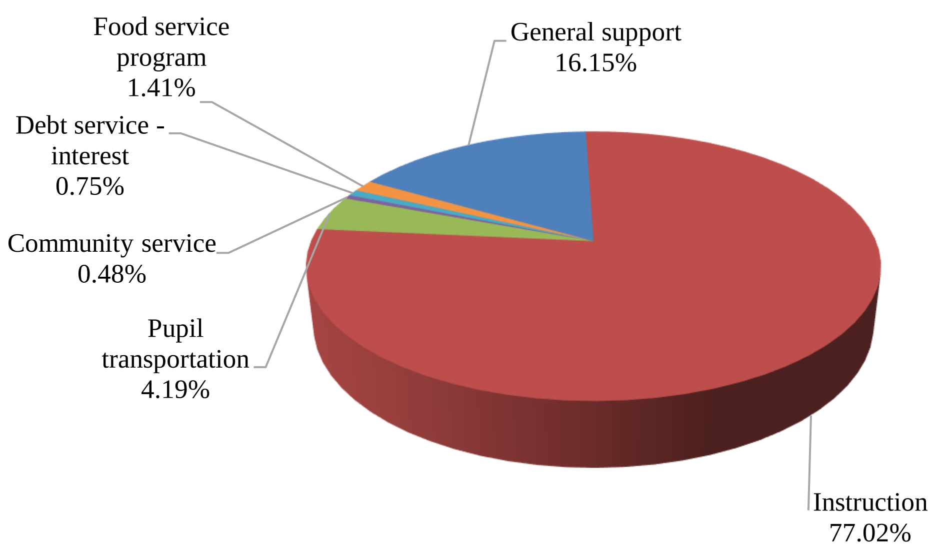
The cost of all programs and services totaled $120,389,278 for fiscal year 2022. These expenses are predominantly related to general instruction and caring for (pupil services) and transporting students, which account for 81.21% of District expenses. The District's general support activities accounted for 16.15% of total costs. Total expenses decreased by $17,251,944 or 12.53%, primarily due to reductions in the pension and OPEB expense, with the majority being allocated to general support and instruction.

The users of the District's programs financed $2,266,133 of the cost. The federal and state governments subsidized certain programs with operating grants and contributions of $7,454,431 which represents a 147.18% increase from the prior year. Most of the District's net costs of $110,668,714 were financed by District taxpayers and state sources.

Revenues for Fiscal Year 2022



Expenses for Fiscal Year 2022



EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

At June 30, 2022, the District's governmental funds reported a combined fund balance of $4,882,594 which is an increase of $20,102,123 from the prior year.

EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for workers' compensation	$ 1,367,321	$ 1,363,766	$ 3,555	0.26%
Restricted for unemployment insurance	162,636	162,213	423	0.26%
Restricted for retirement contribution - ERS	1,972,261	1,967,133	5,128	0.26%
Restricted for retirement contribution - TRS	3,239,612	2,460,659	778,953	31.66%
Restricted for repairs	3,813,323	2,803,409	1,009,914	36.02%
Restricted for insurance	35,673	35,580	93	0.26%
Restricted for employee benefit accrued liability	5,725,997	4,251,051	1,474,946	34.70%
Restricted for capital	2,000,000	5,951,633	(3,951,633)	(66.40%)
Assigned - general support	144,551	122,512	22,039	17.99%
Assigned - instruction	11,647	66,061	(54,414)	(82.37%)
Assigned - pupil transportation	410	-	410	N/A
Assigned - appropriated for subsequent year's expenditures	5,768,128	4,429,097	1,339,031	30.23%
Unassigned	4,990,233	4,841,516	148,717	3.07%
Total general fund	29,231,792	28,454,630	777,162	2.73%
School Food Service Fund				
Nonspendable - inventory	6,010	4,814	1,196	24.84%
Assigned	758,501	452,964	305,537	67.45%
Total school food service fund	764,511	457,778	306,733	(67.00%)
Miscellaneous Special Revenue Fund				
Restricted for scholarships	9,798	11,048	(1,250)	(11.31%)
Assigned	268,120	232,906	35,214	15.12%
Total miscellaneous special revenue fund	277,918	243,954	33,964	13.92%
Debt Service Fund				
Restricted for debt service	1,083,398	1,208,679	(125,281)	(10.37%)
Total debt service fund	1,083,398	1,208,679	(125,281)	(10.37%)
Capital Projects Fund				
Restricted unspent debt proceeds	494,910	186,718	308,192	165.06%
Unassigned	(26,969,935)	(45,771,288)	18,801,353	(41.08%)
Total capital projects fund	(26,475,025)	(45,584,570)	19,109,545	(41.92%)
Total Fund Balance - All funds	$ 4,882,594	$ (15,219,529)	$ 20,102,123	(132.08%)

A) General Fund

The net increase of $777,162 in the general fund is due to actual revenues and other financing sources exceeding actual expenditures and other financing uses in the current year.

B) School Food Service Fund

The net increase of $306,733 in the school food service fund is due to increased state and federal reimbursements exceeding the cost of distributing free meals to all student in the District.

C) Miscellaneous Special Revenue Fund

The fund balance in the miscellaneous special revenue increased by $33,964. This increase is due to current year revenues exceeding expenditures for extraclassroom activities, partially offset by scholarships awarded exceeding donations received for scholarships.

D) Debt Service Fund

The net decrease of $125,281 in the debt service fund is due to actual expenditures exceeding revenues and other financing sources in the current year.

E) Capital Projects Fund

The net increase in the fund balance of the capital projects fund of $19,109,545 is due to the issuance of bonds and premiums on obligations, bond anticipation notes redeemed from appropriations, as well as other financing sources for the transfer from general fund, partially offset by the current year's capital outlay and other financing uses for the transfer to general fund for unneeded authorizations for closed projects.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2021-2022 Budget

The District's general fund original budget for the fiscal year ended June 30, 2022 was $121,037,910. This amount was increased by encumbrances carried forward from the prior year in the amount of $188,573 and budget revisions of $5,953,378, which resulted in a final budget of $127,179,861. The majority of the funding came from real property taxes and other tax items including STAR revenue of $73,605,390.

EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is a component to total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund subsequent years' budget. It is this balance that is commonly referred to as "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

Opening, unassigned fund balance	$ 4,841,516
Revenues and other financing sources over budget	2,060,112
Expenditures, other financing uses and encumbrances under budget	9,262,940
Transfers to reserves	(5,358,584)
Interest allocated to reserves	(47,623)
Assigned - appropriated for June 30, 2023 budget	(5,768,128)
Closing, unassigned fund balance	$ 4,990,233

The $4,841,516 represents the portion of the District's June 30, 2021 fund balance that was retained as unassigned fund balance.

The revenues and other financing sources over budget of $2,060,112 were primarily the result of insurance recoveries, miscellaneous revenue, premium on obligations, and transfers from other funds coming in over budget, offset by use of money and property, and state sources coming in under budget. (See Supplemental Schedule #1 for detail).

The expenditures and encumbrances under budget of $9,262,940 were primarily the result of central services, instruction, pupil transportation, employee benefits, debt service, and transfers to other funds in under budget. (See Supplemental Schedule #1 for detail).

Transfers to reserves in the amount of $5,358,584 were as follows: $133,195 to the retirement contribution reserve – ERS, which was to replenish the use of reserves in the amount of $133,195, $770,535 to the retirement contribution reserve – TRS, $1,000,000 to the repair reserve, $1,460,052 to the employee benefit reserve, and $1,994,802 to the capital reserve.

Interest in the amount of $47,623 was allocated to the reserves as follows: $3,555 to the workers compensation reserve, $423 to the unemployment insurance reserve, $5,128 to the retirement contribution reserve – ERS, $8,418 to the retirement contribution reserve – TRS, $9,914 to the repair reserve, $93 to the insurance reserve, $14,894 to the employee benefit accrued liability reserve, and $5,198 to the capital reserve.

The assigned, appropriated fund balance of $5,768,128 is the amount the District has chosen to use to partially fund its operating budget for 2022-2023.

The closing, unassigned fund balance represents the fund balance retained by the District that is not restricted or assigned for the subsequent year's budget. This amount is limited to 4% of the 2022-2023 budget. At June 30, 2022, the District's unassigned fund balance is at the statutory limit.

EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

A. Capital Assets and Intangible Lease Assets:

The District paid for equipment and various building additions and renovations during the fiscal year 2022. A summary of the District's capital assets and intangible lease assets, net of depreciation and amortization is as follows:

Category	Fiscal Year 2022	As Restated Fiscal Year 2021	Increase (Decrease)
Land	$ 2,161,500	$ 2,161,500	$ -
Construction in progress	215,976	16,581	199,395
Buildings & improvements	174,218,613	157,760,352	16,458,261
Furniture, equipment & vehicles	9,071,493	8,892,502	178,991
Subtotal	185,667,582	168,830,935	16,836,647
Less: accumulated depreciation	(72,604,088)	(68,181,872)	(4,422,216)
Total net capital assets	$ 113,063,494	$ 100,649,063	$ 12,414,431
Net intangible lease assets	$ 119,884	$ 171,492	$ (51,608)

The District spent $187,016 in the general fund and school food service fund for furniture and equipment purchases during the year, and $16,657,656 in the capital projects fund on construction in progress, buildings and improvements, and furniture and equipment. The District also recorded depreciation expense of $4,430,241 and amortization expense of $51,608. See Note 9 to the financial statements for detail.

B. Long-Term Debt

At June 30, 2022, the District had total bonds payable, inclusive of premiums of $25,724,212, and lease liability of $121,048. The increase in outstanding debt is due to the issuance of new bonds offset by current year principal payments. More detailed information about the District's long-term debt is presented in Note 13 to the financial statements.

A summary of outstanding long-term debt at June 30, 2022 and 2021 is as follows:

Description	2022	As Restated 2021	Increase (Decrease)
Serial bonds, inclusive of unamortized premiums	$ 25,724,212	$ 1,210,913	$ 24,513,299
Lease liability	121,048	171,492	(50,444)
Total	$ 25,845,260	$ 1,382,405	$ 24,462,855

EAST ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

At June 30, 2022, the District had total energy performance contract payable of $2,855,000. A summary of the outstanding energy performance contract payable at June 30, 2022 and 2021 is as follows:

Description	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)
Energy performance contract payable	$ 2,855,000	$ 3,040,000	$ (185,000)

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

A. The general fund budget for the 2022-2023 school year was approved by the voters in the amount of $124,755,712. This is an increase of $3,717,802 or 3.07% over the previous year's 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's ability to fund its current cost of services.

C. The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

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

EAST ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	
Current assets	
Cash	
Unrestricted	$ 29,251,593
Restricted	19,904,929
Receivables	
Accounts receivable	52,981
State and federal aid	4,841,534
Due from other governments	2,850,332
Inventories	6,010
Non-current assets	
Lease receivable	857,614
Capital assets	
Not being depreciated	2,377,476
Being depreciated, net of accumulated depreciation	110,686,018
Intangible lease asset, net of accumulated amortization	119,884
Net pension asset - proportionate share - teachers' retirement system	46,760,628
Net pension asset - proportionate share - employees' retirement system	2,218,920
TOTAL ASSETS	219,927,919
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	32,728,760
Total other post-employment benefits	69,968,082
TOTAL DEFERRED OUTFLOWS OF RESOURCES	102,696,842
LIABILITIES	
Payables	
Accounts payable	2,513,968
Accrued liabilities	252,347
Accrued interest payable	15,226
Due to other governments	1,850,482
Due to teachers' retirement system	4,761,021
Due to employees' retirement system	340,630
Student deposits	8,894
Notes payable	
Bond anticipation note payable	41,638,365
Unearned credits	
Collections in advance	298,735
Long-term liabilities	
Due and payable within one year	
Bonds payable, inclusive of premium	1,631,863
Energy performance contract payable	190,000
Lease liability	51,315
Claims payable	455,621
Compensated absences payable	500,000
Due and payable after one year	
Bonds payable, inclusive of premium	24,092,349
Energy performance contract payable	2,665,000
Lease liability	69,733
Claims payable	853,755
Compensated absences payable	6,086,496
Total other post-employment benefits obligation	297,083,814
TOTAL LIABILITIES	385,359,614
DEFERRED INFLOWS OF RESOURCES	
Leases	857,614
Pensions	59,769,289
Total other post-employment benefits	88,076,779
TOTAL DEFERRED INFLOWS OF RESOURCES	148,703,682
NET POSITION (DEFICIT)	
Net investment in capital assets	43,339,663
Restricted	
Workers' compensation	1,367,321
Unemployment insurance	162,636
Retirement contribution - employees' retirement system	1,972,261
Retirement contribution - teachers' retirement system	3,239,612
Repair	3,813,323
Insurance	35,673
Employee benefit accrued liability	5,725,997
Capital	2,000,000
Scholarships	9,798
Debt service	1,083,398
	19,410,019
Unrestricted (deficit)	(274,188,217)
TOTAL NET POSITION (DEFICIT)	$ (211,438,535)

See Accompanying Notes to Financial Statements

EAST ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
FUNCTIONS / PROGRAMS				
General support	$ (19,438,287)	$ -	$ -	$ (19,438,287)
Instruction	(92,724,875)	2,044,812	5,546,945	(85,133,118)
Pupil transportation	(5,049,343)		149,470	(4,899,873)
Community services	(562,017)			(562,017)
Debt service-interest	(917,423)			(917,423)
Food service program	(1,697,333)	221,321	1,758,016	282,004
TOTAL FUNCTIONS AND PROGRAMS	$ (120,389,278)	$ 2,266,133	$ 7,454,431	(110,668,714)
GENERAL REVENUES				
Real property taxes				67,289,024
Other tax items - including STAR reimbursement				6,296,536
State sources				39,210,952
Use of money and property				504,781
Miscellaneous				1,965,307
Federal sources				67,409
TOTAL GENERAL REVENUES				115,334,009
CHANGE IN NET POSITION				4,665,295
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				(216,103,830)
TOTAL NET POSITION (DEFICIT) - END OF YEAR				$ (211,438,535)

EAST ISLIP UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	Special Aid	School Food Service	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	$ 9,435,711	$ 10,468	$ 806,702	$ 268,120	$ -	$ 18,730,592	$ 29,251,593
Restricted	18,316,823			9,798	608,668	969,640	19,904,929
Receivables							
Accounts receivable	52,981						52,981
State and federal aid	1,539,733	2,775,218	340,220			186,363	4,841,534
Due from other funds	6,498,371		7,474		1,748,780		8,254,625
Due from other governments	2,850,332						2,850,332
Leases receivable	857,614						857,614
Inventories			6,010				6,010
TOTAL ASSETS	$ 39,551,565	$ 2,785,686	$ 1,160,406	$ 277,918	$ 2,357,448	$ 19,886,595	$ 66,019,618
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)							
Payables							
Accounts payable	$ 2,070,920	$ 104,054	$ 287,601	$ -	$ -	$ 51,393	$ 2,513,968
Accrued liabilities	252,017					330	252,347
Due to other governments	1,847,223		3,259				1,850,482
Due to other funds	7,474	2,487,932			1,274,050	4,485,169	8,254,625
Due to teachers' retirement system	4,761,021						4,761,021
Due to employees' retirement system	340,630						340,630
Student deposits	8,894						8,894
Notes payable							
Bond anticipation note payable						41,638,365	41,638,365
Unearned credits							
Collections in advance		193,700	105,035				298,735
TOTAL LIABILITIES	9,288,179	2,785,686	395,895	-	1,274,050	46,175,257	59,919,067
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	173,980					186,363	360,343
Leases	857,614						857,614
TOTAL DEFERRED INFLOWS OF RESOURCES	1,031,594	-	-	-	-	186,363	1,217,957
FUND BALANCES (DEFICIT)							
Nonspendable: Inventory			6,010				6,010
Restricted							
Workers' compensation	1,367,321						1,367,321
Unemployment insurance	162,636						162,636
Retirement contribution - ERS	1,972,261						1,972,261
Retirement contribution - TRS	3,239,612						3,239,612
Repairs	3,813,323						3,813,323
Insurance	35,673						35,673
Employee benefit accrued liability	5,725,997						5,725,997
Capital	2,000,000						2,000,000
Scholarships				9,798			9,798
Debt service					1,083,398		1,083,398
Unspent debt proceeds						494,910	494,910
Assigned							
Appropriated fund balance	5,768,128						5,768,128
Unappropriated fund balance	156,608		758,501	268,120			1,183,229
Unassigned (deficit)	4,990,233					(26,969,935)	(21,979,702)
TOTAL FUND BALANCES (DEFICIT)	29,231,792	-	764,511	277,918	1,083,398	(26,475,025)	4,882,594
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	$ 39,551,565	$ 2,785,686	$ 1,160,406	$ 277,918	$ 2,357,448	$ 19,886,595	$ 66,019,618

See Accompanying Notes to Financial Statements

EAST ISLIP UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2022

Total Governmental Fund Balances		$ 4,882,594
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	$ 185,667,582	
Accumulated depreciation	(72,604,088)	113,063,494
The present value cost of leasing capital assets (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 include those leased capital assets among the assets of the district as a whole, and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.		
Original present value cost of leased assets	$ 171,492	
Accumulated amortization	(51,608)	119,884
Certain disbursements previously expended in the governmental funds relating to pensions are treated as long term assets and increase net position. The net pension asset - proportionate share at year end for TRS was:		48,979,548
Deferred inflows -Certain revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds, but are recognized on the Statement of Net Position.		360,343
Deferred outflows of resources - the Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to:		
Deferred outflows related to pensions	$ 32,728,760	
Deferred outflows related to total OPEB liability	69,968,082	102,696,842
Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.		
Deferred inflows related to pensions	$ (59,769,289)	
Deferred inflows related to total OPEB liability	(88,076,779)	(147,846,068)
Payables that are associated with short-term and long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to short-term and long- term liabilities at year end consisted of:		
Accrued interest payable		(15,226)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:		
Bonds payable, inclusive of premium	$ (25,724,212)	
Energy performance contract payable	(2,855,000)	
Lease liability	(121,048)	
Claims payable	(1,309,376)	
Compensated absences payable	(6,586,496)	
Total other post-employment benefits obligation	(297,083,814)	(333,679,946)
Total Net Position		$ (211,438,535)

EAST ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	Special Aid	School Food Service	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES							
Real property taxes	$ 67,289,024	$ -	$ -	$ -	$ -	$ -	$ 67,289,024
Other tax items - including STAR reimbursement	6,296,536						6,296,536
Charges for services	1,673,059			371,753			2,044,812
Use of money and property	479,041				25,740		504,781
Sale of property and compensation for loss	282,745						282,745
Miscellaneous	894,161			10,000	463,317		1,367,478
Local sources		244					244
State sources	39,232,752	916,711	24,711				40,174,174
Federal sources	67,409	4,779,460	1,661,323				6,508,192
Surplus food			71,982				71,982
School lunch sales			221,321				221,321
TOTAL REVENUES	116,214,727	5,696,415	1,979,337	381,753	489,057	-	124,761,289
EXPENDITURES							
General support	11,915,487						11,915,487
Instruction	60,854,866	3,818,117		347,788			65,020,771
Pupil transportation	4,819,582	149,470					4,969,052
Community service	531,206						531,206
Employee benefits	26,730,860	120,596					26,851,456
Debt service - principal	4,263,413				1,185,000		5,448,413
Debt service - Interest	1,622,023				31,138		1,653,161
Cost of sales			1,680,078				1,680,078
Capital outlay						16,657,656	16,657,656
TOTAL EXPENDITURES	110,737,437	4,088,183	1,680,078	347,788	1,216,138	16,657,656	134,727,280
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,477,290	1,608,232	299,259	33,965	(727,081)	(16,657,656)	(9,965,991)
OTHER FINANCING SOURCES AND (USES)							
Proceeds from bond issuances						24,595,000	24,595,000
Bond anticipation notes redeemed from appropriations						4,027,969	4,027,969
Premiums on obligations	101,080				-	1,344,066	1,445,146
Operating transfers in	2,221,668	179,569	7,474		601,800	6,234,033	9,244,544
Operating transfers (out)	(7,022,876)	(1,787,801)			-	(433,867)	(9,244,544)
TOTAL OTHER FINANCING SOURCES AND (USES)	(4,700,128)	(1,608,232)	7,474	-	601,800	35,767,201	30,068,115
NET CHANGE IN FUND BALANCES	777,162	-	306,733	33,965	(125,281)	19,109,545	20,102,124
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	28,454,630	-	457,778	243,953	1,208,679	(45,584,570)	(15,219,530)
FUND BALANCES (DEFICIT) - END OF YEAR	$ 29,231,792	$ -	$ 764,511	$ 277,918	$ 1,083,398	$ (26,475,025)	$ 4,882,594

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, 2022

Net Change in Fund Balances		$ 20,102,124
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	$ (253,775)	
Change in claims payable	(124,696)	(378,471)
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 revenues or expenditures in the governmental funds.		
Teachers' retirement system	$ 6,837,090	
Employees' retirement system	987,918	
Total other post-employment benefits	(11,655,509)	(3,830,501)
Deferred inflows of resources - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in state aid revenues recognized under the full accrual method for the fiscal year ended June 30, 2022 is		(22,650)
Capital Asset Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.		
Capital outlays	$ 16,844,672	
Depreciation expense	(4,430,241)	12,414,431
Capital outlays to lease capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual amortization expense in the Statement of Activities.		
Amortization expense	$ (51,608)	(51,608)
Long-Term Debt Differences		
Proceeds from serial bonds and bond premiums are other financing sources in the governmental funds, but they increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.		(25,724,212)
Repayment of bond principal and energy performance contract principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		1,370,000
Repayment of lease obilgations principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		50,444
Interest on short and long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financials resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest from June 30, 2021 to June 30, 2022 changed by:		713,970
Governmental funds report premiums, discounts, and similar items on bonds when debt is first issued. These amounts are deferred and amortized in the Statement of Activities. Amortization for the fiscal year ended June 30, 2022 was		
Bond premiums	$ 25,912	
Deferred charges - bond refundings	(4,144)	21,768
Change in Net Position		$ 4,665,295

See Accompanying Notes to Financial Statements

Exhibit 8

EAST ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

	Custodial
ASSETS	
Restricted cash and cash equivalents	$ -
TOTAL ASSETS	$ -
LIABILITIES	
Other liabilities	$ -
TOTAL LIABILITIES	-
NET POSITION	
Restricted	-
TOTAL NET POSITION	-
TOTAL LIABILITIES AND NET POSITION	$ -

See Accompanying Notes to Financial Statements

EAST ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Custodial
ADDITIONS	
Library real property taxes collected	$ 4,075,887
TOTAL ADDITIONS	4,075,887
DEDUCTIONS	
Library real property taxes disbursed	4,075,887
TOTAL DEDUCTIONS	4,075,887
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	-
NET POSITION - END OF YEAR	$ -

See Accompanying Notes to Financial Statements

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of East Islip Union Free School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

A) Reporting entity:

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

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus –An Amendment of GASB Statements No. 14 and No.34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District's reporting entity.

B) Joint venture:

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

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

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

C) <u>Basis of presentation:</u>

<u>Financial Statements:</u>

The Statement of Net Position 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 minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants, if applicable.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

<u>Fund Financial Statements:</u>

The Fund Financial Statements provide information about the District's funds, including fiduciary fund. 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:

<u>General Fund</u>: 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.

<u>Special Aid Fund</u>: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Food Service Fund: This fund is used to account for the activities of the District's food service operations. The school food service operations are supported by federal and state grants and charges to participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations. Other activities included in this fund are extraclassroom activities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. Debt service funds should be used to report resources if legally mandated.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund includes the custodial fund which is used to account for real property taxes collected on behalf of other governments and disbursed to other governments. This fund is custodial in nature. Assets are held by the District as a custodian.

D) Measurement focus and basis of accounting:

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transaction or events for recognition in the financial statements.

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. 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.

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 lease liabilities, general long-term debt, energy performance contract debt, claims and judgments, compensated absences, total other post-employment benefits obligations, and net pension assets/liabilities which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions 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 15, and become a lien on December 1. The District's tax levy is collected by the Town of Islip (the "Town") and remitted to the District beginning November 1.

Enforcement

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

F) Restricted resources:

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

G) Interfund transactions:

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

In the District-Wide Financial Statements, eliminations have been made for all interfund receivables and payables between the funds.

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

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 of areas, including computation of compensated absences, total other post-employment benefits, workers' compensation claims, potential contingent liabilities, pension asset/liability, lease liability, lease receivable and the corresponding deferred inflow of resources, and useful lives of capital assets and intangible lease assets.

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand and demand deposits, and 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) Inventories:

Inventories of food in the school food service fund are recorded at cost on a first-in, first-out basis, or in the case of surplus foods donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market.

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

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

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 & Improvements	$ 15,000	Straight-line	20-50 years
Furniture & Equipment	$ 1,000	Straight-line	5-20 years
Vehicles	$ 5,000	Straight-line	8 years

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 within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

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

N) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as 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 collections in advance is removed and revenues are recorded.

Collections in advance consisted of amounts received in advance for grants in the special aid fund and for grant advances and amounts received in advance for meals that have not yet been purchased in the school food service fund.

O) 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 pensions and total other post-employment benefits (OPEB) reported in the District-Wide Statement of Net Position, which are detailed further in Notes 15 and 17.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows of resources related to pensions and OPEB reported in the District-Wide Statement of Net Position, and are detailed further in Notes 15 and 17.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus and are detailed in Note 18.

P) Vested employee benefits:

Compensated absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employees' 403(b) plan.

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

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.

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

Q) Other benefits:

Eligible 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 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 retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payments). In the District-Wide Financial Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

R) **Short-term debt:**

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

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

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

The District has issued and redeemed TANs and BANs in the fiscal year ended June 30, 2022. See Note 11 for further detail.

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

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, compensated absences, lease liability, net pension assets/liabilities, and total 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 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 Position.

T) Equity classifications:

District-Wide Financial Statements:

In the District-Wide Financial Statements, there are three classes of net position:

Net investment in capital assets, consists of net capital assets and intangible assets, net (cost less accumulated depreciation and accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, deferred charges on refunding).

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

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

Nonspendable fund balance - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2022, the District has $6,010 in nonspendable fund balance for inventory recorded in the school food service fund.

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 reserves as restricted:

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 expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the general fund.

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML§6-r), must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

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.

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 annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

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

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted for in the miscellaneous special revenue fund.

Restricted for Debt Service

The unexpended balances of proceeds of borrowing for capital projects, interest and earnings from investing proceeds of borrowing, and borrowing premiums can be recorded as amounts restricted for debt service. These restricted funds are accounted for in the debt service fund.

Unspent Debt Proceeds

Unspent long-term debt proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

Unrestricted Resources:

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

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, 2022.

Assigned fund balance - Includes amounts that are constrained by the District's intent 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 unassigned fund balance.

The capital projects fund has a deficit unassigned fund balance of $26,969,935. 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 retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Non-spendable 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. The District's general fund unassigned fund balance is at the legal limit.

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 then determine the order of application of expenditures to which fund balance classification will be charged. The District's general fund unassigned fund balance is at the legal limit.

U) New accounting pronouncements:

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources. The District has adopted and implemented GASB Statement No. 87, *Leases*, in 2022. See Note 22 for further consideration.

V) Future accounting pronouncements:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, defines a subscription-based technology arrangement as a contract that conveys control of the right to use a vendor's software, alone or in combination with tangible capital assets requiring governments to recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this Statement are effective for periods beginning after June 15, 2022.

This is the Statement that the District feels may have an impact on these financial statements and is not an all-inclusive list of GASB statements issued. The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

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 Fund 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:**
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 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 they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accruals basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on Governmental Fund Financial Statements and the gain or loss on the sale of assets reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items or intangible lease assets in the Fund Financial Statements and depreciation and/or amortization expense on those items as recorded in the Statement of Activities.

Long-term debt differences:

Long-term debt differences occur because both interest and principal payments are recorded as expenditures in the Fund Financial Statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

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 (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. 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 approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B) Encumbrances:

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as assigned, 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

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Company (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposits and Investment Risk Disclosures* directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

The District had $2,030 in deposits which were not covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

A) <u>Restricted cash and cash equivalents</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2022 included $19,904,929 within the governmental funds for general reserves, and amounts restricted for scholarships, debt service and capital projects.

NOTE 5 – PARTICIPATION IN BOCES:

During the year ended June 30, 2022, the District was billed $7,521,675 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $1,942,257. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Educational Services James Hines Administration Center 201 Sunrise Highway Patchogue, NY 11772.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivables at June 30, 2022 consisted of:

General fund	
Excess cost aid	$ 938,868
General aid	481,020
Building aid	119,845
Total	1,539,733
Special aid fund	
Federal aid	2,199,120
State aid	576,098
Total	2,775,218
School food service fund	
Federal aid	332,995
State aid	7,225
Total	340,220
Capital projects fund	
State aid - Smart Schools Bond	186,363
Total -State and federal aid receivable	$ 4,841,534

The general fund excess cost aid and building aid receivables include $173,980 of unavailable state revenues, which are included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2022 consisted of the following:

Tuition and health services	$ 278,483
BOCES aid	1,942,257
Cleary School for the Deaf	629,592
Total Due from other governments	$ 2,850,332

District management has deemed these amounts to be fully collectible.

NOTE 8 – LEASE RECEIVABLE:

In addition, as a result of adopting and implementing GASB Statement No. 87, *Leases*, the District recognized a lease receivable and deferred inflow of resources – leases, for agreements whereby the District leases building space to other entities, with interest rates ranging from 2.18% - 3.15%. The lease receivable and associated deferred inflow of resources will be reduced as the lease revenue is earned in future periods.

Principal and interest income received for the District's lease receivable amounted to $549,225 and $29,063, respectively, for the fiscal year ended June 30, 2022.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	$ 560,770	$ 17,518	$ 578,288
2024	296,844	5,089	301,933
	$ 857,614	$ 22,607	$ 880,221

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, 2022 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 2,161,500	$ -	$ -	$ 2,161,500
Construction in progress	16,581	16,657,656	(16,458,261)	215,976
Total capital assets not being depreciated	2,178,081	16,657,656	(16,458,261)	2,377,476
Capital assets that are depreciated:				
Buildings & improvements	157,760,352		16,458,261	174,218,613
Furniture, equipment & vehicles	8,892,502	187,016	(8,025)	9,071,493
Total capital assets being depreciated	166,652,854	187,016	16,450,236	183,290,106
Less accumulated depreciation:				
Buildings & improvements	58,747,320	707,591	-	59,454,911
Furniture, equipment & vehicles	9,434,552	3,722,650	(8,025)	13,149,177
Total accumulated depreciation	68,181,872	4,430,241	(8,025)	72,604,088
Total capital assets being depreciated, net	98,470,982	(4,243,225)	16,458,261	110,686,018
Total capital assets, net	$ 100,649,063	$ 12,414,431	$ -	$ 113,063,494

Depreciation expense was charged to the governmental functions as follows:

General support	$ 664,536
Instruction	3,677,100
Food service program	88,605
Total depreciation expense	$ 4,430,241

B) Intangible Lease Assets

In 2022, the District adopted and implemented the provisions of GASB Statement No. 87, *Leases*. As such, the District recognized a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various copiers and other equipment items with implicit interest rates ranging from 2.16% to 3.15%.

The following schedule summarizes the District's intangible lease asset activity for the fiscal year ended June 30, 2022:

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

*Beginning balance as restated. See Note 22 for further information.

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	$ 6,498,371	$ 7,474	$ 2,221,668	$ 7,022,876
Special aid fund	-	2,487,932	179,569	1,787,801
School food service fund	7,474	-	7,474	-
Debt service fund	1,748,780	1,274,050	601,800	-
Capital projects fund	-	4,485,169	6,234,033	433,867
Totals	$ 8,254,625	$ 8,254,625	$ 9,244,544	$ 9,244,544

The District typically transfers from the general fund to the special aid fund to fund the District's local share of the summer program for students with disabilities and state supported Section 4201 schools. The District transferred from the general fund to the school food service fund to eliminate negative student account balances. The District typically transfers from the general fund to the debt service fund to pay down debt. The District transferred from the general fund to the capital projects fund to finance capital projects. The District transferred from the capital projects fund to the general fund for unused funds on projects completed that came in under budget.

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:

	Maturity	Effective Interest Rate	Beginning Balance	Renewed/ Issued	Redeemed	Ending Balance
TAN	6/29/2022	0.227742%	$ -	$ 19,000,000	$ 19,000,000	$ -
BAN	7/1/2021	0.379019%	12,860,000	-	12,860,000	-
BAN	7/1/2021	0.509000%	29,551,890	-	29,551,890	-
BAN	6/28/2022	0.165000%	70,076,334	-	70,076,334	-
BAN	6/27/2023	2.984000%	-	41,638,365	-	41,638,365
Total			$ 112,488,224	$ 60,638,365	$ 131,488,224	$ 41,638,365

The tax anticipation note was issued for interim financing of the general fund operations. The bond anticipation notes were issued to provide cash flow for the capital projects fund until permanent financing is obtained.

Interest on short-term debt for the year was composed of:

Interest paid	$ 1,540,127
Less interest accrued in the prior year	(708,475)
Plus interest accrued in the current year	12,145
Total interest	$ 843,797

NOTE 12 – LIBRARY EXPANSION:

On December 6, 2001, the voters of the District authorized the Board of Education to construct an addition and improvement to the existing library building, including the original equipment, machinery, furnishings and apparatus and all necessary alterations and ancillary work required in connection therewith; to expend therefore an amount not to exceed the estimated total cost of $8,250,000; and to levy and collect tax in installments to pay the principal and interest on the $8,250,000 in serial bonds.

Although the bond issue is an obligation of the District, the East Islip Public Library Board of Trustees has committed to raise funds through its budgeted tax levy sufficient to transfer to the District for the ensuing debt service payments.

In May 2010, the District issued refunding bonds to refund two bond issues, including the library bond. During the 2021-2022 fiscal year, the District paid $595,000 toward the bond principal and $19,338 in interest payments. The District received $614,338 from the Library during the fiscal year, of which $463,318 was revenue in the debt service fund, and $151,020 was a 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, 2022, the District recorded a zero balance of cash held by a third party.

NOTE 13 – 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	$ 1,185,000	$ 24,595,000	$ 1,185,000	$ 24,595,000	$ 1,545,000
Add: unamortized premium	25,913	1,129,212	25,913	1,129,212	86,863
	1,210,913	25,724,212	1,210,913	25,724,212	1,631,863
Energy performance contract payable	3,040,000		185,000	2,855,000	190,000
Other long-term liabilities:					
Lease liability*	171,492		50,444	121,048	51,315
Claims payable	1,184,680	439,788	315,092	1,309,376	455,621
Compensated absences payable	6,332,721	744,833	491,058	6,586,496	500,000
Total other post-employment benefits obligation	359,333,734	21,823,158	84,073,078	297,083,814	
Net pension asset - proportionate share - TRS	7,275,054		7,275,054	-	
Net pension asset - proportionate share - ERS	25,846		25,846	-	
Total long-term liabilities	$ 378,574,440	$ 48,731,991	$ 93,626,485	$ 333,679,946	$ 2,828,799

*Beginning balance as restated. See Note 22 for further details.

The general fund has typically been used to liquidate long-term liabilities such as serial bonds, energy performance contract payable, lease liability, claims payable, compensated absences payable, total other post-employment benefits obligation and net pension liabilities.

A) Bonds Payable:

Bonds payable is comprised of the following**:**

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
2022 Series A bonds	6/27/2022	6/15/2035	3.00% - 4.00%	$ 12,650,000
2022 Series B bonds	6/27/2022	6/15/2035	3.00% - 4.00%	11,945,000
			Total	$ 24,595,000

Unissued Debt

On May 15, 2018 voters approved a bond authorization for a total estimated cost not to exceed $57,996,334 to finance the reconstruction of various District buildings and facilities. On June 27, 2022 the District issued serial bonds in the amount of $11,945,000, leaving unissued debt of $46,051,334. On June 27, 2022 the District issued a BAN in the amount of $41,638,365 to provide short-term cash flow in the capital projects fund for bond projects.

On April 6, 2017 voters approved a lease purchase agreement for an energy conservation improvement project in the amount of $15,432,500. On June 27, 2022 the District issued serial bonds in relation to this energy conservation improvement project in the amount of $12,650,000, leaving unissued debt of $2,782,500.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	$ 1,545,000	$ 897,018	$ 2,442,018
2024	1,565,000	881,600	2,446,600
2025	1,615,000	834,650	2,449,650
2026	1,660,000	786,200	2,446,200
2027	1,725,000	728,400	2,453,400
2028-2032	9,700,000	2,550,600	12,250,600
2033-2035	6,785,000	550,200	7,335,200
	$ 24,595,000	$ 7,228,668	$ 31,823,668

Upon default of the payment of principal or interest on the serial bonds of the District, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance of the District and apply the amount so withheld to the payment of the defaulted principal or interest with respect to the serial bonds.

B) Energy Performance Contract Payable:

Energy performance contract payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Energy performance contract payable	8/22/2019	6/15/2035	2.59%	$ 2,855,000

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	$ 190,000	73,945	$ 263,945
2024	195,000	69,024	264,024
2025	195,000	63,973	258,973
2026	200,000	58,923	258,923
2027	210,000	53,743	263,743
2028-2032	1,120,000	185,056	1,305,056
2033-2035	745,000	38,980	783,980
	$ 2,855,000	$ 543,644	$ 3,398,644

C) Long-Term Interest:

Interest on long-term debt for the year was composed of:

	Total
Interest paid	$ 113,035
Less interest accrued in the prior year	(20,721)
Less amortization on the premium on refunding	(25,913)
Plus amortization on the deferred charges on refunding	4,144
Plus interest accrued in the current year	3,081
Total expense	$ 73,626

NOTE 14 – DEFERRED OUTFLOWS OF RESOURCES:

The deferred charges on advance refunding recorded in the District-Wide Financial Statements as deferred outflow of resources at June 30, 2022, consisted of the following:

	Total
Deferred charges from refunding, opening balance	$ 4,144
Current year amortization	(4,144)
Total deferred charges on refunding, net of amortization	$ -

NOTE 15 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the "System"). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law (RSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in 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 by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the "System"). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law. 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. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244.

B) <u>Funding policies:</u>

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
    a. Employees who joined the system after July 27, 1976
        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 3.5% 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.

2. New York State Employees' Retirement System
    a. Employees who joined the system after July 27, 1976, but 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.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2022 for covered payroll was 18.1% for Tiers 3 & 4, 15.1% for Tier 5, and 10.6% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2022 and 2021 for covered payroll was 9.80% and 9.53%, 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 years based on covered payroll for the District's year end were:

	NYSTRS	NYSERS
2022	$ 4,558,814	$ 1,382,455
2021	$ 4,364,782	$ 1,577,444
2020	$ 3,959,218	$ 1,407,780

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

At June 30, 2022, 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, 2022 for ERS and June 30, 2021 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 District's proportion of the net pension asset/liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Net pension asset/(liability)	$ 2,218,920	$ 46,760,628
District's portion of the Plan's total net pension asset/(liability)	0.0271441%	0.269840%
Change in proportion since prior measurement date	(0.0011878%)	(0.003437%)

For the fiscal year ended June 30, 2022, the District recognized pension expense of $406,473 for ERS and pension expense (credit) of $2,275,871 for TRS. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 168,042	$ 6,445,457	$ 217,960	$ 242,941
Net difference between projected and actual earnings on pension plan investments	-	-	7,266,032	48,939,835
Changes of assumptions	3,703,128	15,380,548	62,486	2,723,669
Changes in proportion and differences between the District's contributions and proportionate share of contributions	791,304	1,340,837	110,030	206,336
District's contributions subsequent to the measurement date	340,630	4,558,814	-	-
	$ 5,003,104	$ 27,725,656	$ 7,656,508	$ 52,112,781

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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Plan year ended:		
2022	$ -	$ (5,631,332)
2023	(311,455)	(6,719,527)
2024	(616,070)	(8,693,222)
2025	(1,755,087)	(11,691,884)
2026	(311,422)	2,253,345
Thereafter	-	1,536,681
	$ (2,994,034)	$ (28,945,939)

Actuarial Assumptions

The total pension asset/liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18% - 1.95%
Cost of living adjustments	1.4% annually	1.3%, annually
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.70%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For

TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections of Economic Assumptions for Measuring Pension Obligations*. 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 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 valuation date are summarized below:

	ERS		TRS	
Measurement Date	March 31, 2022		June 30, 2021	
Asset type	Target Allocation	Long-term expected real rate of return	Target Allocation	Long-term expected real rate of return
Domestic equity	32%	3.30%	33%	6.8%
International equity	15%	5.85%	16%	7.6%
Global equity			4%	7.1%
Private equity	10%	6.50%	8%	10.0%
Real estate	9%	5.00%	11%	6.5%
Opportunistic portfolio	3%	4.10%		
Credit	4%	3.78%		
Real assets	3%	5.58%		
Cash	1%	-1.00%		
Domestic fixed income securities	23%		16%	1.3%
Global bonds			2%	0.8%
High-yield bonds			1%	3.8%
Private debt			1%	5.9%
Real estate debt			7%	3.3%
Cash equivalents			1%	-0.2%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.50% for ERS, and 2.4% for TRS.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
District's proportionate share of the net pension asset/(liability)	$ (5,711,475)	$ 2,218,920	$ 8,852,312

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension asset/(liability)	$ 4,906,846	$ 46,760,628	$ 81,935,695

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Employers' total pension (liability)	$ (223,874,888)	$ (130,819,415)
Plan Net Position	232,049,473	148,148,457
Employers' net pension asset/(liability)	$ 8,174,585	$ 17,329,042
Ratio of plan net position to the Employers' total pension asset/(liability)	103.65%	113.25%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to $340,630.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to $4,761,021.

NOTE 16 – PENSION PLANS - OTHER:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2022, totaled $10,000 and $2,846,492 respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for some employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2022 totaled $382,566.

NOTE 17 –POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan

Plan Description:

The District's OPEB Plan (the "Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and a small number of retirees also receive dental insurance benefits. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The OPEB Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 50% and 100% of premiums for retirees, 100% of the premiums for surviving spouses of secretarial staff, assistant superintendents, and superintendent and premiums ranging from 35% to 91.50% for surviving spouses of other bargaining units, depending on the coverage selected and date of retirement. The District recognizes the cost of the OPEB Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2022, the District contributed an estimated $8,118,406 to the OPEB Plan, including $8,118,406 for current premiums and $0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the “pay as you go” method.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	805
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	997
	1,802

B) Total OPEB Liability:

The District’s total OPEB liability of $297,083,814 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Salary increases	Varied by years of service and retirement system
Discount rate	3.54%

Healthcare cost trend rates	Actual rate increases from 2020 to 2022, followed by 5.10% in 2022, decreasing to an ultimate rate of 4.04% by 2075 for medical. 4.00% decreasing to an ultimate rate of 3.00% by 2024 for dental, and 2.70% from 2020 to 2021, 14.55% from 2021 to 2022, decreasing to an ultimate rate of 4.04% by 2075 for Medicare Part B reimbursements.

The discount rate was based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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-20.

C) Changes in the Total OPEB Liability:

Balance at June 30, 2021	$ 359,333,734
Changes for the fiscal year:	
Service cost	12,991,842
Interest	7,955,022
Changes of benefit terms	-
Differences between expected and actual experience	876,294
Changes in assumptions or other inputs	(75,954,672)
Benefit payments	(8,118,406)
Net changes	(62,249,920)
Balance at June 30, 2022	$ 297,083,814

There were no significant plan changes since the last valuation.

Changes of assumptions or other inputs includes the following:

- An increase in the discount rate from 2.16% at the June 30, 2021 measurement date to 3.54% at the June 30, 2022 measurement date.
- Discount rate has been updated based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2022.
- Health care trend rate from 2020 to 2022 has been updated based on known premium rate increase.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	$ 349,634,881	$ 297,083,814	$ 255,127,905

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.10%) or 1-percentage-higher (6.10%) than the current healthcare cost trend rates:

	1% Decrease (4.10% decreasing to 3.04%)	Healthcare Cost Trend Rates (5.10% decreasing to 4.04%)	1% Increase (6.10% decreasing to 5.04%)
Total OPEB liability	$ 246,111,231	$ 297,083,814	$ 363,299,194

D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended June 30, 2022 the District recognized OPEB expense (credit) of $19,773,915. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,332,632	$ 21,011,831
Changes of assumptions or other inputs	64,635,450	67,064,948
	$ 69,968,082	$ 88,076,779

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:	
2023	$ (1,172,949)
2024	(1,172,949)
2025	199,256
2026	(3,448,992)
2027	(12,513,063)
	$ (18,108,697)

NOTE 18- DEFERRED INFLOWS OF RESOURCES:

In the governmental fund financial statements deferred inflows of resources at June 30, 2022 consists of that portion of the amount due from New York State for local aid payments. Deferred inflows for 2021-22 includes $173,980 for prior year excess cost aid and prior year building aid. At this time, the State has not notified the District of when these excess costs and building aid payments will be received.

Also included in the governmental fund financial statements as deferred inflows of resources at June 30, 2022, is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act). Unavailable revenues in the capital projects fund at June 30, 2022 total $186,363.

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 self-insured plan for risks associated with Workers' Compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for incurred claims and incurred but not recorded (IBNR) based on a liability evaluation done in August of 2022. As of June 30, 2022, the District has recorded potential workers' compensation claims (losses incurred but not paid) and incurred but not reported claims for a total liability of $1,309,376. The District has a workers' compensation reserve balance of $1,367,321. Claims activity is summarized below:

	2022	2021
Unpaid claims, beginning of year	$ 1,184,680	$ 1,058,743
Incurred claims and claim adjustment expenses	439,788	722,087
Claim payments	(315,092)	(596,150)
Unpaid claims, end of year	$ 1,309,376	$ 1,184,680

NOTE 20- TAX ABATEMENTS:

The Town of Islip Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 898-b, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the Town. The District's property tax revenue was reduced by $1,123,958 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling $593,961 for these programs during the fiscal year.

NOTE 21– COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

All encumbrances are classified as assigned fund balance. At June 30, 2022 the District encumbered the following amounts:

General fund:	
General support	$ 144,551
Instructional	11,647
Transportation	410
Total	$ 156,608

B) Grants:

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

C) 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 – RESTATEMENT

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The adoption and implementation of this Statement resulted in the restatement of opening balances of non-current assets, long-term liabilities, and deferred inflows of resources. These changes have been restated as follows:

	Statement of Net Position (Deficit)
Net position (deficit), beginning of year, as reported	$ (216,103,830)
Non-current assets	
Intangible lease assets	171,492
Lease receivable	1,406,840
Total non-current assets	1,578,332
Long-term liabilities	
Lease liability	171,492
Total long-term liabilities	171,492
Deferred inflows of resources	1,406,840
Net position (deficit), beginning of year, as restated	$ (216,103,830)

NOTE 23 – SUBSEQUENT EVENTS:

Management of the District evaluated events through October 12, 2022 which is the date the financial statements were available to be issued, and noted no subsequent events.

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, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUES				
Local sources				
Real property taxes	$ 66,962,775	$ 67,289,024	$ 67,289,024	$ -
Other real property tax items	6,642,615	6,316,366	6,296,536	(19,830)
Charges for services	1,662,150	1,662,150	1,673,059	10,909
Use of money & property	830,700	830,700	479,041	(351,659)
Sale of property & compensation for loss	-	-	282,745	282,745
Miscellaneous	403,000	404,745	894,161	489,416
State sources				
Basic formula	26,238,058	26,238,058	26,263,815	25,757
Excess cost aid	6,345,571	6,345,571	6,139,082	(206,489)
Lottery aid	4,708,387	4,708,387	4,542,120	(166,267)
BOCES aid	1,800,876	1,800,876	1,942,257	141,381
Tuition for children with handicapping conditions	-	-	5,697	5,697
Textbook aid	217,214	217,214	217,215	1
Computer hardware and software aid	106,524	106,524	106,525	1
Library A/V loan program aid	23,881	23,881	23,881	-
Other state aid	-	-	(7,840)	(7,840)
Federal sources				
Medicaid assistance	100,000	100,000	67,409	(32,591)
Other financing sources				
Premium on obligations	-	-	101,080	101,080
Transfers from other funds	433,867	433,867	2,221,668	1,787,801
TOTAL REVENUES AND OTHER FINANCING SOURCES	116,475,618	116,477,363	118,537,475	$ 2,060,112
Appropriated fund balance	4,429,097	4,429,097		
Appropriated reserves	321,768	6,273,401		
TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE AND RESERVES	$ 121,226,483	$ 127,179,861		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

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, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General support					
Board of education	81,816	$ 85,416	$ 37,498	$ -	$ 47,918
Central administration	343,903	359,368	354,212	-	5,156
Finance	1,093,413	1,080,907	1,015,697	-	65,210
Staff	862,901	880,919	831,694	-	49,225
Central services	9,613,655	9,611,472	8,425,163	144,551	1,041,758
Special items	1,293,295	1,313,482	1,251,223	-	62,259
Total General support	13,288,983	13,331,564	11,915,487	144,551	1,271,526
Instruction					
Instruction, adm. & imp.	6,157,541	6,171,281	5,615,982	-	555,299
Teaching - regular school	37,960,180	37,880,408	36,887,826	7,197	985,385
Programs for children with handicapping conditions	14,314,497	14,968,455	13,660,487	-	1,307,968
Teaching special schools	-	152,860	152,860.00	-	-
Instructional media	828,165	827,875	725,025	-	102,850
Pupil services	4,303,698	4,288,292	3,812,686	4,450	471,156
Total Instruction	63,564,081	64,289,171	60,854,866	11,647	3,422,658
Pupil transportation	5,801,466	5,721,291	4,819,582	410	901,299
Community services	450,973	537,448	531,206	-	6,242
Employee benefits	28,533,020	28,258,814	26,730,860	-	1,527,954
Debt service					
Debt service principal	4,212,969	4,263,413	4,263,413	-	-
Debt service interest	3,408,193	2,862,221	1,622,023	-	1,240,198
Total Debt service	7,621,162	7,125,634	5,885,436	-	1,240,198
TOTAL EXPENDITURES	119,259,685	119,263,922	110,737,437	156,608	8,369,877
Other financing uses					
Transfers to other funds	1,966,798	7,915,939	7,022,876	-	893,063
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 121,226,483	$ 127,179,861	117,760,313	$ 156,608	$ 9,262,940
Net change in fund balances			777,162		
Fund balances - beginning of year			28,454,630		
Fund balances - end of year			$ 29,231,792		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

EAST ISLIP UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,

Total OPEB Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 12,991,842	$ 12,363,607	$ 9,263,281	$ 5,924,002	$ 6,186,519
Interest	7,955,022	7,630,938	10,744,701	9,464,151	8,712,641
Changes of benefit terms	-	(5,971,012)	-	-	-
Differences between expected and actual experience	876,294	5,570,164	(42,023,660)	1,777,889	-
Changes of assumptions or other inputs	(75,954,672)	10,836,767	65,963,106	48,858,770	(12,338,713)
Benefit payments	(8,118,406)	(8,005,126)	(7,718,609)	(7,871,138)	(6,808,799)
Net change in total OPEB liability	(62,249,920)	22,425,338	36,228,819	58,153,674	(4,248,352)
Total OPEB liability - beginning	359,333,734	336,908,396	300,679,577	242,525,903	246,774,255
Total OPEB liability - ending	$ 297,083,814	$ 359,333,734	$ 336,908,396	$ 300,679,577	$ 242,525,903
Covered-employee payroll	$56,553,383	$52,377,148	$57,549,964	$52,972,099	$57,205,253
Total OPEB liability as a percentage of covered-employee payroll	525.32%	686.05%	585.42%	567.62%	423.96%

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 3.54% as of June 30, 2022.
The discount rate was 2.16% as of June 30, 2021.
The discount rate was 2.21% as of June 30, 2020.
The discount rate was 3.51% as of June 30, 2019.

Changes of assumptions or other inputs includes the following:

- An increase in the discount rate from 2.16% at the June 30, 2021 measurement date to 3.54% at the June 30, 2022 measurement date.
- Health Care Trend Rate from 2020 to 2022 has been updated based on known premium rate increase.

EAST ISLIP UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE FISCAL YEARS ENDED JUNE 30,

NYSERS Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0271441%	0.0259563%	0.0270778%	0.0277286%	0.0293811%	0.0299397%	0.0304990%	0.0313363%
District's proportionate share of the net pension asset/(liability)	$ 2,218,920	$ (25,846)	$ (7,170,354)	$ (1,964,657)	$ (948,260)	$ (2,813,200)	$ (4,895,177)	$ (1,058,619)
District's covered payroll	$ 10,399,572	$ 9,683,003	$ 10,097,066	$ 9,931,891	$ 9,590,696	$ 9,305,729	$ 9,305,729	$ 9,226,637
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	21.34%	0.27%	71.01%	19.78%	9.89%	30.23%	52.60%	11.47%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

NYSTRS Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.269840%	0.263277%	0.271341%	0.276345%	0.291083%	0.303942%	0.308179%	0.311094%
District's proportionate share of the net pension asset/(liability)	$ 46,760,628	$ 7,275,054	$ 7,049,470	$ 4,997,051	$ 2,212,516	$ (3,255,341)	$ 32,009,960	$ 34,653,912
District's covered payroll	$ 45,800,443	$ 44,686,439	$ 45,291,305	$ 44,487,081	$ 46,126,988	$ 48,869,334	$ 46,573,119	$ 44,726,276
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	102.10%	16.28%	15.56%	11.23%	4.80%	6.66%	68.73%	77.48%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

* The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

EAST ISLIP UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE TEN FISCAL YEARS ENDED JUNE 30,

NYSERS Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 1,382,455	$ 1,577,444	$ 1,407,780	$ 1,402,287	$ 1,469,484	$ 1,356,791	$ 1,593,557	$ 1,851,487	$ 1,790,478	$ 1,606,867
Contributions in relation to the contractually required contribution	1,382,455	1,577,444	1,407,780	1,402,287	1,469,484	1,356,791	1,593,557	1,851,487	1,790,478	1,606,867
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 10,050,826	$ 9,848,761	$ 9,868,377	$ 10,050,373	$ 9,686,164	$ 9,382,402	$ 9,311,464	$ 9,226,637	$ 9,144,253	$ 8,967,405
Contributions as a percentage of covered payroll	13.75%	16.02%	14.27%	13.95%	15.17%	14.46%	17.11%	20.07%	19.58%	17.92%

NYSTRS Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 4,558,814	$ 4,364,782	$ 3,959,218	$ 4,809,937	$ 4,359,734	$ 5,406,083	$ 6,214,874	$ 8,115,100	$ 7,468,248	$ 5,292,650
Contributions in relation to the contractually required contribution	4,558,814	4,364,782	3,959,218	4,809,937	4,359,734	5,406,083	6,214,874	8,115,100	7,468,248	5,292,650
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 46,518,511	$ 45,800,443	$ 44,686,439	$ 45,291,305	$ 44,487,081	$ 46,126,988	$ 48,869,334	$ 46,573,119	$ 44,726,276	$ 44,828,856
Contributions as a percentage of covered payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	12.72%	17.42%	16.70%	11.81%

See Paragraph on Required Supplementary Information Included in Auditor's Report

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, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	$ 121,037,910
Additions:	
Prior year's encumbrances	188,573
Original budget	121,226,483
Budget revisions:	
Insurance recoveries	1,745
Capital Reserve Transfer	5,951,633
Final budget	$ 127,179,861

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 voter-approved expenditure budget		$ 124,755,712
Maximum allowed (4% of 2022-2023 budget)		$ 4,990,228
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 5,924,736	
Unassigned fund balance	4,990,233	
Total unrestricted fund balance		10,914,969
Less:		
Appropriated fund balance	$ 5,768,128	
Encumbrances included in assigned fund balance	156,608	
Total adjustments		5,924,736
General Fund Fund Balance Subject to Section1318 of Real Property Tax Law		$ 4,990,233
Actual percentage:		4.00%

EAST ISLIP UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
JUNE 30, 2022

			Expenditures				Methods of Financing				Fund
Project Title	Original Appropriation	Revised Appropriation	Prior Year's	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Sources	Local Sources	Total	Balance June 30, 2022
District wide - Phase I	$ 47,980,912	$ 47,980,912	$ 47,980,912	$ -	$ 47,980,912	$ -	$ 46,294,011	$ 1,686,901	$ -	$ 47,980,912	$ -
District wide - Phase II	12,910,747	12,910,747	12,910,747		12,910,747	-	12,910,747			12,910,747	-
District wide - Phase III	6,962,156	6,962,156	6,962,156		6,962,156	-	6,962,156			6,962,156	-
District wide - Phase IV	4,146,185	4,146,185	3,959,467	$186,718	4,146,185	-	4,146,185			4,146,185	-
Total bond issue projects	72,000,000	72,000,000	71,813,282	186,718	72,000,000	-	70,313,099	1,686,901		72,000,000	-
Technology equipment for:											
High School additions	347,335	347,335	267,589	79,746	347,335	-			347,335	347,335	-
Middle School additions	240,640	229,273	203,755	25,518	229,273	-			229,273	229,273	-
District wide renovations	418,482	429,849	429,849		429,849	-			429,849	429,849	-
2017-18 General fund transfer	111,000	111,000	111,000		111,000	-			111,000	111,000	-
2018-19 General fund transfer		654,500	512,615	141,885	654,500	-			654,500	654,500	-
2019-20 General fund transfer	1,771,400	1,771,400	1,289,909		1,289,909	481,491			1,771,400	1,771,400	481,491
2020-21 General fund transfer		481,400	32,629		32,629	448,771			481,400	481,400	448,771
2021-22 General Fund Transfer		282,400		146,075	146,075	136,325			282,400	282,400	136,325
Wireless access cabling - elementary	147,000	147,000	147,000		147,000	-		100,000	47,000	147,000	-
	3,035,857	4,454,157	2,994,346	393,224	3,387,570	1,066,587	-	100,000	4,354,157	4,454,157	1,066,587
2015-16 Capital reserve	300,103	303,531	303,531		303,531	-			303,531	303,531	-
Timber Point playground	116,000	112,572	101,368		101,368	11,204			112,572	112,572	11,204
	416,103	416,103	404,899	-	404,899	11,204	-	-	416,103	416,103	11,204
Smart Schools Bond Act	3,332,894	3,332,894	1,021,632		1,021,632	2,311,262		835,269		835,269	(186,363) **
Energy performance contract	15,432,500	13,266,044	13,266,044		13,266,044	-	12,650,000		1,110,954	13,760,954	494,910
Energy performance contract lease	3,153,150	3,153,150	3,153,150		3,153,150	-	3,153,150			3,153,150	-
May 2018 bond proposition and capital reserve	59,996,334	59,996,334	36,640,104	16,511,581	53,151,685	6,844,649	11,945,000		13,345,322	25,290,322	(27,861,363) *
TOTAL	$ 157,366,838	$ 156,618,682	$ 129,293,457	$ 17,091,523	$ 146,384,980	$ 10,233,702	$ 98,061,249	$ 2,622,170	$19,226,536	$ 119,909,955	$ (26,475,025)

* Deficit fund balance will be eliminated once permanent financing is obtained.
** Deficit fund balance will be eliminated once grant funding is received.

See Paragraph on Other Supplementary Information Included in Auditor's Report

EAST ISLIP UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2022

Capital assets, net		$ 113,063,494
Intangible leased assets, net		119,884
Deduct:		
Short-term energy performance contract payable	$ 190,000	
Long-term energy performance contract payable	2,665,000	
Short-term portion of bonds payable, inclusive of premium	1,631,863	
Long-term portion of bonds payable, inclusive of premium	24,092,349	
Less: Unspent debt proceeds	(494,910)	
Short-term lease liability	51,315	
Long-term lease liability	69,733	
Bond anticipation note payable	41,638,365	69,843,715
Net investment in capital assets		$ 43,339,663

See Paragraph on Other Supplementary Information Included in Auditor's Report

Robert S. Abrams *(1926–2014)*

R.S. ABRAMS & CO., LLP
Accountants & Consultants for Over 75 years

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA
Brendan Nelson, CPA

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

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 contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the East Islip Union Free School District (the "District"), as of and for the year ended June 30, 2022, 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 12, 2022.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

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

Purpose of This Report

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

R.S. Abrams + Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 12, 2022